



 *Ilija d.d.*

Financial statements for the period from 01/01 to 31/03/2019

Biograd na Moru, May 2019



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OVERVIEW OF KEY PERFORMANCE INDICATORS FOR THE PERIOD FROM 01/01 TO 31/03/2019

in HRK	I-III 2019	I-III 2018	INDEX 2019/2018
Financial indicators			
Total revenues	25.344.192,64	23.771.958,47	106,61
Operating revenues	25.330.248,15	23.749.772,28	106,65
<i>Sales revenues</i>	25.135.707,35	23.448.076,51	107,20
<i>Operating profit</i>	7.170.791,91	7.188.623,15	99,75
<i>EBITDA</i>	7.184.736,40	7.210.809,34	99,64
<i>EBIT</i>	3.985.512,40	4.421.940,22	90,13
<i>Profit</i>	2.954.272,94	3.320.002,31	88,98
Value of assets	459.205.062,25	436.397.467,95	105,23
Capital	320.070.748,75	299.275.231,55	106,95
Total liabilities	139.134.313,50	137.122.236,40	101,47

KEY INFORMATION FOR THE PERIOD FROM 01/01 TO 31/03/2019

1 The first quarter of 2019 is marked by a continuous growth in revenues, total and operating ones, at the level of the key sectors of the Company, primarily tourist or hotel, nautical and camping sectors, while maintaining the operating revenues from the real estate sector at the level of the same period in the last fiscal year. Considering the investments in the preparation of the business year/tourist season and continuous investments in raising the financial position of the Company's employees, which considering the usual low level of business activities in the Croatian tourism in the first quarter of the fiscal year affected the profitability of the business operations.

2 Total revenues amount to HRK 25,344,192.64 and grew by 6.61% compared to those in the same period in 2018, when they amounted to HRK 23,771,958.47, as a result of growth in operating revenues and sale revenues.

3 The operating revenues were generated in the amount of HRK 25,330,248.15 with an achieved growth in the Company's key sectors, that is, in the camping by 26% (the revenues relate to the fixed lease), hotel sector by 19% and nautics by 6%, where the operating revenues in the real-estate sector remained at the same level of the same period in the last fiscal year, while the destination management company/DMC Ilirija Travel records a decline in the operating revenues.

4 Sales revenues amount to HRK 25,135,707.35 com-

pared to those in the same period of 2018, when they amounted to HRK 23,448,076.51, which grew by 7.20% as a result of growth in revenues on the foreign market by 32% and domestic market by 6%.

5 Total expenses amount to HRK 22,389,919.70 and rose by 9.48% compared to those in the same period of the previous fiscal year as a result of growth in operating expenses by 9.65% and depreciation by 14.71%.

6 In the first quarter, the Company significantly increased the allocations for employees' salaries, by 17% compared to those in the same period of 2018 in order to improve their financial position as part of the Company's policy in the segment of the human resources management. The average net salary was achieved in the amount of HRK 7,068.00.

7 Operating profit or profit from the Company's business activities for the observed period amounts to HRK 7,170,791.91, which remained at the level of the same period in 2018, while the profit was generated in the amount to HRK 2,954,272.94 and is lower by 11.02% as a result of the growth in operating expenses.

8 For the reporting period, EBITDA amounted to HRK 7,184,736.40 and remained at the level of the same period of the previous year, while EBIT was realized in the amount of HRK 3,985,512.40, and is lower by 9.87%.

9 Total liabilities amount to HRK 139,134,313.50 and increased by HRK 2,012,077.10, or by 1.47% as a result of the increase in the Company's short-term liabilities and investments from its own funds.

10 The value of the assets amounts to HRK 459,205,062.25 and increased by HRK 22,807,594.30 or by 5.27% compared to that in the same period of the previous fiscal year when it amounted to HRK 436,397,467.95.

11 In the first quarter of 2019, the capital increased by 6.95% or by HRK 20,795,517.20, that is, from the amount of HRK 299,275,231.55 as much as it amounted in the year 2018 to the amount of HRK 320,070,748.75.

12 For the preparation for the tourist season or the fiscal year 2019, the investments in the amount of HRK 17 million kuna were planned and mainly realized, of which in the fourth quarter of 2018 the investments were realized in the amount of HRK 8.5 million and investments in the amount of HRK 6.3 million were realized in the first quarter of 2019. Investment were largely realized from the Company's own resources and, to a lesser extent, through financial leasing, which are aimed at improving the existing offer, services and content, increasing the accommodation capacities and developing new products with an aim to strengthen the market recognition and competitiveness of the Company's offer on the domestic and international market.



1 ABOUT ILIRIJA D.D.

I.1 GENERAL DETAILS

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 **63** 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 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.

I.2 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 artificial grass 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 1999–2019 | During this period, that is, by 31st March 2019, the Company has invested HRK 520,669,575.73 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 822,174,868.38.

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.

Year 2018 | The construction of the indoor swimming pool of useful surface area of approximately 500m² along with accompanying facilities, thus complementing the existing tourism offer of the hotel Ilirija Resort in the destination of Biograd na Moru.

I.3 COMPANY'S BODIES

I.3.1 COMPANY MANAGEMENT BOARD

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

I.3.2 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

I.3.3 SHAREHOLDERS' ASSEMBLY



I.4 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)

I.5 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.

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

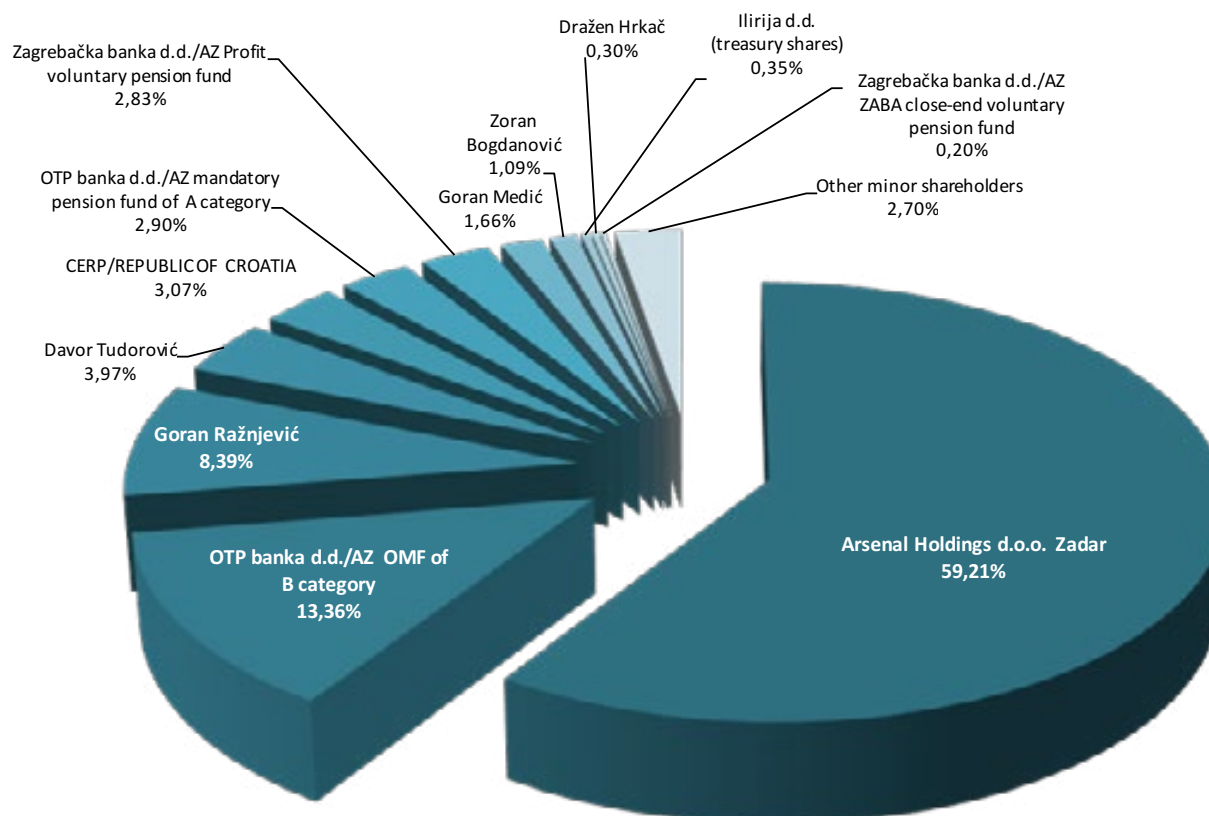
1.6 OWNERSHIP STRUCTURE OF THE COMPANY AND TRADING IN THE COMPANY'S SHARES AT THE ZAGREB STOCK EXCHANGE

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

As at 31st March 2019 no significant change was made to the ownership structure, and below is an overview of the major shareholders of the Company as at 31st March 2019.

Owners - shareholders	Number of shares	Share in %
Arsenal Holdings d.o.o. Zadar	1.429.032	59,21
OTP banka d.d./AZ OMF of B category	322.331	13,36
Goran Ražnjević	202.536	8,39
Davor Tudorović	95.744	3,97
CERP/REPUBLIC OF CROATIA	74.200	3,07
OTP banka d.d./AZ Mandatory pension fund of A category	70.207	2,90
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)	8.356	0,35
Dražen Hrkač	7.224	0,30
Zagrebačka banka d.d./AZ ZABA close-end voluntary pension fund	4.904	0,20
Other minor shareholders	64.538	2,67
TOTAL	2.413.488	100

**OWNERSHIP STRUCTURE
OF THE COMPANY AS AT
29/03/2019**



TRADING IN SHARES OF THE COMPANY ON THE CROATIAN CAPITAL MARKET IN THE PERIOD FROM 01/01- 31/03/2019

	I-III 2019	*I-III 2018	% of change
(amounts in HRK)*			
Total turnover	132.900,00	192.444,00	-30,94%
Average share price	173,05	166,19	4,13%
Average turnover per transaction	7.817,65	9.164,00	-14,69%
Average daily turnover	18.985,71	16.037,00	18,39%
Last share price	167,00	189,00	-11,64%
Market capitalization	403.052.496,00	456.149.232,00	-11,64%
Number of shares	2.413.488	2.413.488	

*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 had been made on 1st January, 2018.

In the first quarter of 2019, a total of 768 Company's shares were traded which resulted in an a turnover of HRK 132,900.00. The average share price was realized in the amount of HRK 173.05, recording thus a rise by 4.13% compared to that in the same period of the previous fiscal year, when the average share price was realized in the amount of HRK 166.19.

The highest single share price was achieved in the amount of HRK 189.00 per share, while the last price of the Company's share was achieved in the amount of HRK 167.00, which compared to the last share price of HRK 189.00 realized in the same period in the previous fiscal year is a decrease by 11.64%. This resulted in the decrease in the amount of the Company's market capitalization indicated by the methodology of calculation according to the last share price that in the first quarter of the current year was achieved in the amount of HRK 403,052,496.00 compared to that in the previous fiscal year, when the market capitalization amounted to HRK 456,149,232.00.

During the first quarter, the Company acquired 100 treasury shares and as at 31st March 2019 it held 8,356

treasury shares, accounting for 0.35% of shares in the share capital.

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

In the first quarter of 2019, the turnover in shares was realized in the amount of HRK 334,048,691 on the Zagreb Stock Exchange. This is a turnover lower by 20.38% than in the same period of 2018 when the turn-

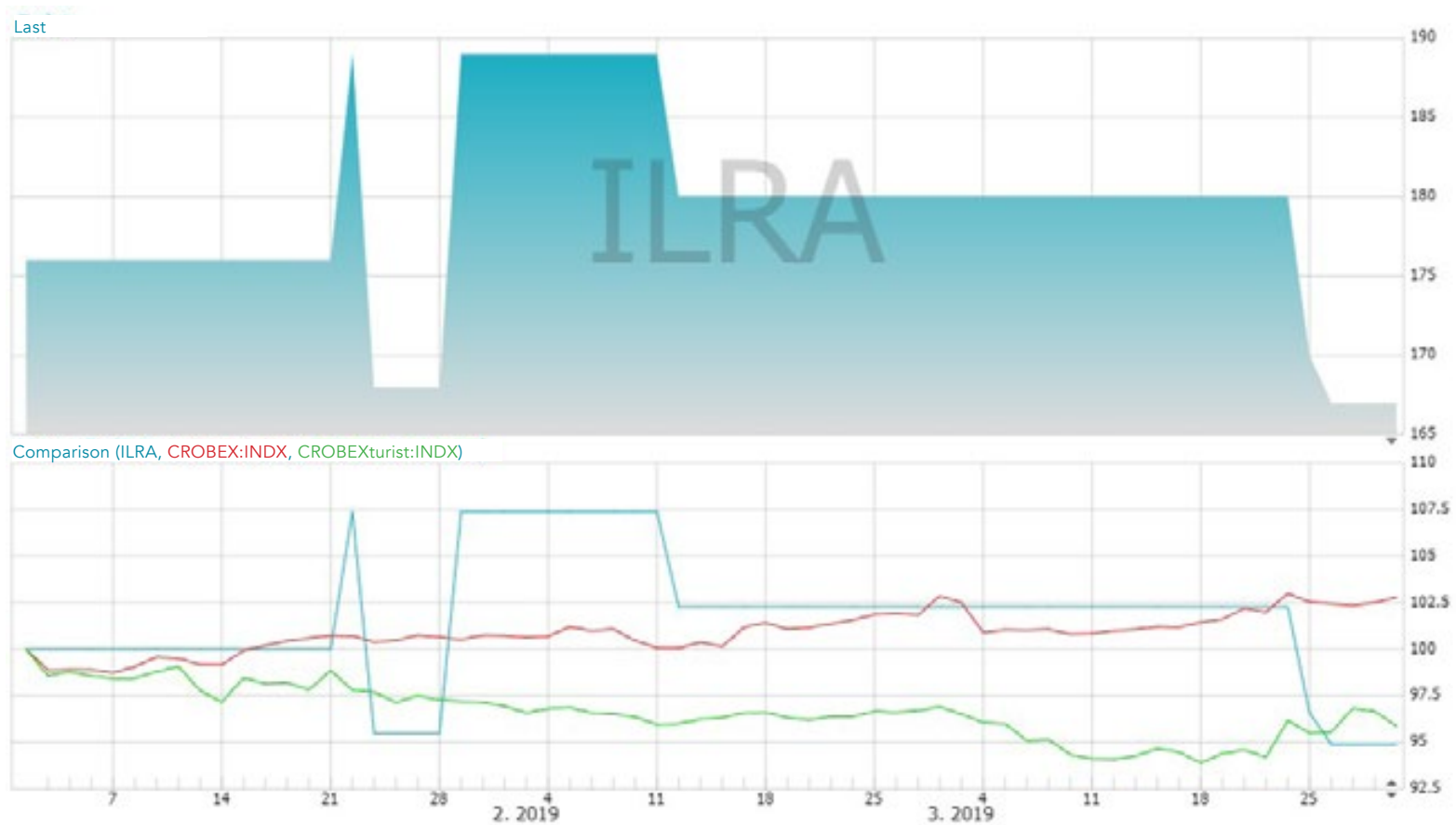
over was realized in the amount of HRK 419,553,416. Even higher decline in turnover was achieved by block trade in shares (from HRK 225,864,378 in 2018 to HRK 141,638,148 in 2019 or decrease by 37.29%). In this way, the multi-year share turnover falling trend continues on the Zagreb Stock Exchange.

