

**INTERIM FINANCIAL REPORT  
FOR THE FOURTH QUARTER 2017**

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# ARENA

HOSPITALITY GROUP

**28 FEBRUARY 2018**



**artotel**



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## INTERIM PERFORMANCE REPORT FOR THE FOURTH QUARTER 2017

As per the Capital Markets Law, article 410 (NN 110/15) we are delivering the audited financial statements for Arena Hospitality Group d.d., both unconsolidated and consolidated, for the quarter ended December 31<sup>st</sup>, 2017.

The fourth quarter is a period of low activity due to the extremely high seasonal character of our business.

Since the vast majority of our business activities took place in previously reported periods, notably in the second and third quarter, the report of the management that shows a comprehensive overview of the results and the financial position of both the Group and the Company, and the description of the most significant risks the Group and the Company are exposed to, are presented in the audited Annual report and Financial statements for 2017, which is released at the same time as the legal requirement for the release of the quarterly statement.

### **Financial statements for the Group and the standalone statements for the Company**

The Financial statements for the Group and the standalone statements for the Company for the quarter ending December 31<sup>st</sup>, 2017 are submitted with the quarterly report.

## **STATEMENT OF RESPONSIBILITIES OF THE COMPANY MANAGEMENT BOARD**

The management confirms that, to the best of their knowledge, the consolidated and standalone financial statements for the quarter ending December 31<sup>st</sup>, 2017 are in line with the International Financial Reporting Standards (IFRS) as adopted by the European Union, and that they represent truly and fairly the assets, liabilities and financial position of the Group and of the Company.

The most significant risks and uncertainties that the Group and the Company are exposed to are presented in detail in the Annual report of the Group and of the Company.

Management Board President



**REUEL ISRAEL GAVRIEL SLONIM**

Management Board Member  
& Chief Financial Officer



**MILENA PERKOVIĆ**

## **APPENDIX 1 FINANCIAL STATEMENTS (AUDITED)**

Consolidated balance sheet

Consolidated profit and loss statement

Consolidated cash flow statement

Consolidated statement of changes in equity

Company balance sheet

Company profit and loss statement

Company cash flow statement

Company statement of changes in equity

**Annex 1.**

Reporting period

01.01.2017.

to

31.12.2017.

**Quarterly financial report TFI-POD**

Tax number (MB): 03203263

Company registration number (MBS): 040022901

Personal identification number (OIB): 47625429199

Issuing company: Arena Hospitality Group d.d.

Postal code and place: 52100 Pula

Street and house number: Smareglina ulica 3

E-mail address: [uprava@arenahospitalitygroup.com](mailto:uprava@arenahospitalitygroup.com)Internet address: [www.arenahospitalitygroup.com](http://www.arenahospitalitygroup.com)

Municipality/city code and name: 359 Pula

County code and name: 18 Istarska

Number of employees: 727

Consolidated report: YES

(period end)

NKD code: 5510

Companies of the consolidation subject (according to IFRS)

Seat:

MB:

Mažurana d.o.o.	Zagreb, Radnička cesta 80	080662589
Ulika d.o.o.	Zagreb, Radnička cesta 80	080662845
Sugarhill Investments B.V.	Nizozemska, Amsterdam	320830051/ Trg.komora Nizozemska
Germany Real Estate B.V.	Nizozemska, Amsterdam	35832975/Trg. komora Nizozemska

Bookkeeping service:

Contact person: Čale Neven  
(only surname and name)

Telephone: 052/223 811

Telefaks: 052/212 132

E-mail address: [ncale@arenahospitalitygroup.com](mailto:ncale@arenahospitalitygroup.com)Family name and name: Reuel Israel Gavriel Slonim, Milena Perković  
(person authorized to represent the company)

Documents disclosed:

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

L.S.

(signature of the person authorized to represent the company)

**Balance Sheet**  
as at 31.12.2017

Company: Arena Hospitality Group d.d.