The turnover in the ILRA share was realized in the amount of HRK 132,900 in the first quarter of 2019. This is a decrease in turnover by 30.94% compared to that in the same period of 2018. The main reason

for such a decrease in the turnover is a lower interest in investing in the shares on the Croatian market in general, a relatively low free-float of ILRA share and associated low amount of offered shares for the sale that would meet the investors' requirements. In the first quarter of 2019, the CROBEX index increased the value by 2.8%, while the value of the CROBEX-TURIST sector index fell by 4.13%.



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



I.7 COMPANY BUSINESS MODEL

The Company has been present on the domestic and international tourism market for over six decades and since 2016 when it acquired the Commercial-shopping center City Galleria, it became the company with a wide range of activities, the portfolio of which is composed of 5 sectors:

- **Hotel sector** – 4 hotels, 443 rooms, 922 beds
- **Nautics** – 805 berths, 2,000 persons
- **Camping** – 1,220 pitches, 3,660 persons
- **Destination management company/DMC Ilirija Travel** – through which in 2018 were organized 561 special events for 58,023 persons
- **Real-estate segment** – Commercial-shopping center City Galleria in Zadar, one of the two largest shopping centers in the Zadar region

ILIRIJA d.d. is one of the few tourism companies in the Republic of Croatia with such a diverse offer that includes all the segments of the Adriatic or Mediterranean tourism offer in its portfolio (hotel sector, nautics and camping) additionally strengthened by the destination management company Ilirija Travel and the real estate sector. Besides such a diverse portfolio, is worth noting that the Company manag-

es all business processes (management and operations) within the sector or facility.

Diverse tourism and real estate portfolios are based on the resources of the region and on a continuous investment in the improvement of the existing contents and products as well as the development of the new ones, which is also the foundation of the Company's business and development policy. The presence on the market for more than 6 decades and the related knowledge and experience, enable the Company to maximize its economic, financial, market and human resources potential **through the development of a complementary and integrated product through the destination management company. The Company strives for one of its strategic goals – year-round business operations of its sectors**, with an emphasis on the hotel sector and camping, through a good extension of the high season to the shoulder season and creating added value for both the Company and the destination, or the wider community. Through the destination management company, the Company contributes to the development and recognizability of the destination by organizing the events and by offering contents and programs in their own organization and their own facilities and capacities.

I.8 BRANDS OF THE COMPANY

ILIRIJA RESORT
HOTELS & VILLAS

 **marina Kornati**

camping park soline

ILIRIJA Travel
DMC&PCO • WWW.ILIRIJA-TRAVEL.COM

City Galleria

ARSENAL
ZADAR

EVENT SHIP
Nada


Villa Primorje


11 07
RAŽNJEVIĆA DVORJ
POLAŽA

 **TENIS CENTAR ILIRIJA**
BIOGRAD NA MORU

 **ILIRIJA aquatic center**

 **salvia spa**
medical wellness

LAVENDER BAR

 **Restaurant marina Kornati**

 **SPARK SOLINE**
RESTAURANT

Donat BEACH BAR



2 CORPORATE STRATEGY AND GOVERNANCE

2.1 VISION, MISSION AND FUNDAMENTAL VALUES

The vision is to permanently secure position among the 3 leading tourism companies in the region of the North Dalmatia and among the 15 leading tourism companies in the Republic of Croatia in the key segments of the Croatian tourism offer (hotel sector, nautics and camping), be and stay the leader of the tourism and economic development of our region and destinations such as Biograd na Moru, Zadar and Sv. Filip i Jakov thereby developing the whole year's business by offering the complementary and selective forms of tourism offer in the destinations where we conduct business.

According to the foregoing, **the mission is:** increasing the assets and achieving the financial results of the business operations, which will ensure long-term business and financial stability, establish an optimal level of quality and competitiveness in business at the level of the overall Croatian tourist offer, with continuous investment in human resources and ensuring optimal employment level, ensuring and complying with sustainable development principle which is manifested in recognizing and satisfying the needs of tourists, protecting and restoring natural and cultural heritage and preserving the environment, i.e. creating a responsible and sustainable tourism offer.

Fundamental values:

Respect and integrity – equal treatment of all of our stakeholders is the fundamental value of our company's business.

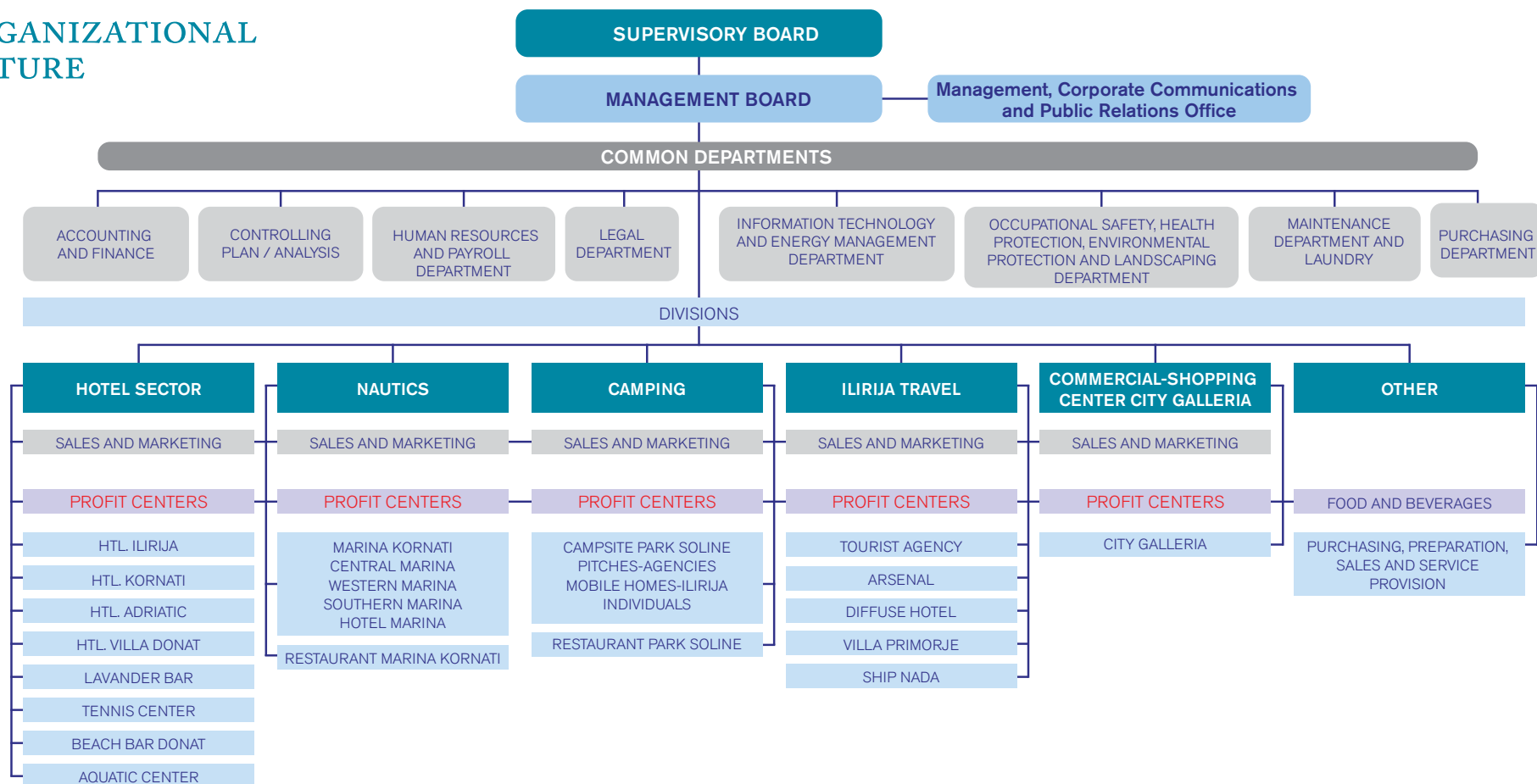
Quality – a top-quality product, professional service and individual approach to clients are the basis of the relation to the guest which is at the heart of the company's service.

Innovation – to be the initiator and creator of new products and services, contributing to the future development of Company, destination and Croatian tourism.

Sustainability and responsibility – in business, investment, relationship with its employees, business partners, clients (guests), local, regional and regional community, shareholders and day-to-day operations by integrating the economic, social aspects and environmental protection aspects into decision-making processes and corporate strategy of the Company. Harmonization of these aspects is the foundation of success and sustainable development of the Company.

Transparency – in business and communication with all stakeholders of the company while complying with the principles of timely and accurate information provision as a prerequisite for further strengthening the Company's market position and its further growth.

2.2 ORGANIZATIONAL STRUCTURE



2.3 SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate system, Ilirija d.d. complies with the principle of sustainable development where its economic development will not endanger the natural resources by striving to develop the Company as a business entity in balance with the social and environmental requirements of the community where it runs its business operations. Corporate social responsibility in the Company is reflected in the following areas: environmental protection, employee relationship and community relation.

In the first quarter of 2019, the Company focused most of its corporate social responsibility activities on the activities towards the community by supporting the projects of wider importance to the community through the corporate philanthropy system. Most of them are focused on the activities or projects that contribute to the development of the offer of the destination where the Company runs its operations in a way to support them through donations and sponsorships or acts an organizer of such activities or projects. In the reporting period, the Company was the organizer of numerous events through the system of destination management company Ilirija Travel for the purpose of developing a destination offer with an emphasis on cultural, entertainment and MICE events at the Arsenal facility, a heritage

monument in Zadar, developing it into the center of events in the destination or the region. During this period, 18 public events were organized, at which 8,814 people participated. Nearly all of the events are held in the shoulder season, contributing thus to the development of cultural and entertainment offer of the city of Zadar and the region outside the top tourist season, which is one of the assumptions for the development of the year-round business as a strategic goal of the Company. In addition to its own events, the Company also supports any other events that contribute to the development of the offer of the destination and its recognition, among which we would stress the Festival of Weddings, the Škraping International Trekking Race 2019 and the International hiking expedition "Let's go to Vrana".



2.4 RISKS

The Company is, after all, as the most businesses in the tourism sector, exposed to foreign exchange 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 fixed interest rates, so taking this into consideration, the Company is not exposed to interest rates based on that, 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 not all the constitutionally guaranteed rights in the field of protection of capital investment and legitimate expectations regarding the legal investments have been exercised.

3 BUSINESS CAPACITIES OF THE COMPANY AND ADDITIONAL FACILITIES

Portfolio of ILIRIJA d.d. is composed of four hotels and villas, Marina Kornati with Hotel port Ilirija-Kornati, campsite "Park Soline," destination management company Ilirija Travel with its own capacities (Arsenal in Zadar, event ship „Nada“, agrotourism and Villa Primorje), Commercial – shopping center City Galleria, Tennis center, Aquatic center and hospitality facilities.





3.1 HOTEL SECTOR

Hotel sector capacity consists of 443 accommodation units (hotel rooms and apartments) with a total of 922 beds located in Biograd na Moru (Ilirija****, Kornati****, Adriatic***) and Sv. Filip i Jakov (hotel Villa Donat***/****), mainly classified as four star hotels.

Hotel accommodation is located in Ilirija Resort Hotels & Vilas in Biograd and Sv. Filip i Jakov. The hotels are located along the coast, not far from the town center and beach that is awarded the Blue Flag, which are owing to the ideal location and infrastructure, intended for leisure and congress tourism. In addition to modern and technically equipped conference halls and meeting rooms intended for conferences, seminars, presentations, workshops and meetings, there is a number of supporting amenities such as Wellness & beauty center Salvia, Olympic pool, out-door 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 – HOTEL & 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 220 persons, a terrace for 50 persons and a bar for 40 persons, by its design and atmosphere is linked to and associated with the most beautiful Croatian national park – Kornati.

Kornati Hotel is a unique for its connection with the Nautical tourism port Hotel port Ilirija - Kornati, which is located in the very center of Biograd with a beach right next to the hotel.

Hotel Adriatic classified as a three star hotel, with the capacity of 100 rooms and 210 beds, with a restaurant with the capacity for 230 persons, a terrace for 300 persons and a bar with the capacity for 110 persons. It is

located in a pine forest, almost on the beach, and there is Aquatic center next to it, which is ideal for family fun and for a range of attractive summer sea activities.

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.





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3.2 NAUTICS

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 organization of the first own charter fleet in the Adriatic sea with more than 40 vessels for the needs of sailors. Therefore Ilijija d.d. deserves to be considered to be a pioneer of nautical tourism at the Adriatic sea.

Today, the nautical sector of the Company consists of Marina Kornati and Hotel port Kornati, in which the Company has 805 berths on sea and land, which in one day can accept up to 2000 sailors, and by the number of berths, modern technical equipment, quality of service, cleanliness and neatness (Blue Flag) the Marina Kornati is one of the three leading Croatian marinas which annually attracts over 60,000 sailors.

Marina Kornati is the winner of numerous awards, where we wish to emphasize the Special Award in the "XVI Tourism Flower - Quality for Croatia 2012" action, organized by the Croatian Chamber of Commerce and the Croatian Radio and Television, which is an award for the best marina in the category of over 450 berths. In 2013, in the "XVII Tourism Flower - Quality for Croatia 2013" action, it

received an award in the competition of the largest marinas, while in the same action in 2014 and 2015 it ranked second in the "Best big marina" category and in 2016 it ranked third in the same category. In 2017, it received an award for the third place in the category of Large marina in the addition to "XXI Tourism Flower - Quality for Croatia".

In 2018, Marina Kornati was awarded with two prizes: (I) a special prize from The Nautical Patrol of the Jutarnji List for the greatest progress in the tourism season 2018 and for an exceptional contribution to the development of Croatian nautical tourism and (II) in the "XXII Tourism Flower - Quality for Croatia" action, it was ranked third in the Large marina category.

Ilijija 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.



3.3 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 175,000,000.00 and owing to these investments, the number of overnight stays rose from 4,556 in 1996 to 302.845 overnight stays in 2018.





3.4 ILIRIJA TRAVEL

Ilirija Travel – destination management company:

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

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

Arsenal is a heritage site and multimedia center located in Zadar, built in the 17th century, which was renovated in 2005 as an indoor town square or as the center of public, cultural and entertainment life in the

region in which over 100 public and private events are organized on an annual level.

Diffuse Hotel Ražnjevića dvori AD 1307 multi-functional facility, located in the settlement of Polača named after the municipality in this settlement, in the heart of Ravni Kotari, which lies halfway between Biograd na Moru and Benkovac and is the first facility of such a category in the Republic of Croatia. This tourist complex has originated from the rural estate tradition, is an example of innovative tourism product conceived as a blend of tradition and contemporary trends.

Villa Primorje, built in the second half of the 19th century, is a typical traditional Dalmatian stone noble-man’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.

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



3.5 HOSPITALITY

Restaurant „Marina Kornati“, is 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 2018, a total of 50 events were organized in Marina Kornati attended by over 6.598 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 bed bar, night club, etc.).



3.6 ADDITIONAL FACILITIES

Event: 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 and 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 2018 the show, which celebrated twenty years of its existence, was attended by over 310 registered exhibitors that participated with 320 vessels, while the number of visitors surpassed the figure of 16,000 with over 2000 realized business visits via Biograd B2B business networking platform.

Sports facilities:

“Tennis centar Ilirija”, located in a pinewood Soline near the old city center, covers an area of 48.000 m², consists of 20 tennis courts and multipurpose courts (14 clay and 6 artificial grass tennis courts) with night lighting, restaurant and changing rooms as well as related facilities.



3.7 COMMERCIAL-SHOPPING CENTER CITY GALLERIA

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 m² followed by 9,897.60 m² of net lettable surface area and ancillary rooms, corridors, technical and common areas. The occupancy of the center on 31/03/2019 is 99.77% 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, cafés 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".

Special characteristics 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.

4 KEY PHYSICAL OPERATING RESULTS OF THE COMPANY

In the reporting period, significant business activities are with regard to the seasonal character of Croatian tourism in the Company mainly focused on the nautical sector and real estate sector, which are characterized by year-round business activity. In the first quarter of the fiscal year, with regard to business activities, the nautical and real-estate sector generated 71.44% of the Company's operating revenues, while the other tourist sectors, hotel and camping sector, also recorded a growth in revenues.

In the forthcoming period, starting from the month of April, the Company expects a growth in physical and financial performance indicators in all tourism sectors additionally activated through the destination management company/DMC Ilirija Travel as a complementary and integrated product of all its tourism sectors, which enables the extension of the high season or year-round business with an emphasis on more significant business activities in the period of the shoulder season.



4.1 NAUTICS – MARINA KORNATI

In early 2019, the nautical sector recorded a growth in revenues by 5.56% in the first three months compared to those in the same period in 2018, while the physical indicators of the contract-based berth remained at the level of the same period in the previous fiscal year. In the first quarter of 2019, 384 contracts on using berth were concluded, of which 303 were contracts for individual vessels and 81 contracts for chartered vessels.

The number of transit vessels that used the berth at Marina Kornati recorded a slight growth by 3%, however the overnight stay of transit vessels (563 overnight stays) was lower by 10% than that in the last year's period. The lower average number of overnight stays shows a continuation of the shorter stay of vessels in the marinas, due to a higher number of anchors used by sailors without paying a compensation.

In the reporting period, 673 port service operations (lifting, lowering and washing of vessels) were performed, which is 2% less than in the same period of 2018 due to a lower number of crane operating days due to its regular technical maintenance, which affected the number of realized port service operations.

In the first three months of the fiscal year, the nautical sector generated revenues in the amount of HRK 14,361,488.01 without the hospitality sector, which is

a rise by 5.56% compared to those in same period of the previous fiscal year when the generated revenues amounted to HRK 13,605,433.62. The growth in revenues by 1.86% was generated from the services of daily berth compared to those in the first quarter of 2018. The annual berth with accessories grew by 5.80% from the generated amount of HRK 13,502,996.88 and it makes up for around 94.02% of the total revenues. The services of parking and port servicing grew by 1.19% or by 2.57%. The increase in the contract-based berth services and the rise in the prices of the contract-based berth for the year 2019 is the main reason for the generation of higher revenues in the first quarter of 2019.

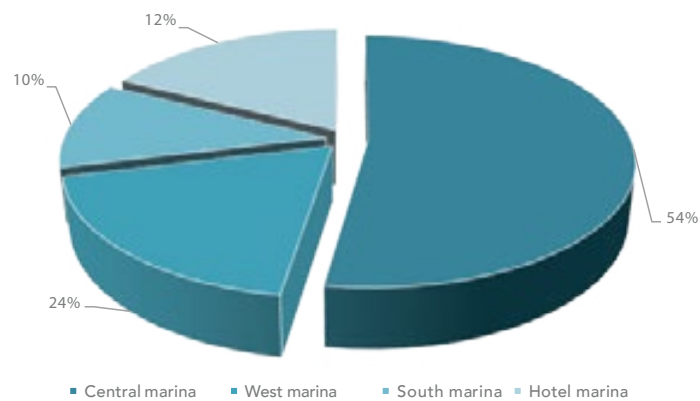
The business operations in first quarter of the year remains at the level as planned, while a significant increase is expected in the forthcoming period. Considering a higher number of booked annual berths, primarily for charter vessels and the fact that the Easter holidays are this year in April (last year they were in March) we expect a rise in revenues compared to those in the period of the last year in all business segments.

The first quarter of the fiscal year is marked by the start of international and national regatta events, which intensively take place in the shoulder season. In the segment of the nautical events, the St. Valentin regatta and Carnival Regatta attended by over 40 boats with a total of 255 sailors were held.

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

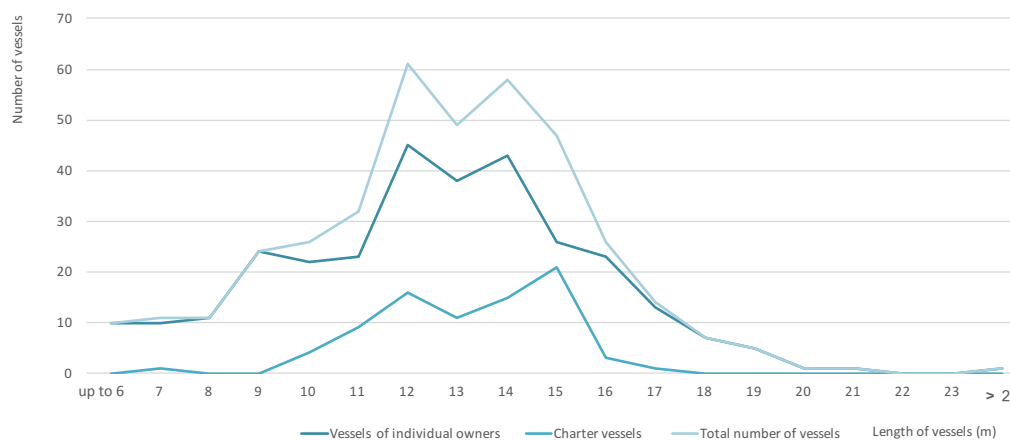
% Share of individual marina (number of berths)



Vessels on berth contract during the period from 01/01-31/03/2019 and comparison with the same period in 2018

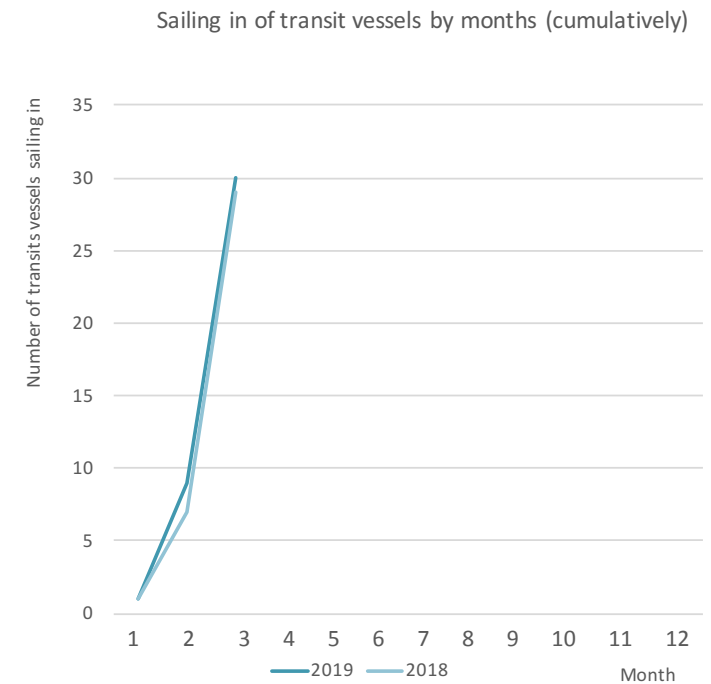
Purpose	Type of berth	Position of berth	01/01-31/03	% Total	01/01-31/03	% Total	Index
			2019	Vessels	2018	Vessels	
Vessel of individual owners	Annual berth in the sea	Central aquatorium	228	59	219	57	104
		South aquatorium	41	11	41	11	100
		Western aquatorium	1	0	1	0	100
	Annual berth on the land	Hotel port	27	7	26	7	104
		Marina land	3	1	2	1	150
	Seasonal berth in the sea	Marina aquatorium	3	1	2	1	150
		Hotel port	0	0	2	1	0
Total individual vessels:			303	79	293	76	103
Charter vessels	Annual berth in the sea	Central aquatorium	17	4	26	7	65
		South aquatorium	0	0	0	0	#DIV/0!
		Western aquatorium	64	17	65	17	98
		Hotel port	0	0	0	0	#DIV/0!
	Total charter vessels:			81	21	91	24
Total vessels 2019:			384	100	384	100	100

Vessels on berth ontract 01/01-31/03/2019



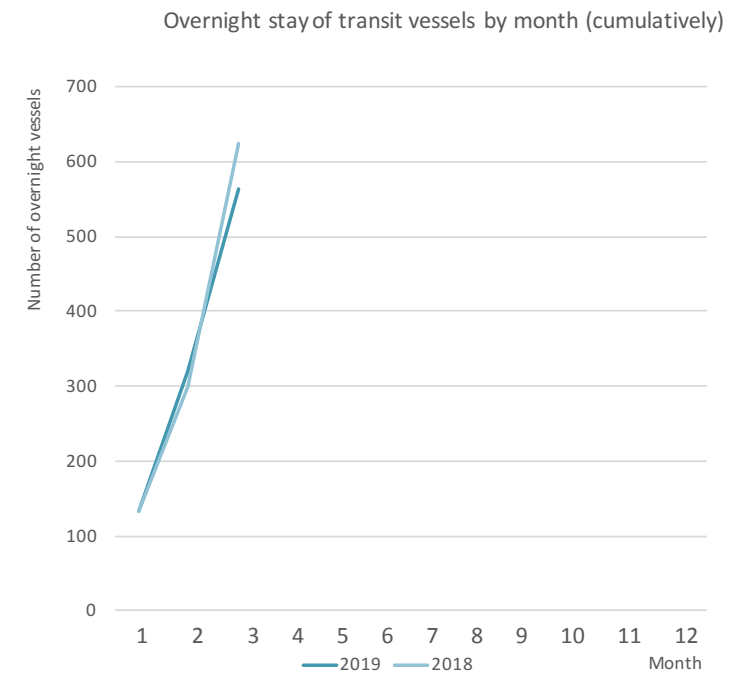
Transit berth – inbound vessels sailing in during the period from 01/01-31/03/2019 and comparison with the same period in 2018