Position	AOP	Previous period	Current period
1	2	3	4
<b>ASSETS</b>			
<b>A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL</b>	<b>001</b>	0	0
<b>B) NON-CURRENT ASSETS (003+010+020+029+033)</b>	<b>002</b>	1.468.819.290	1.852.099.135
<b>I. INTANGIBLE ASSETS (004 do 009)</b>	<b>003</b>	1.386.961	1.335.177
1. Expenditure for development	<b>004</b>	0	0
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	<b>005</b>	829.192	777.408
3. Goodwill	<b>006</b>	0	0
4. Advances for purchase of intangible assets	<b>007</b>	0	0
5. Intangible assets in progress	<b>008</b>	557.769	557.769
6. Other intangible assets	<b>009</b>	0	0
<b>II. PROPERTY, PLANT AND EQUIPMENT (011 do 019)</b>	<b>010</b>	1.352.707.568	1.785.451.049
1. Land	<b>011</b>	217.884.356	314.633.041
2. Buildings	<b>012</b>	984.858.617	1.320.668.857
3. Plant and equipment	<b>013</b>	102.775.333	116.181.553
4. Tools, working inventory and transportation assets	<b>014</b>	2.904.616	2.416.232
5. Biological assets	<b>015</b>	0	0
6. Advances for purchase of tangible assets	<b>016</b>	2.701.391	819.282
7. Tangible assets in progress	<b>017</b>	32.322.001	22.044.723
8. Other tangible assets	<b>018</b>	9.261.254	8.687.360
9. Investment in real-estate	<b>019</b>	0	0
<b>III. NON-CURRENT FINANCIAL ASSETS (021 do 028)</b>	<b>020</b>	84.734.206	37.322.574
1. Share in related parties	<b>021</b>	8	0
2. Loans to related parties	<b>022</b>	0	0
3. Participating interests (shares)	<b>023</b>	0	207.698
4. Loans to companies with participating interest	<b>024</b>	33.293.604	33.838.976
5. Investments in securities	<b>025</b>	0	0
6. Loans, deposits, etc.	<b>026</b>	51.440.594	3.275.899
7. Other non-current financial assets	<b>027</b>	0	0
8. Equity-accounted investments	<b>028</b>	0	0
<b>IV. RECEIVABLES (030 do 032)</b>	<b>029</b>	0	0
1. Receivables from related parties	<b>030</b>	0	0
2. Receivables arising from sales on credit	<b>031</b>	0	0
3. Other receivables	<b>032</b>	0	0
<b>V. DEFERRED TAX ASSET</b>	<b>033</b>	29.990.555	27.990.335
<b>C) CURRENT ASSETS (035+043+050+058)</b>	<b>034</b>	177.700.505	824.275.151
<b>I. INVENTORIES (036 do 042)</b>	<b>035</b>	3.798.616	4.395.963
1. Raw materials and supplies	<b>036</b>	3.634.477	3.892.544
2. Production in progress	<b>037</b>	0	0
3. Finished products	<b>038</b>	0	0
4. Merchandise	<b>039</b>	1.679	2.216
5. Advances for inventories	<b>040</b>	162.460	501.203
6. Long term assets held for sale	<b>041</b>	0	0
7. Biological assets	<b>042</b>	0	0
<b>II. RECEIVABLES (044 do 049)</b>	<b>043</b>	43.287.762	19.573.119
1. Receivables from related parties	<b>044</b>	137.151	781.843
2. Receivables from end-customers	<b>045</b>	21.139.524	12.969.775
3. Receivables from participating parties	<b>046</b>	0	0
4. Receivables from employees and members of the company	<b>047</b>	0	0
5. Receivables from government and other institutions	<b>048</b>	10.025.627	1.012.963
6. Other receivables	<b>049</b>	11.985.460	4.808.537
<b>III. CURRENT FINANCIAL ASSETS (051 do 057)</b>	<b>050</b>	208.411	205.345
1. Share in related parties	<b>051</b>	0	0
2. Loans to related parties	<b>052</b>	0	0
3. Participating interests (shares)	<b>053</b>	0	0
4. Loans to companies with participating interest	<b>054</b>	0	0
5. Investments in securities	<b>055</b>	208.411	205.345
6. Loans, deposits, etc.	<b>056</b>	0	0
7. Other financial assets	<b>057</b>	0	0
<b>IV. CASH AND CASH EQUIVALENTS</b>	<b>058</b>	130.405.716	800.100.724
<b>D) PREPAYMENTS AND ACCRUED INCOME</b>	<b>059</b>	0	0
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	1.646.519.795	2.676.374.287
<b>F) OFF BALANCE SHEET ITEMS</b>	<b>061</b>	0	0