2019	Individually monthly			Cumulatively monthly		
	2019	2018	INDEX	2019	2018	INDEX
Month	2019/2018			2019/2018		
1	1	1	100	1	1	100
2	8	6	133	9	7	129
3	21	22	95	30	29	103
4						
5						
6						
7						
8						
9						
10						
11						
12						
Total 2019	30					
Total 2018		29				
Index 2019/2018			103			



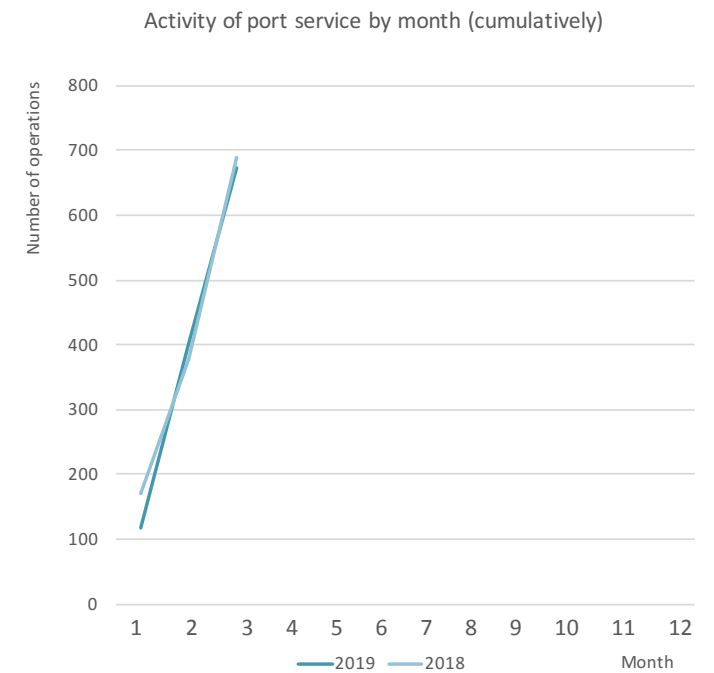
Transit berth – overnight stays during the period from 01/01-31/03/2019 and comparison with the same period in 2018

2019	Individually monthly			Cumulatively monthly		
	2019	2018	INDEX	2019	2018	INDEX
Month	2019/2018			2019/2018		
1	132	134	99	132	134	99
2	188	164	115	320	298	107
3	243	327	74	563	625	90
4						
5						
6						
7						
8						
9						
10						
11						
12						
Total 2019	563					
Total 2018		625				
Index 2019/2018			90			



Activities of port repair services during the period from 01/01-31/03/2019 and comparison with the same period in 2018

2019	Individually monthly			Cumulatively monthly		
	2019	2018	INDEX	2019	2018	INDEX
Month	2019/2018			2019/2018		
1	118	171	69	118	171	69
2	284	208	137	402	379	106
3	271	310	87	673	689	98
4						
5						
6						
7						
8						
9						
10						
11						
12						
Total 2019	673					
Total 2018		689				
Index 2019/2018			98			



Revenue generated by Marina Kornati during the period from 01/01 to 31/03/2019 individually by months and comparison with the same period in 2018

REVENUES OF MARINA KORNATI 2019 SEPARATE BY MONTHS																	
Revenue positions		Months 2019												2019 CUMULAT.	2018 TOTAL	Index 2019/2018	
		1	2	3	4	5	6	7	8	9	10	11	12				
I	Daily berths	1.648,80	32.992,80	58.792,80											93.434,40	91.727,10	101,86
II	Contracted berth with accessories	3.601.219,03	5.969.253,39	3.932.524,46											13.502.996,88	12.762.621,73	105,80
III	Port service	117.641,15	280.501,71	328.496,19											726.639,05	708.433,64	102,57
IV	Vehicle parking	1.452,00	2.352,00	18.968,00											22.772,00	22.505,20	101,19
V	Other services	1.140,69	17.349,49	-22.713,17											-4.222,99	-19.854,05	21,27
VI	Business cooperation	0,00	7.409,92	0,00											7.409,92	0,00	#DIV/0!
VII	Boat fair and events	4.043,75	0,00	8.415,00											12.458,75	40.000,00	31,15
TOTAL:		3.727.145,42	6.309.859,31	4.324.483,28	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	14.361.488,01	13.605.433,62	105,56

REVENUES OF MARINA KORNATI 2018 SEPARATE BY MONTHS																	
Revenue positions		Months 2018												2018 CUMULAT.	2017 TOTAL	Index 2018/2017	
		1	2	3	4	5	6	7	8	9	10	11	12				
I	Daily berths	21.798,53	17.162,98	52.765,59											91.727,10	77.645,57	118,14
II	Contracted berth with accessories	3.055.113,30	5.666.701,26	4.040.807,17											12.762.621,73	12.395.102,71	102,97
III	Port service	136.539,66	221.275,21	350.618,77											708.433,64	701.317,89	101,01
IV	Vehicle parking	924,00	4.812,00	16.769,20											22.505,20	18.988,00	118,52
V	Other services	5.298,19	22.435,64	-47.587,88											-19.854,05	91.104,17	(21,79)
VI	Business cooperation	0,00	0,00	0,00											0,00	0,00	#DIV/0!
VII	Boat fair and events	40.000,00	0,00	0,00											40.000,00	7.006,00	570,94
TOTAL:		3.259.673,68	5.932.387,09	4.413.372,85	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	13.605.433,62	13.291.164,34	102,36

4.2 COMMERCIAL-SHOPPING CENTER CITY GALLERIA

The Commercial – shopping center City Galleria is located in a highly residential area, only 10 minutes walking distance from the old city center and bus station and is easily accessible to a large number of residents of the city of Zadar and county, as well as to foreign visitors owing to its location. The 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 offer including the city marketplace, fish market, butcher shops, specialized food and beverage store, supermarket, fashion clothing store, footwear and sports equipment store; stores offering beauty and home products, service activities, sports facilities, hospitality facilities, office premises and the first and the only multiplex cinema in the city with 6 halls. These 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 footwear, clothing, fashion accessories

stores and perfumery/drug store; the second floor is designed as a floor for fun and recreation with an offer of restaurants, entertainment, cosmetic and sports contents, while the third floor is designed for leasing office premises. On the levels -2 and -1 in the center there is an underground garage with more than 400 parking spaces, which is opened to visitors 24 hours a day. Thanks to the unique architectural concept and the diverse offer of the contents, the City Galleria Center has become distinguished as a place where the citizens' everyday life takes place.

The City Galleria's operational results and the interest of potential lessees in the business cooperation are continuously seeing the growth. The lessees operating in the Commercial-shopping center City Galleria are multiplex cinemas CineStar, drugstore and perfume store Müller, supermarket SPAR, CCC shoes&bags, PEPCO, Gyms4You, Zagrebačka banka, and almost all of them are the market leaders. We can also mention some other international and domestic renowned lessees such as stores Timberland, Shooster, Adidas, Nike&Converse, Ghetaldus, Farmacia, ShoeBeDo, TELE2, Sancta Domenica and others.

As at 31st March 2019, the occupancy of the center was 99.77% of all capacities, that is, 36 premises lease contracts are active with floor areas ranging from 9.80m² 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 increased by 241.30 m², of which 218,90 m² has been rented at the moment.

The operating revenues from the Center City Galleria generated in the first quarter of 2019 by leasing the premises, through shared costs, using common parts of the center, leasing the advertisement space and revenues from the garage amount to HRK 3,509,145.52. The foregoing is a rise in the same revenues compared to those in the relevant period in the previous year at a rate of 5.00%. In the first quarter of 2019 there were no other revenues, while they amounted to HRK 162,954.81 in the same period last year. Total revenues in the first quarter were therefore equal to the revenues in the first quarter of 2018.

In this period, 68.18% of the operating revenues, or HRK 2,392,709.69 was generated from the calculation of the rental fee of premises. The average rental fee per square meter of premises during the relevant period was EUR 10.96 or about 81.41 HRK/m². The largest lessees according to the leased area are Spar Hrvatska d.o.o., Müller trgovina d.o.o. and Blitz - Cinestar d.o.o. These three lessees have taken lease of 49.04% of the net lettable surface area in the Commercial-shopping center City Galleria. In addition to the lease of business premises, the operating reve-

nues generated from the charging shared costs to the lessees amount to HRK 793.398,17, which is 22.61% of total revenues; the revenues from leasing and commercial use of common areas of the center amount to HRK 144,655.69, or 4.12%; the revenues from the one-time parking charge and leasing of the parking spaces amount to HRK 169,790.04 or 4.84%; and in the smallest part, the revenues from leasing of the advertising space on the facade of the Center amounts to HRK 8,591.93, which is 0.24% of total revenues generated.

The usage of the underground garage by customers of the Center rose by 9.93% in the first quarter of 2019 and it was used by 178,615 vehicles, while it was used by 162,478 vehicles in the same period of 2018. The revenues generated from the garage of the Commercial-shopping center City Galleria in the amount of HRK 169,790.04 were mostly realized from the one-time parking of visitors to the garage, which makes up for 86.88% of the mentioned revenues.

In the observed period, the Company continued the activation of business premises on the third floor of the Center and their conversion from the service to office premises. In addition to the lessee ROSS d.o.o. that engages in the media activity and operates via the radio station 057 and web portal 057info.hr on the local media market, the lessee Drugačije d.o.o. start-

ed performing its business activity. The lessee Securitas Hrvatska d.o.o. is finishing its works on redecorating the business premises and is planning to start performing its business activity in April 2019. A lease contract was concluded with the company Zdrava navika j.d.o.o. for business premises measuring 13.10 m², that started performing its business activity relating to advising and measuring the vitamin-mineral status in March 2019.

During February 2019, the works on the redecoration of the premises in the ground floor of the Center were finished, where Erste&Steiermarkische Bank d.d. as the lessee started performing the business activities.

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

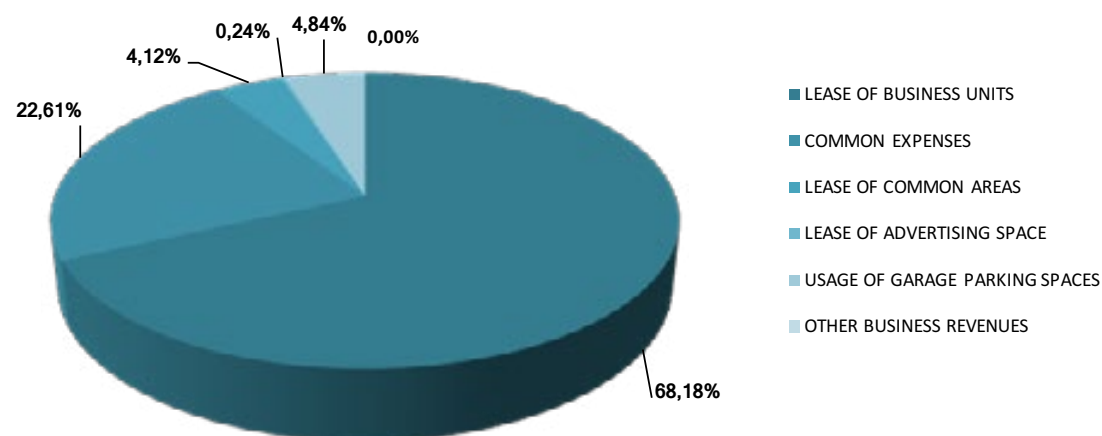
Operating revenues of the Commercial - shopping center City Galleria in Zadar for the period from 01/01 – 31/03/2019 and comparison with the same period in 2018

DESIGNATION	DESCRIPTION	NUMBER OF ACTIVE CONTRACTS	SURFACE AREA (m ²)	REVENUES 01-03/2019	%	REVENUES 01-03/2018	%	INDEX 2019/2018
1	LEASE OF BUSINESS UNITS	36	9.897,60*	2.392.709,69 kn	68,18%	2.224.380,69 kn	63,46%	108
2	COMMON EXPENSES	35	7.173,53	793.398,17 kn	22,61%	775.424,51 kn	22,12%	102
3	LEASE OF COMMON AREAS	22	999,80	144.655,69 kn	4,12%	163.341,84 kn	4,66%	89
4	LEASE OF ADVERTISING SPACE	8	121,18	8.591,93 kn	0,24%	8.697,91 kn	0,25%	99
5	USAGE OF GARAGE PARKING SPACES	410***	10.863,50	169.790,04 kn	4,84%	170.162,20 kn	4,85%	100
REVENUES				3.509.145,52 kn	100,00%	3.342.007,15 kn	95,35%	105
6	OTHER BUSINESS REVENUES			0,00 kn	0,00%	162.954,81 kn	4,65%	0
TOTAL REVENUES				3.509.145,52 kn	100,00%	3.504.961,96 kn	100,00%	100

* Total net leasable surface area

** Total net leasable area for calculation of common expenses

*** number of parking spaces in the garage



5 FINANCIAL OPERATING RESULTS OF THE COMPANY

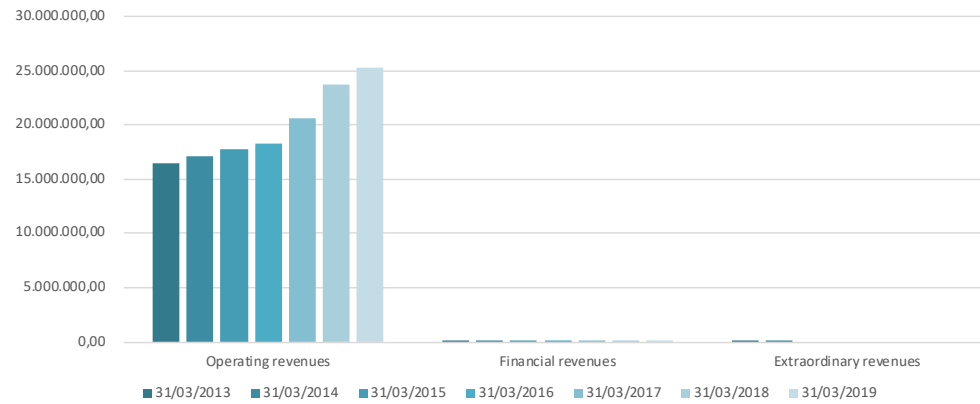
5.1 FINANCIAL OPERATING RESULTS AT THE LEVEL OF THE COMPANY

5.1.2 FINANCIAL OPERATING RESULTS OF THE COMPANY

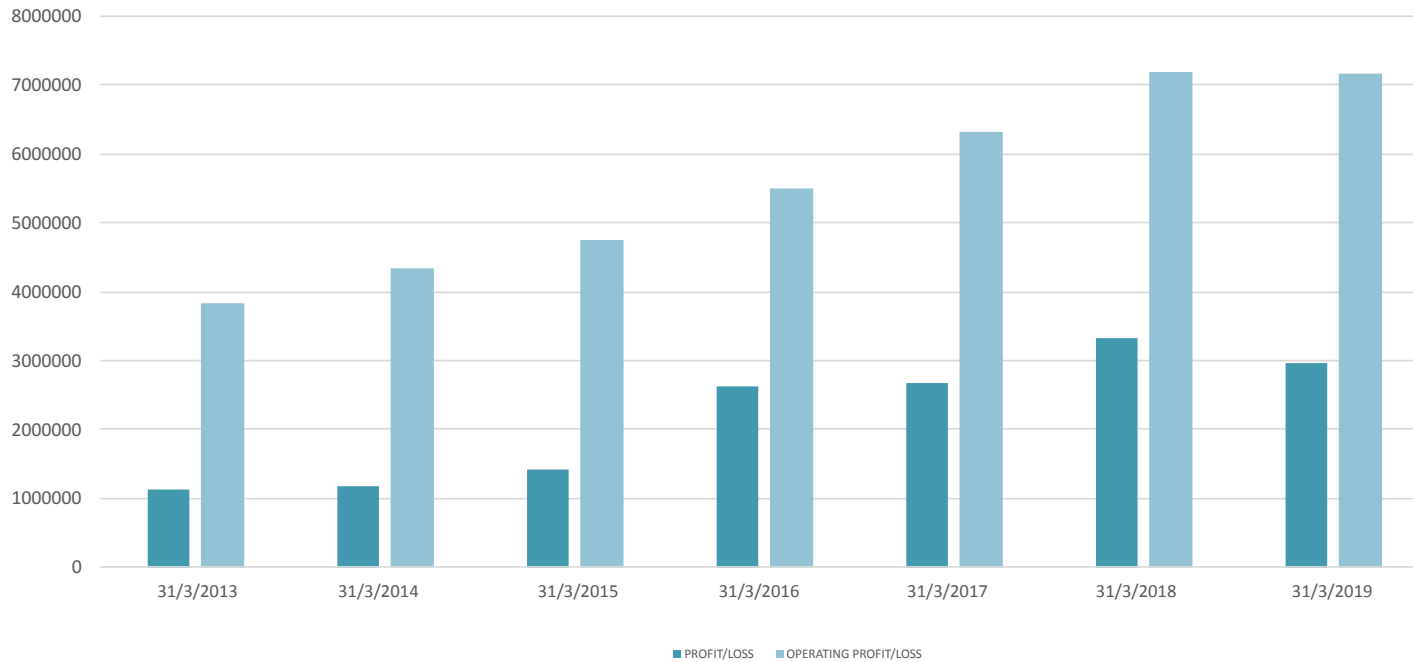
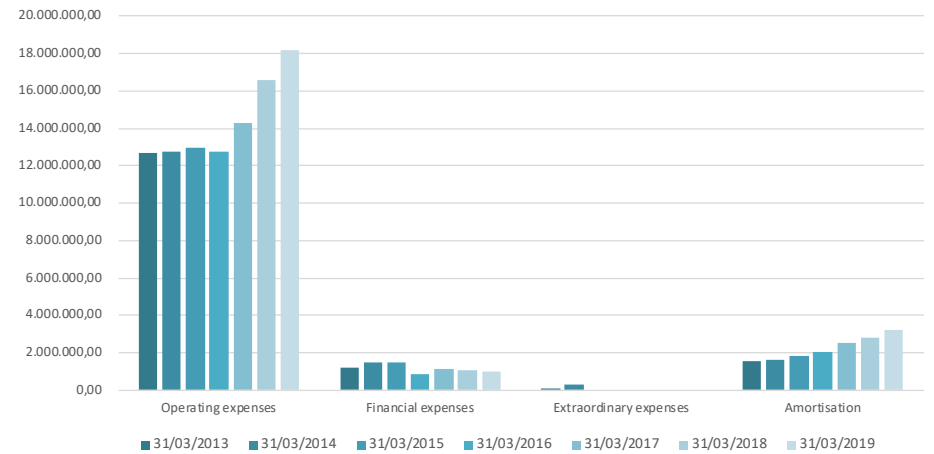
Overview of financial operating results during the period from 01/01- 31/03/2019 and comparison with the same period from 2013 to 2018

DESCRIPTION	31/03/2013	31/03/2014	31/03/2015	31/03/2016	31/03/2017	31/03/2018	31/03/2019	Index 2019/2018
Operating revenues	16.479.987,38	17.122.542,83	17.749.574,00	18.265.476,75	20.642.372,56	23.749.772,28	25.330.248,15	106,65
Financial revenues	158.453,31	39.328,22	18.368,65	30.689,62	23.419,38	22.186,19	13.944,49	62,85
Extraordinary revenues	19.028,85	167.167,46	0,00	0,00	0,00	0,00	0,00	#DIV/0!
TOTAL REVENUES	16.657.469,54	17.329.038,51	17.767.942,65	18.296.166,37	20.665.791,94	23.771.958,47	25.344.192,64	106,61
Operating expenses	12.657.748,02	12.781.446,85	12.990.237,64	12.756.687,07	14.317.916,72	16.561.149,13	18.159.456,24	109,65
Financial expenses	1.214.740,00	1.473.129,61	1.488.006,30	848.451,04	1.121.027,66	1.101.937,91	1.031.239,46	93,58
Extraordinary expenses	94.848,05	310.889,69	0,00	0,00	0,00	0,00	0,00	#DIV/0!
Amortisation	1.559.878,46	1.596.301,65	1.867.554,69	2.056.495,32	2.551.211,77	2.788.869,12	3.199.224,00	114,71
TOTAL EXPENSES	15.527.214,53	16.161.767,80	16.345.798,63	15.661.633,43	17.990.156,15	20.451.956,16	22.389.919,70	109,48
PROFIT/LOSS	1.130.255,01	1.167.270,71	1.422.144,02	2.634.532,94	2.675.635,79	3.320.002,31	2.954.272,94	88,98
OPERATING PROFIT/LOSS	3.822.239,36	4.341.095,98	4.759.336,36	5.508.789,68	6.324.455,84	7.188.623,15	7.170.791,91	99,75
EBITDA	3.904.873,47	4.236.701,97	4.777.705,01	5.539.479,30	6.347.875,22	7.210.809,34	7.184.736,40	99,64

REVENUES 2013-2019



EXPENSES 2013-2019



I

The total revenues for the first quarter of 2019 amounted to HRK 25,344,192.64 and increased by 6.61% compared to those in the same period of 2018 as a result of an increase in operating revenues.

Operating revenues for the observed period amount to HRK 25,330,248.15 and compared to those in the same period of the previous fiscal year they recorded a growth by 6.65% as a result of rise in revenues on the domestic and foreign market.

Sale revenues amount to HRK 25,135,707.35 and are higher by 7.20%, as compared to those in the same period of the previous fiscal year, when they amounted to HRK 23,448,076.51 which is the result of the increase in sales revenues on the foreign market by 32% and on the local market by 6%. The sales revenues make up for 99.23% of the operating and 99.18% of the total revenues.

2

Total expenses amount to HRK 22,389,919.70 and compared to those in the same period in 2018 they are higher by 9.48% as a result of the growth in the operating expenses by 9.65% and amortization by 14.71%.

The operating expenses in the observed period amount to HRK 18,159,456.24 and are higher by 9.65% or by HRK 1,598,307.11 compared to those in the same period in 2018 as a result of growth in the gross pay cost by 17%, costs of services by 13% and other costs by 1%.

3

The Company's operating profit or the profit from operating activities amounts to HRK 7,170,791.91 and is lower by 0.25% compared to that in the same period of the year 2018.

EBITDA or earnings before interest, taxes, depreciation and amortization was realized in the amount of HRK 7,184,736.40 and fell by HRK 0.36% compared to that in the same period of the previous fiscal year.

EBIT - or earnings before interest and tax was realized in the amount of HRK 3,985,512.40 and fell by HRK 9.87%.

The profit for the first quarter of 2019 amounts to HRK 2,954,272.94 and it fell by 11.02% compared to that in the same period of 2018.

Operating profit, EBITDA, EBIT and profit compared to those in the same periods of previous fiscal years are at the same or lower levels despite the growth in total or operating revenues as a consequence of increased expenses incurred as a result of investments and the Company's continuous policy of improving the financial position of employees.

Financial statements of the Company
as at 31/03/2019 and comparison with the same period in the years 2018 and 2017

REVENUES	2017	2018	INDEX 2018/2017	2019	INDEX 2019/2018
Revenues on the domestic market	18.962.772,53	22.158.101,25	117	23.437.699,60	106
Revenues on foreign market	1.662.944,62	1.289.975,26	78	1.698.007,75	132
Other operating revenues	16.655,41	301.695,77	1.811	194.540,80	64
OPERATING REVENUES	20.642.372,56	23.749.772,28	115	25.330.248,15	107
FINANCIAL REVENUES	23.419,38	22.186,19	95	13.944,49	63
EXTRAORDINARY REVENUES	0,00	0,00	#DIV/0!	0,00	#DIV/0!
TOTAL REVENUES	20.665.791,94	23.771.958,47	115	25.344.192,64	107
EXPENSES					#DIV/0!
Costs of raw materials	2.072.544,55	2.498.180,71	121	2.478.813,06	99
Costs of services	3.084.195,57	2.862.502,37	93	3.245.095,81	113
Gross salaries	6.131.312,83	6.821.463,05	111	8.003.552,76	117
Other expenses	3.029.863,77	4.379.003,00	145	4.431.994,61	101
OPERATING COSTS	14.317.916,72	16.561.149,13	116	18.159.456,24	110
AMORTISATION	2.551.211,77	2.788.869,12	109	3.199.224,00	115
FINANCIAL EXPENSES	1.121.027,66	1.101.937,91	98	1.031.239,46	94
EXTRAORDINARY EXPENSES	0,00	0,00	#DIV/0!	0,00	#DIV/0!
TOTAL EXPENSES	17.990.156,15	20.451.956,16	114	22.389.919,70	109
PROFIT/LOSS	2.675.635,79	3.320.002,31	124	2.954.272,94	89
OPERATING PROFIT	6.324.455,84	7.188.623,15	114	7.170.791,91	100
EBITDA	6.347.875,22	7.210.809,34	114	7.184.736,40	100

REVENUES BY ACTIVITIES:

The revenues from the hotel sector amount to HRK 2,692,792.53 and rose by 19% compared to those in the same period of the previous fiscal year and are a result of better occupancy of accommodation capacities as a result of strengthening the share of MICE and the group segment, all year-round openness of Hotel Ilirija as the largest hotel of the Company, as well as reducing the seasonal business by boosting the sales activities in the shoulder season.

The revenues from the nautics amount to HRK 14,586,314.76 and rose by 6% compared to those in the same period in 2018 as a consequence of the growth in revenues from the accommodation of vessels, that is, Marina Kornati, especially from the revenues from the contract-based berth that grew by 5.80% and port service by 2.57% and significant growth in revenues from the hospitality services by 15%.

Revenues from camping amount to HRK 3,436,790.50 and rose by 26% as a result of an increase in a number of rented pitches for lump sum by

10% compared to those in the same period of the previous fiscal year.

The revenues of the real estate sector or from the Commercial-shopping center City Galleria were generated in the amount of HRK 3,509,145.52 and they remained at the level of the same period in 2018.

The revenues from other activities that is, profit centers, including Ilirija Travel, or Arsenal, event boat „Nada“, Villa Primorje and hospitality were generated in the amount of HRK 1,105,204.84.

GRANDTOTAL: Operating revenues by activities amount to HRK 25,330,248.15 and have risen by 6.65% in comparison with those in the same period in 2018.



5.1.3 COMPANY'S FINANCIAL POSITION

FUNDAMENTAL FINANCIAL PERFORMANCE INDICATORS AS AT 31/03/2019

As tabular Overview of fundamental indicators of the Company was given back from 2019 to 2009 (eleven years) the described indicators are listed in absolute figures and growth rates



I

The value of the Company's assets as at 31/03/2019 amounted to HRK 459,205,062.25 and rose by HRK 22,807,594.30 or by 5.27% compared to that in the same period in 2018 when it amounted to HRK 436,397,467.95, whose growth is the result of the investments made.