<b>EQUITY AND LIABILITIES</b>			
<b>A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b>	<b>062</b>	804.243.984	1.565.756.406
I. SUBSCRIBED SHARE CAPITAL	<b>063</b>	43.650.000	102.574.420
II. CAPITAL RESERVES	<b>064</b>	460.005.525	1.142.742.013
III. RESERVES FROM PROFIT (066+067-068+069+070)	<b>065</b>	371.827.653	326.304.607
1. Legal reserves	<b>066</b>	2.182.500	2.182.500
2. Reserve for own shares	<b>067</b>	3.380	3.380
3. Treasury shares and shares (deductible items)	<b>068</b>	3.380	3.380
4. Statutory reserves	<b>069</b>	0	0
5. Other reserves	<b>070</b>	369.645.153	324.122.107
IV. REVALUATION RESERVES	<b>071</b>	114.756	111.690
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	<b>072</b>	20.197.276	-94.058.950
1. Retained earnings	<b>073</b>	20.197.276	0
2. Loss carried forward	<b>074</b>	0	94.058.950
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	<b>075</b>	-114.256.226	88.082.626
1. Net profit for the period	<b>076</b>	0	88.082.626
2. Net loss for the period	<b>077</b>	114.256.226	0
VII. MINORITY INTEREST	<b>078</b>	22.705.000	0
<b>B) PROVISIONS (080 do 082)</b>	<b>079</b>	56.906.647	62.748.579
1. Provisions for pensions, severance pay and similar liabilities	<b>080</b>	1.606.868	1.348.259
2. Provisions for tax liabilities	<b>081</b>	0	0
3. Other provisions	<b>082</b>	55.299.779	61.400.320
<b>C) NON-CURRENT LIABILITIES (084 do 092)</b>	<b>083</b>	528.472.978	882.190.997
1. Liabilities to related parties	<b>084</b>	7.661.532	0
2. Liabilities for loans, deposits, etc.	<b>085</b>	0	75.135.996
3. Liabilities to banks and other financial institutions	<b>086</b>	520.811.446	807.055.001
4. Liabilities for advances	<b>087</b>	0	0
5. Trade payables	<b>088</b>	0	0
6. Commitments on securities	<b>089</b>	0	0
7. Liabilities to companies with participating interest	<b>090</b>	0	0
8. Other non-current liabilities	<b>091</b>	0	0
9. Deferred tax liabilities	<b>092</b>	0	0
<b>D) CURRENT LIABILITIES (094 do 105)</b>	<b>093</b>	256.896.186	165.678.306
1. Liabilities to related parties	<b>094</b>	33.969.748	22.533.586
2. Liabilities for loans, deposits, etc.	<b>095</b>	0	0
3. Liabilities to banks and other financial institutions	<b>096</b>	135.431.755	38.221.202
4. Liabilities for advances	<b>097</b>	0	12.451.670
5. Trade payables	<b>098</b>	43.001.110	23.632.849
6. Commitments on securities	<b>099</b>	0	0
7. Liabilities to companies with participating interest	<b>100</b>	0	0
8. Liabilities to employees	<b>101</b>	6.378.492	16.091.425
9. Taxes, contributions and similar liabilities	<b>102</b>	9.010.719	29.754.721
10. Liabilities arising from share in the result	<b>103</b>	0	0
11. Liabilities arising from non-current assets held for sale	<b>104</b>	0	0
12. Other current liabilities	<b>105</b>	29.104.362	22.992.854
<b>E) ACCRUED EXPENSES AND DEFERRED INCOME</b>	<b>106</b>	0	0
<b>F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	1.646.519.795	2.676.374.287
<b>G) OFF BALANCE SHEET ITEMS</b>	<b>108</b>	0	0
<b>ADDITION TO BALANCE SHEET (only for consolidated financial statements)</b>			
<b>ISSUED CAPITAL AND RESERVES</b>			
1. Attributable to majority owners	<b>109</b>	<b>781.538.984</b>	<b>1.565.756.406</b>
2. Attributable to minority interest	<b>110</b>	22.705.000	0