The value of assets of the Company since 2009, when it amounted to HRK 267,341,307.20, grew by HRK 191,863,755.05 or by 71.77%.

2

Total liabilities of the Company amount to HRK 139,134,313.50 and rose by HRK 2,012,077.10 that is, by 1.47% compared to those in the same period of 2018 when they amounted to HRK 137,122,236.40 as a result of growth in short-term liabilities of the Company.

Total liabilities of the Company as at 31/03/2019 decreased by HRK 8,471,431.39 or by HRK 5.74% compared to the total liabilities of the Company as at 31/03/2009 when they amounted to HRK 147,605,744.89.

3

Capital and reserves of the Company as at 31/03/2019 amounted to HRK 320,070,748.75 and rose by HRK 20,795,517.20 that is by 6.95% compared to those in the same period in 2018 when they amounted to HRK 299,275,231.55.

Comparing the Company's capital and reserves as at 31/03/2019, they increased by HRK 200,335,186.44 or by 167.31% compared to those in the same period in 2009 when they amounted to HRK 119,735,562.31.

4

The total revenues of the Company amount to HRK 25,344,192.64 and rose by HRK 1,572,234.17 or by 6.61% compared to those in the same period of 2018 when they amounted to HRK 23,771,958.47 the increase of which is the consequence of a significant rise in operating revenues or sales revenues.

The total revenues of the Company compared to those in the same period in 2009 when they amounted to HRK 13,623,690.28 grew by HRK 11,720,502.36 or by 86.03%.

5

The operating profit of the Company was generated in the amount of HRK 7,170,791.91 and fell by HRK 17,831.24, or by 0.25% compared to that in the same period in 2018 when it amounted to HRK 7,188,623.15 as a consequence of growth in total, that is, operating expenses.

The operating profit generated in the first quarter of 2019 compared to the same period of 2009 generated in the amount of HRK 2,877,844.65, the growth of 149.17% was achieved.

6

EBITDA was realized in the amount of HRK 7,184,736.40 and fell by 0.36% or HRK 26,072.94 compared to that in the same period of 2018 when it amounted to HRK 7,210,809.34.

The realized EBITDA in the reporting period grew by HRK 4,306,963.28 or by HRK 149.66% compared to that in the first quarter of 2009 when it was realized in the amount of HRK 2,877,773.12.

7

The profit of the Company for the reporting period amounts to HRK 2,954,272.94 and fell by HRK 365,729.37 or by 11.02% compared to that in the first quarter of 2018 when it amounted to HRK 3,320,002.31.

The profit realized in the first quarter of the year 2019 compared to the profit generated in the same period of 2009 which amounted to HRK 340,304.17, grew by HRK 2,613,968.77 or by 768.13%.

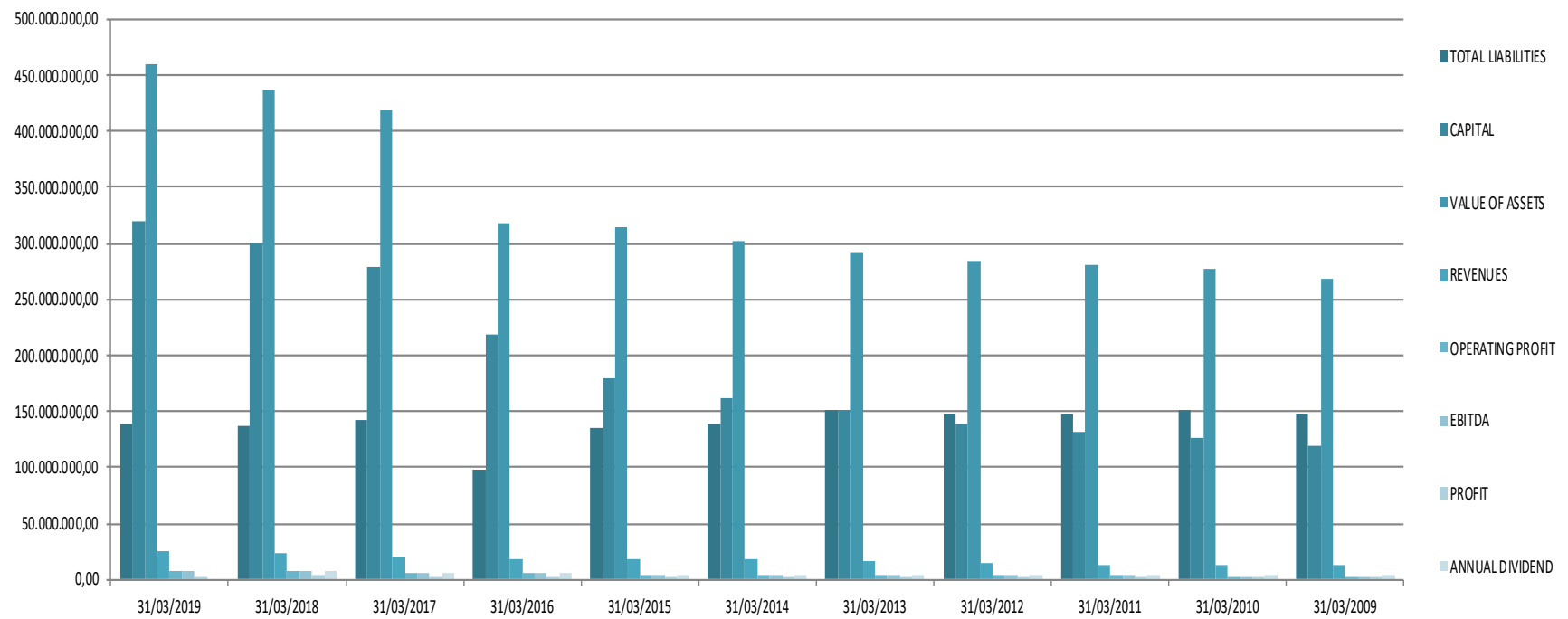


CUMULATIVE COMPARATIVE OVERVIEW

of fundamental business results and indicators on the position of assets, capital and liabilities of the Company as at 31/03/2019 and also for the same period from 2009 to 2019

YEAR	TOTAL LIABILITIES	CAPITAL	VALUE OF ASSETS	REVENUES	OPERATING PROFIT	EBITDA	PROFIT	ANNUAL DIVIDEND
1	2	3	4	5	6	7	8	9
31/03/2019	139.134.313,50	320.070.748,75	459.205.062,25	25.344.192,64	7.170.791,91	7.184.736,40	2.954.272,94	0,00
31/03/2018	137.122.236,40	299.275.231,55	436.397.467,95	23.771.958,47	7.188.623,15	7.210.809,34	3.320.002,31	7.221.240,00
31/03/2017	141.448.734,76	278.359.543,77	419.808.278,53	20.665.791,94	6.324.455,84	6.347.875,22	2.675.635,79	6.016.540,00
31/03/2016	98.831.910,81	219.010.700,88	317.842.611,69	18.296.166,37	5.508.789,68	5.539.479,30	2.634.532,94	4.937.148,00
31/03/2015	135.069.382,93	179.280.859,69	314.350.242,62	17.767.942,65	4.759.336,36	4.777.705,01	1.422.144,02	3.740.790,00
31/03/2014	139.140.342,44	162.510.566,87	301.650.909,31	17.329.038,51	4.341.095,98	4.236.701,97	1.167.270,71	3.740.790,00
31/03/2013	151.603.255,36	151.603.255,36	291.120.786,27	16.657.469,54	3.822.239,36	3.904.873,47	1.130.255,01	3.740.790,00
31/03/2012	146.758.285,42	137.917.687,18	284.675.972,60	14.910.581,52	3.600.648,28	3.639.617,69	536.609,90	3.740.790,00
31/03/2011	148.134.240,07	131.827.187,74	279.971.568,40	13.615.106,65	3.754.665,89	3.763.257,15	909.649,14	3.740.790,00
31/03/2010	151.881.871,96	125.778.942,43	277.660.814,39	12.639.093,65	2.616.941,27	2.566.849,05	23.380,42	3.740.790,00
31/03/2009	147.605.744,89	119.735.562,31	267.341.307,20	13.623.690,28	2.877.844,65	2.877.773,12	340.304,17	3.740.790,00

Graph of fundamental business results and indicators on the position of assets, capital and liabilities of the Company as at 31/03/2019 and also for the same period from 2009 to 2019



OPERATING AND OTHER EXPENSES

Operating expenses for the first quarter of the year 2019 amount to HRK 18,159,456.24 and grew by 9.65% compared to those in the same period of the previous fiscal year. The increase in these costs is the consequence of an increase in operating expenses, especially the gross pay cost that increased the most at a rate of 17% which is a systematic policy of the Company in the segment of the human resources management.

FINANCIAL EXPENSES

The financial expenses for the observed period amount to HRK 1,031,239.46 and it fell by 6.42% compared to those in the first quarter of 2018.

LIQUIDITY

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

SHARE SPLIT

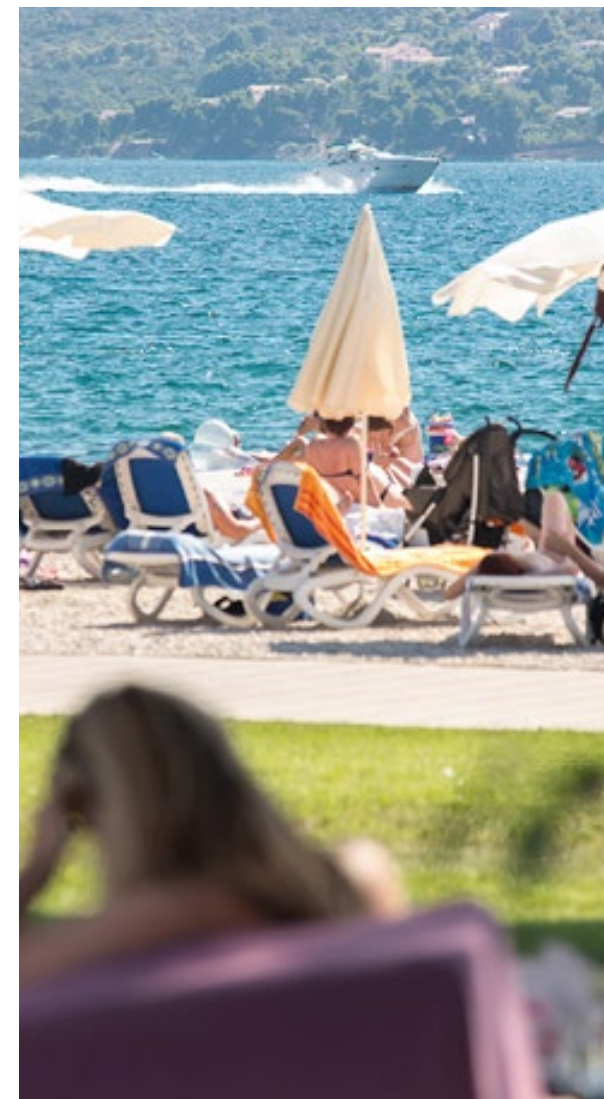
There was no share split.

EARNING PER SHARE

In the first quarter of 2019, the gross earning per share amounts to HRK 1.22.

UNCERTAINTY OF COLLECTION OF FUTURE COSTS

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



6 ADDITIONAL INFORMATION

6.1 INVESTMENTS IN THE YEAR 2019

According to the Investment Plan for the fiscal year 2019, the Company will invest a total of HRK 17 million in the preparation for the tourist season, with an emphasis on strengthening its competitiveness and market recognizability by improving the existing services, content and offer in all of its sectors, out of which the investments in the amount of HRK 8.5 million were realized in the fourth quarter of 2018, while the investments in the amount of HRK 6,298,889.41 were realized in the first quarter of 2019.

The most significant part of the Company's investments in 2019 was focused on the camping sector with an aim to increase the accommodation capacities, improve the campsite infrastructure itself and improve the existing services by purchasing new mobile homes with a floor area of 32m² and their complete infrastructure equipment and development, decoration and additional equipping other mobile homes of the Company, construction of a new substation, electrification and construction of the hydrant network in IV campsite zone, asphaltting the roads, construction of paths and parking lot inside the campsite, its further gasification and landscaping.

In the hotel sector the investments were focused on improving the existing services and contents, especially in the segment of additional offer by means of complete development of the hotel beach, the wellness center, by connecting Ilirija Hotel with the indoor swimming pool and by reconstructing the laundry facility accompanied by the purchase of new washing and drying machines. The Company is investing in the additional development of the accommodation units and raising the level of security of the Company's assets, employees and guests in its facilities.

In the nautical sector, the investments were made in the reconstruction of the anchoring system of piers D1 and D2 and the improvement of the nautical sector's hospitality offer.

In 2019 significant investments relate to the capacities of the destination management company/DMC Ilirija Travel, especially Arsenal and Villa Primorje, which further strengthened its business activities in the part of the development of the all-round complementary offer by increasing its hospitality capacities and by improving the existing offer.

In the first months of 2019, the works continued on the implementation of a new parking billing system started in December 2018 in City Galleria. Following the installation of new ramps and self-checkouts in late 2018, the light-emitting electronic displays of the garage floor occupancy and self-checkout were installed on the ground floor of the Center, where the parking fees can be paid not only in cash, but also by credit cards. In addition to billing the parking fees, the so called smart checkout installed on the ground floor of the Center may sell the tickets for concerts and other events that take place in the Arsenal facility organized by the Company. Two facilities are currently being connected by final versions of the electronic interface.



6.2 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 vicini-

ty 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 Bio-grad 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

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.

6.3 IMPORTANT EVENTS

The Company acquired 100 equity shares, so the Company owns 8356 shares making up for 0.35% shares in the share capital.

In January Company published the document „ ILIRIJA d.d. - Economic and Social Aspects of Business - the Initiator of the Economy and the Social Community ", where the contribution of the Company as a business entity is shown not only to the economy of the local, regional and national community through the overview of the business achievements of Ilirija d.d. from 1999 to October 2018, but also is shown the contribution to the social development of the community through the corporate philanthropy activities.



6.4 POST-BALANCE SHEET EVENTS

The Company's Supervisory Board did at its session held on 05th April 2019 adopt the Annual report prepared by the Management Board on the operations and position of the Company for the year 2018, the Report by the Management Board on acquisition of the equity shares in 2018, the Audit Report on the Company's operations for 2018 and the Supervisory Board's Report on performed supervision of business operations in 2018. The Supervisory Board established the fundamental Annual Financial Statements for the year 2018 (Financial Operations Report, Financial Position Report and Cash Flow Statement), the draft decision on utilization of profit, distribution of dividends, draft decision on the appointment of the Company's auditor for 2019, the draft decision on granting authority to the Company's Management Board for acquisition of equity shares and and the draft call with the agenda for convening the General Shareholders' Assembly.

The Supervisory Board suggested that the profit generated in the fiscal year 2018 after taxation in the amount of HRK 29,795,129.95 should be apportioned in the way as follows:

- HRK 19,177,167.95 should be allocated to the retained profit,
- HRK 2,200,000.00 should be allocated to statutory reserves, and
- HRK 8,417,962.00 should be allocated for profit distribution.

The dividend per one share amounts to HRK 3.50.

On 05th April 2019, the Call to the Ordinary General Meeting of the Company was publicized with the following agenda:

- 1 The Management Board's report on the operations and position of the Company for the year 2018,
- 2 Management Board's Report on acquisition of equity shares in 2018,



- 3 Report by the Company's Supervisory Board on performed supervision of conducting the Company's business in 2018,
- 4 Auditor's report on the audit of the Company's operations performed in 2018,
- 5 Taking note of the Decision on establishing the fundamental annual financial statements of the Company for 2018;
- 6 Decision on utilization of profit of Ilirija d.d. for the fiscal year 2018;
- 7 Decision on the dividend distribution,
- 8 Giving remuneration to the Company's Management Board,
- 9 Giving remuneration to the members of the Supervisory Board for the supervision of the Company's operations performed in the previous period,
- 10 Decision on granting authority to the Company's Management Board for acquiring the equity shares,
- 11 Appointment of the Company's auditor for the year 2019.

6.5 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 coownership 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 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.



7 BUSINESS EXPECTATIONS AND DEVELOPMENT PLAN OF THE COMPANY IN THE YEAR 2019

In 2019, the Company expects another fiscal year in which it will continue with further development and growth at the level of all sectors in the segment of key performance indicators.

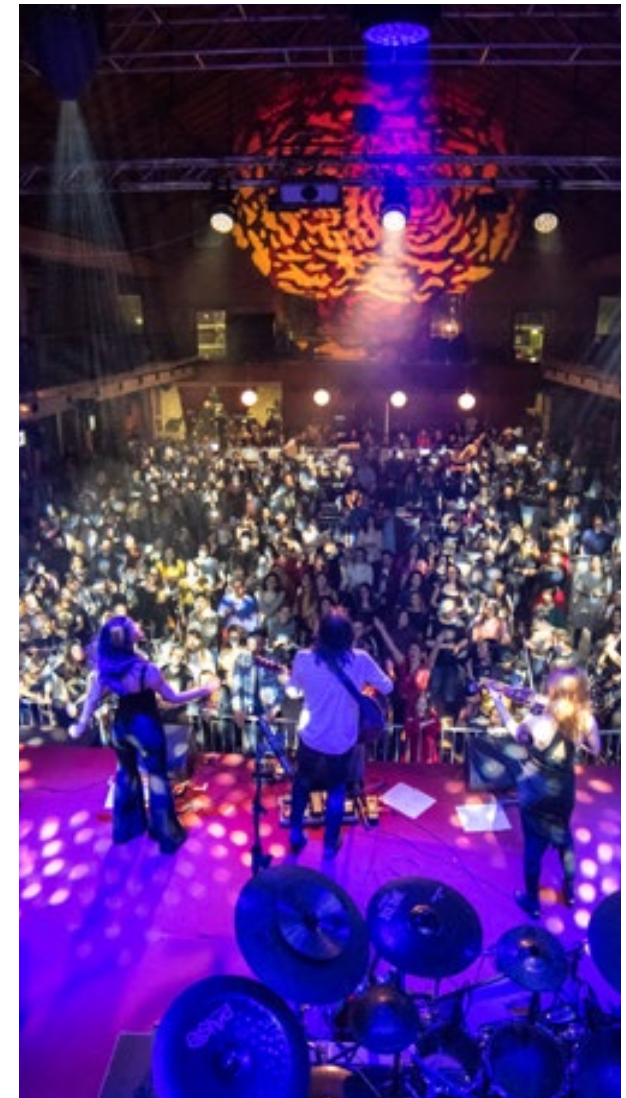
The fundamental objectives of the Company indicated in its Business Plan for the year 2019 are:

- (I) **increase in revenues by 6%,**
- (II) **increase in expenses by 5%, and**
- (III) **increase in EBITDA by 8%.**

The Company bases the accomplishment of the operating results in the year 2019 on the following:

(I) **investments in making preparation for the season 2019** in all sectors, in particular the tourist portfolio of the Company, in raising the quality of the existing facilities, especially in the accommodation facilities in camping and hotel sector, raising the quality of the additional facilities and infrastructure, improving the quality and standards of our services and developing new products, in which way the Company ensures a competitive market position and high quality and a recognizable product,

(II) **correction of the prices of its services as a result of the investments made,**



(III) positioning of the Republic of Croatia among the 20 leading tourism destinations in the world and its global recognition on the international tourism market, and further market recognition and competitiveness of Croatian tourism offer compared to the competitive Mediterranean tourism countries that are significantly more present in the market than that were in 2018,

(IV) sales and announcements for the year 2019 in tourism sectors of the Company we expect the growth in arrivals and overnight stays in the

hotel and camping sector,

(V) on the further development of all-year 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 especially compared to those in the year 2018, and consequently the reduction of seasonality of the business operations of the tourism sectors of the Company,

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

(VII) managing, developing and educating employees as a key holders of the business process, strengthening the financial position of employees and their structure and capacities,

(VIII) economic stability and safety, primarily at the regional level, i.e. in the direct environment of the Company and on the main source markets of the Croatian tourism.



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



Annex 1

ISSUER'S GENERAL DATA

Reporting period: 01/01/2019 to 31/03/2019
 Year: 2019
 Quarter: 1.

Quarterly financial statements

Registration number (MB): 03311953 Issuer's home Member State code: [REDACTED]
 Entity's registration number (MBS): 060032302
 Personal identification number (OIB): 05951496767 LEI: 74780000VOGH8Q3K5K76
 Institution code: 1271
 Name of the issuer: ILIRIJA d.d. BIOGRAD NA MORU
 Postcode and town: 23210 BIOGRAD NA MORU
 Street and house number: TINA UJEVIĆA 7
 E-mail address: ilirija@zd.t-com.hr
 Web address: www.ilirijabiograd.com
 Number of employees (end of the reporting period): 252
 Consolidated report: KN (KN-not consolidated/KD-consolidated)
 Audited: RN (RN-not audited/RD-audited)
 Names of subsidiaries (according to IFRS): Registered office: MB:

Bookkeeping firm: [REDACTED] (Yes/No) [REDACTED]
 (name of the bookkeeping firm)
 Contact person: STRPIĆ ZORKA
 (only name and surname of the contact person)
 Telephone: 023/383178
 E-mail address: zorkas@ilirijabiograd.com
 Audit firm: REVICON d.o.o. ZADAR
 (name of the audit firm)
 Certified auditor: MARTINA MUSTAĆ
 (name and surname)

BALANCE SHEET			
balance as at 31/03/2019			
in HRK			
Submitter:ILIRIJA d.d. BIOGRAD NA MORU			
Item	ADP code	Last day of the preceding business year	"At the reporting date of the current period"
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001		
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	424.385.649	443.350.631
I INTANGIBLE ASSETS (ADP 004 to 009)	003	299.528	443.679
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	0	0
3 Goodwill	006	0	0
4 Advances for the purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	0	0
6 Other intangible assets	009	299.528	443.679
II TANGIBLE ASSETS (ADP 011 to 019)	010	424.047.427	442.868.258
1 Land	011	43.295.283	43.295.283
2 Buildings	012	241.132.567	256.440.644
3 Plant and equipment	013	51.453.578	61.017.161
4 Tools, working inventory and transportation assets	014	0	0
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	2.573.552	1.542.192
7 Tangible assets in preparation	017	7.128.906	3.186.485
8 Other tangible assets	018	0	0
9 Investment property	019	78.463.541	77.386.493
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	38.694	38.694
1 Investments in holdings (shares) of undertakings within the group	021	0	0
2 Investments in other securities of undertakings within the group	022	38.694	38.694
3 Loans, deposits, etc. to undertakings within the group	023	0	0
4. Investments in holdings (shares) of companies linked by virtue of participating interests	024	0	0
5 Investment in other securities of companies linked by virtue of participating interests	025	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	026	0	0
7 Investments in securities	027	0	0
8 Loans, deposits, etc. given	028	0	0
9 Other investments accounted for using the equity method	029	0	0
10 Other fixed financial assets	030	0	0
IV RECEIVABLES (ADP 032 to 035)	031	0	0
1 Receivables from undertakings within the group	032	0	0
2 Receivables from companies linked by virtue of participating interests	033	0	0
3 Customer receivables	034	0	0
4 Other receivables	035	0	0
V DEFERRED TAX ASSETS	036	0	0
C) CURRENT ASSETS (ADP 038+046+053+063)	037	12.011.819	15.854.431
I INVENTORIES (ADP 039 to 045)	038	2.213.961	2.082.271
1 Raw materials and consumables	039	2.213.961	2.082.271

2 Work in progress	040	0	0
3 Finished goods	041	0	0
4 Merchandise	042	0	0
5 Advances for inventories	043	0	0
6 Fixed assets held for sale	044	0	0
7 Biological assets	045	0	0
II RECEIVABLES (ADP 047 to 052)	046	7.860.784	7.140.699
1 Receivables from undertakings within the group	047	0	0
2 Receivables from companies linked by virtue of participating interests	048	0	0
3 Customer receivables	049	6.579.632	5.635.879
4 Receivables from employees and members of the undertaking	050	837.469	784.346
5 Receivables from government and other institutions	051	379.374	369.441
6 Other receivables	052	64.309	351.033
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	1.717.081	1.935.180
1 Investments in holdings (shares) of undertakings within the group	054	0	0
2 Investments in other securities of undertakings within the group	055	0	0
3 Loans, deposits, etc. to undertakings within the group	056	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating interests	057	0	0
5 Investment in other securities of companies linked by virtue of participating interests	058	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	059	0	0
7 Investments in securities	060	0	0
8 Loans, deposits, etc. given	061	1.717.081	1.935.180
9 Other financial assets	062	0	0
IV CASH AT BANK AND IN HAND	063	219.993	4.696.281
D) PREPAID EXPENSES AND ACCRUED INCOME	064	0	0
E) TOTAL ASSETS (ADP 001+002+037+064)	065	436.397.468	459.205.062
OFF-BALANCE SHEET ITEMS	066	0	0
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+081+084+087)	067	299.275.231	320.070.749
I INITIAL (SUBSCRIBED) CAPITAL	068	229.146.480	229.146.480
II CAPITAL RESERVES	069	2.723.874	2.932.389
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	22.758.389	25.876.276
1 Legal reserves	071	9.477.986	12.477.985
2 Reserves for treasury shares	072	6.975.716	6.975.716
3 Treasury shares and holdings (deductible item)	073	-1.217.992	-1.100.104
4 Statutory reserves	074	0	0
5 Other reserves	075	7.522.679	7.522.679
IV REVALUATION RESERVES	076	0	0
V FAIR VALUE RESERVES (ADP 078 to 080)	077	0	0
1 Fair value of financial assets available for sale	078	0	0
2 Cash flow hedge - effective portion	079	0	0
3 Hedge of a net investment in a foreign operation - effective portion	080	0	0
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 082-083)	081	41.326.486	59.161.331
1 Retained profit	082	41.326.486	59.161.331
2 Loss brought forward	083	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)	084	3.320.002	2.954.273
1 Profit for the business year	085	3.320.002	2.954.273