**Income statement**

period 01.01.2017 to 31.12.2017

Company: Arena Hospitality Group d.d.

Position	AOP	Previous period	Previous period	Current period	Current period
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
<b>I. OPERATING INCOME (112 do 113)</b>	<b>111</b>	435.870.749	12.706.937	717.162.557	74.184.123
1. Rendering of services	112	432.664.732	12.427.326	711.983.827	73.497.281
2. Other operating income	113	3.206.017	279.611	5.178.731	686.843
<b>II. OPERATING COSTS (115+116+120+124+125+126+129+130)</b>	<b>114</b>	532.973.726	226.232.216	566.770.595	117.445.696
1. Change in inventories of work in progress	115	0	0	0	0
2. Material expenses (117 do 119)	116	128.847.476	13.669.341	239.363.839	36.824.636
a) Costs of raw materials	117	69.350.511	6.835.957	105.044.038	14.376.712
b) Cost of goods sold	118	0	0	0	0
c) Other material expenses	119	59.496.965	6.833.384	134.319.801	22.447.924
3. Employee benefits expenses (121 do 123)	120	125.890.225	26.851.477	217.395.615	54.190.018
a) Net salaries	121	78.540.643	13.260.099	146.802.343	37.559.315
b) Tax and contributions from salary expenses	122	30.865.817	8.865.918	44.910.321	10.563.394
c) Contributions on salary	123	16.483.765	4.725.460	25.682.951	6.067.309
4. Depreciation and amortisation	124	73.927.185	26.339.805	62.470.961	15.995.221
5. Other expenses	125	0	0	0	0
6. Write down of assets (127+128)	126	148.584.241	148.584.241	0	0
a) non-current assets (except financial assets)	127	148.584.241	148.584.241	0	0
b) current assets (except financial assets)	128	0	0	0	0
7. Provisions	129	0	0	0	0
8. Other operating costs	130	55.724.599	10.787.352	47.540.180	10.435.821
<b>III. FINANCIAL INCOME (132 do 136)</b>	<b>131</b>	135.982	0	6.060.911	0
1. Interest, foreign exchange differences, dividends and similar income from related parties	132	0	0	0	0
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	135.982	0	6.060.911	0
3. Income from investments in associates and joint ventures	134	0	0	0	0
4. Unrealised gains (income) from financial assets	135	0	0	0	0
5. Other financial income	136	0	0	0	0
<b>IV. FINANCIAL EXPENSES (138 do 141)</b>	<b>137</b>	41.005.073	9.725.430	43.945.971	13.219.516
1. Interest, foreign exchange differences, dividends and similar income from related parties	138	16.874.388	0	3.251.784	124.885
2. Interest, foreign exchange differences, dividends and similar income from third parties	139	24.130.685	9.725.430	36.348.582	8.749.026
3. Unrealised losses (expenses) from financial assets	140	0	0	0	0
4. Other financial expenses	141	0	0	4.345.606	4.345.606
<b>V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES</b>	<b>142</b>	0	0	0	0
<b>VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES</b>	<b>143</b>	0	0	962.309	1.583.822
<b>VII. EXTRAORDINARY - OTHER INCOME</b>	<b>144</b>	0	0	0	0
<b>VIII. EXTRAORDINARY - OTHER EXPENSES</b>	<b>145</b>	0	0	0	0
<b>IX. TOTAL INCOME (111+131+144)</b>	<b>146</b>	436.006.731	12.706.937	723.223.468	74.184.123