2 Loss for the business year	086	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	087	0	0
B) PROVISIONS (ADP 089 to 094)	088	0	0
1 Provisions for pensions, termination benefits and similar obligations	089	0	0
2 Provisions for tax liabilities	090	0	0
3 Provisions for ongoing legal cases	091	0	0
4 Provisions for renewal of natural resources	092	0	0
5 Provisions for warranty obligations	093	0	0
6 Other provisions	094	0	0
C) LONG-TERM LIABILITIES (ADP 096 to 106)	095	110.288.785	103.545.928
1 Liabilities to undertakings within the group	096	0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	097	0	0
3 Liabilities to companies linked by virtue of participating interests	098	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	099	0	0
5 Liabilities for loans, deposits etc.	100	0	0
6 Liabilities to banks and other financial institutions	101	110.288.785	103.545.928
7 Liabilities for advance payments	102	0	0
8 Liabilities to suppliers	103	0	0
9 Liabilities for securities	104	0	0
10 Other long-term liabilities	105	0	0
11 Deferred tax liability	106	0	0
D) SHORT-TERM LIABILITIES (ADP 108 to 121)	107	22.398.973	30.870.887
1 Liabilities to undertakings within the group	108	0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	109	0	0
3 Liabilities to companies linked by virtue of participating interests	110	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	111	0	0
5 Liabilities for loans, deposits etc.	112	0	0
6 Liabilities to banks and other financial institutions	113	8.035.244	11.788.084
7 Liabilities for advance payments	114	0	0
8 Liabilities to suppliers	115	7.922.632	10.582.746
9 Liabilities for securities	116	0	0
10 Liabilities to employees	117	1.379.031	2.323.218
11 Taxes, contributions and similar liabilities	118	3.750.775	3.822.609
12 Liabilities arising from the share in the result	119	0	0
13 Liabilities arising from fixed assets held for sale	120	0	0
14 Other short-term liabilities	121	1.311.291	2.354.230
E) ACCRUALS AND DEFERRED INCOME	122	4.434.479	4.717.498
F) TOTAL – LIABILITIES (ADP 067+088+095+107+122)	123	436.397.468	459.205.062
G) OFF-BALANCE SHEET ITEMS	124	0	0

STATEMENT OF PROFIT OR LOSS					
for the period 01/01/2019 to 31/03/2019					
in HRK					
ILIRIJA d.d. BIOGRAD NA MORU					
Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
I OPERATING INCOME (ADP 126 to 130)	125	23.749.772	23.749.772	25.330.248	25.330.248
1 Income from sales with undertakings within the group	126	0	0	0	0
2 Income from sales (outside group)	127	23.448.076	23.448.076	25.135.707	25.135.707
3 Income from the use of own products, goods and services	128	0	0	0	0
4 Other operating income with undertakings within the group	129	0	0	0	0
5 Other operating income (outside the group)	130	301.696	301.696	194.541	194.541
II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)	131	19.350.018	19.350.018	21.358.680	21.358.680
1 Changes in inventories of work in progress and finished goods	132	0	0	0	0
2 Material costs (ADP 134 to 136)	133	5.360.683	5.360.683	5.723.909	5.723.909
a) Costs of raw materials and consumables	134	2.498.181	2.498.181	2.478.813	2.478.813
b) Costs of goods sold	135	0	0	0	0
c) Other external costs	136	2.862.502	2.862.502	3.245.096	3.245.096
3 Staff costs (ADP 138 to 140)	137	6.821.463	6.821.463	8.003.553	8.003.553
a) Net salaries and wages	138	4.068.966	4.068.966	4.745.055	4.745.055
b) Tax and contributions from salary costs	139	1.751.395	1.751.395	2.121.094	2.121.094
c) Contributions on salaries	140	1.001.102	1.001.102	1.137.404	1.137.404
4 Depreciation	141	2.788.869	2.788.869	3.199.224	3.199.224
5 Other costs	142	3.394.306	3.394.306	3.856.110	3.856.110
6 Value adjustments (ADP 144+145)	143	0	0	0	0
a) fixed assets other than financial assets	144	0	0	0	0
b) current assets other than financial assets	145	0	0	0	0
7 Provisions (ADP 147 to 152)	146	0	0	0	0
a) Provisions for pensions, termination benefits and similar obligations	147	0	0	0	0
b) Provisions for tax liabilities	148	0	0	0	0
c) Provisions for ongoing legal cases	149	0	0	0	0
d) Provisions for renewal of natural resources	150	0	0	0	0
e) Provisions for warranty obligations	151	0	0	0	0
f) Other provisions	152	0	0	0	0
8 Other operating expenses	153	984.697	984.697	575.884	575.884
III FINANCIAL INCOME (ADP 155 to 164)	154	22.186	22.186	13.944	13.944
1 Income from investments in holdings (shares) of undertakings within the group	155	0	0	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	156	0	0	0	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	157	0	0	0	0
4 Other interest income from operations with undertakings within the group	158	0	0	0	0
5 Exchange rate differences and other financial income from operations with undertakings within the group	159	0	0	0	0
6 Income from other long-term financial investments and loans	160	0	0	0	0
7 Other interest income	161	0	0	0	0
8 Exchange rate differences and other financial income	162	22.186	22.186	13.944	13.944
9 Unrealised gains (income) from financial assets	163	0	0	0	0
10 Other financial income	164	0	0	0	0

IV FINANCIAL EXPENSES (ADP 166 to 172)	165	1.101.938	1.101.938	1.031.239	1.031.239
1 Interest expenses and similar expenses with undertakings within the group	166	0	0	0	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	167	0	0	0	0
3 Interest expenses and similar expenses	168	1.101.938	1.101.938	1.031.239	1.031.239
4 Exchange rate differences and other expenses	169	0	0	0	0
5 Unrealised losses (expenses) from financial assets	170	0	0	0	0
6 Value adjustments of financial assets (net)	171	0	0	0	0
7 Other financial expenses	172	0	0	0	0
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS	173	0	0	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	174	0	0	0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	175	0	0	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	176	0	0	0	0
IX TOTAL INCOME (ADP 125+154+173 + 174)	177	23.771.958	23.771.958	25.344.192	25.344.192
X TOTAL EXPENDITURE (ADP 131+165+175 + 176)	178	20.451.956	20.451.956	22.389.919	22.389.919
XI PRE-TAX PROFIT OR LOSS (ADP 177-178)	179	3.320.002	3.320.002	2.954.273	2.954.273
1 Pre-tax profit (ADP 177-178)	180	3.320.002	3.320.002	2.954.273	2.954.273
2 Pre-tax loss (ADP 178-177)	181	0	0	0	0
XII INCOME TAX	182	0	0	0	0
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)	183	3.320.002	3.320.002	2.954.273	2.954.273
1 Profit for the period (ADP 179-182)	184	3.320.002	3.320.002	2.954.273	2.954.273
2 Loss for the period (ADP 182-179)	185	0	0	0	0
DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)					
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 187-188)	186	0	0	0	0
1 Pre-tax profit from discontinued operations	187	0	0	0	0
2 Pre-tax loss on discontinued operations	188	0	0	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS	189	0	0	0	0
1 Discontinued operations profit for the period (ADP 186-189)	190				
2 Discontinued operations loss for the period (ADP 189-186)	191				
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)					
XVI PRE-TAX PROFIT OR LOSS (ADP 179+186)	192				
1 Pre-tax profit (ADP 192)	193	0	0	0	0
2 Pre-tax loss (ADP 192)	194	0	0	0	0
XVII INCOME TAX (ADP 182+189)	195				
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 192-195)	196				
1 Profit for the period (ADP 192-195)	197				
2 Loss for the period (ADP 195-192)	198				
APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)					
XIX PROFIT OR LOSS FOR THE PERIOD (ADP 200+201)	199	0	0	0	0
1 Attributable to owners of the parent	200	0	0	0	0
2 Attributable to minority (non-controlling) interest	201	0	0	0	0
STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)					
I PROFIT OR LOSS FOR THE PERIOD	202				
"II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 204 to 211)"	203	0	0	0	0
1 Exchange rate differences from translation of foreign operations	204	0	0	0	0
2 Changes in revaluation reserves of fixed tangible and intangible assets	205	0	0	0	0

3 Profit or loss arising from subsequent measurement of financial assets available for sale	206	0	0	0	0
4 Profit or loss arising from effective cash flow hedging	207	0	0	0	0
5 Profit or loss arising from effective hedge of a net investment in a foreign operation	208	0	0	0	0
6 Share in other comprehensive income/loss of companies linked by virtue of participating interests	209	0	0	0	0
7 Actuarial gains/losses on the defined benefit obligation	210	0	0	0	0
8 Other changes in equity unrelated to owners	211	0	0	0	0
III TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	212	0	0	0	0
IV NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 203-212)	213	0	0	0	0
V COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 202+213)	214	0	0	0	0
APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)					
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 216+217)	215	0	0	0	0
1 Attributable to owners of the parent	216	0	0	0	0
2 Attributable to minority (non-controlling) interest	217	0	0	0	0

STATEMENT OF CASH FLOWS - indirect method			
for the period 01/01/2019 to 31/03/2019			
in HRK			
Submitter: ILIRIJA d.d. BIOGRAD NA MORU			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
CASH FLOW FROM OPERATING ACTIVITIES			
1 Pre-tax profit	001	3.320.002	2.954.273
2 Adjustments (ADP 003 to 010):	002	2.788.869	3.199.224
a) Depreciation	003	2.788.869	3.199.224
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	0	0
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	0	0
d) Interest and dividend income	006	0	0
e) Interest expenses	007	0	0
f) Provisions	008	0	0
g) Exchange rate differences (unrealised)	009	0	0
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	0	0
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	6.108.871	6.153.497
3 Changes in the working capital (ADP 013 to 016)	012	-4.905.803	5.846.209
a) Increase or decrease in short-term liabilities	013	-3.733.813	8.471.914
b) Increase or decrease in short-term receivables	014	-1.317.026	720.085
c) Increase or decrease in inventories	015	145.036	131.690
d) Other increase or decrease in working capital	016	0	-3.477.480
II Cash from operations (ADP 011+012)	017	1.203.068	11.999.706
4 Interest paid	018	0	0
5 Income tax paid	019	0	0
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	1.203.068	11.999.706
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	0	0
2 Cash receipts from sales of financial instruments	022	0	0
3 Interest received	023	0	0
4 Dividends received	024	0	0
5 Cash receipts from repayment of loans and deposits	025	0	0
6 Other cash receipts from investment activities	026	5.278.932	0
III Total cash receipts from investment activities (ADP 021 to 026)	027	5.278.932	0
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-3.651.158	-2.584.795
2 Cash payments for the acquisition of financial instruments	029	0	0
3 Cash payments for loans and deposits for the period	030	0	0
4 Acquisition of a subsidiary, net of cash acquired	031	0	0
5 Other cash payments from investment activities	032	0	0
IV Total cash payments from investment activities (ADP 028 to 032)	033	-3.651.158	-2.584.795
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	1.627.774	-2.584.795
Cash flow from financing activities			
1 Cash receipts from the increase in initial (subscribed) capital	035	0	0
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036	0	0
3 Cash receipts from credit principals, loans and other borrowings	037	0	0
4 Other cash receipts from financing activities	038	0	0

V Total cash receipts from financing activities (ADP 035 to 038)	039	0	0
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-1.657.510	-2.920.020
2 Cash payments for dividends	041		
3 Cash payments for finance lease	042	-2.464.203	-2.018.603
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043	0	0
5 Other cash payments from financing activities	044	0	0
VI Total cash payments from financing activities (ADP 040 to 044)	045	-4.121.713	-4.938.623
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	-4.121.713	-4.938.623
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	0	0
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	-1.290.871	4.476.288
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	1.510.864	219.993
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 048+049)	050	219.993	4.696.281

STATEMENT OF CHANGES IN EQUITY																					
		for the period from 01/01/2019 to 31/03/2019																		in HRK	
Opis pozicije	ADP code	Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Attributable to owners of the parent							Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent	Minority (non-controlling) interest	Total capital and reserves
								Other reserves	Revaluation reserves	Fair value of financial assets available for sale											
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16 (3 do 6 - 7 + 8 do 15)	17	18 (16+17)				
Previous period																					
1		229.146.480	2.723.874	9.477.986	6.975.716	1.217.992		7.522.679						41.326.486		295.955.229		295.955.229			
2																0		0			
3																0		0			
4		229.146.480	2.723.874	9.477.986	6.975.716	1.217.992	0	7.522.679	0	0	0	0	0	41.326.486	0	295.955.229	0	295.955.229			
5			0	0	0	0	0	0	0	0	0	0	0	0	3.320.002	3.320.002		3.320.002			
6			0	0	0	0	0	0	0	0	0	0	0	0	0	0		0			
7			0	0	0	0	0	0	0	0	0	0	0	0	0	0		0			
8			0	0	0	0	0	0	0	0	0	0	0	0	0	0		0			
9			0	0	0	0	0	0	0	0	0	0	0	0	0	0		0			
10			0	0	0	0	0	0	0	0	0	0	0	0	0	0		0			
11			0	0	0	0	0	0	0	0	0	0	0	0	0	0		0			
12			0	0	0	0	0	0	0	0	0	0	0	0	0	0		0			
13																0		0			
14			0	0	0	0	0	0	0	0	0	0	0	0	0	0		0			
15																0		0			
16																0		0			
17																0		0			
18																0		0			
19																0		0			
20																0		0			
21																0		0			
22																0		0			
23		229.146.480	2.723.874	9.477.986	6.975.716	1.217.992	0	7.522.679	0	0	0	0	0	41.326.486	3.320.002	299.275.231	0	299.275.231			
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																					
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+24)			0	0	0	0	0	0	0	0	0	0	0	0	3.320.002	3.320.002	0	3.320.002			

ILIRIJA d.d.
BIOGRAD NA MORU

Biograd na Moru 18/04/2019

Statement made by the persons responsible for the preparation of the financial statements for the period from
01/01/2019–31/03/2019

According to Article 462-468 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 January - March of 2019 have been prepared in accordance with International Financial Reporting Standards and Croatian Accounting Act.

The financial statements give a true and fair view of the financial position of the Company as at 31/03/2019, operating results and cash flows of the Company in accordance with International Financial Reporting Standards.

The Management's Report gives a true overview of operating results and position of the Company as at 31/03/2019.

Accounting Manager:

Zorka Strpić



Management Board:

Goran Ražnjević



ILIRIJA dioničko društvo
za ugostiteljstvo i turizam
Biograd na Moru



ILIRIJA D.D.

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