<b>X. TOTAL EXPENSES (114+137+143+145)</b>	<b>147</b>	573.978.799	235.957.646	611.678.876	132.249.035
<b>XI. PROFIT OR LOSS BEFORE TAXES (146-147)</b>	<b>148</b>	-137.972.068	-223.250.709	111.544.593	-58.064.911
1. Profit before taxes (146-147)	149	0	0	111.544.593	0
2. Loss before taxes (147-146)	150	137.972.068	223.250.709	0	58.064.911
<b>XII. TAXATION</b>	<b>151</b>	-23.715.842	-38.375.780	23.461.967	-8.902.063
<b>XII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	-114.256.226	-184.874.929	88.082.626	-49.162.848
1. Profit for the period (149-151)	153	0	0	88.082.626	0
2. Loss for the period (151-148)	154	114.256.226	184.874.929	0	49.162.848
<b>ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)</b>					
<b>XIV. PROFIT OR LOSS FOR THE PERIOD</b>					
1. Attributable to majority owners	155	0	0	0	0
2. Attributable to minority interest	156	0	0	0	0
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)</b>					
<b>I. PROFIT OR LOSS FOR THE PERIOD (=152)</b>	<b>157</b>	-114.256.226	-184.874.929	88.082.626	-49.162.848
<b>II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 165)</b>	<b>158</b>	37.230	37.230	75.361	684.945
1. Exchange differences from international settlement	159	0	0	-1.629.368	-169.114
2. Changes in revaluation reserves of long-term tangible and intangible assets	160	0	0	0	0
3. Profit or loss from re-valuation of financial assets held for sale	161	37.230	37.230	-3.066	-3.066
4. Profit or loss from cash flow hedging	162	0	0	0	0
5. Profit or loss from hedging of foreign investments	163	0	0	1.707.795	857.125
6. Share of other comprehensive income/loss from associated companies	164	0	0	0	0
7. Actuarial gains/losses from defined benefit plans	165	0	0	0	0
<b>III. TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>166</b>	0	0	0	0
<b>IV. NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD (158 TO 166)</b>	<b>167</b>	37.230	37.230	75.361	684.945
<b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)</b>	<b>168</b>	-114.218.996	-184.837.699	88.157.987	-48.477.903
<b>ADDITION TO STATEMENT OF OTHER COMPREHENSIVE INCOME (only for consolidated financial statements)</b>					
<b>VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD</b>					
1. Attributable to majority owners	169	-114.256.226	-184.874.929	87.568.982	-49.162.848
2. Attributable to minority interest	170	0	0	513.644	0

<b>Cash flow statement - indirect method</b>			
<b>period 01.01.2017 to 31.12.2017</b>			
Company: Arena Hospitality Group d.d.			
Position	AOP	Previous period	Current period
1	2	3	4
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	001	-137.972.068	111.544.593
2. Depreciation and amortisation	002	73.927.185	62.470.961
3. Decrease of current liabilities	003	36.356.950	2.971.266
4. Decrease of current receivables	004	0	19.405.132
5. Decrease of inventories	005	3.378.447	0
6. Other cash flow increases	006	148.585.015	0
<b>I. Total increase of cash flow from operating activities</b>	<b>007</b>	<b>124.275.529</b>	<b>196.391.952</b>
1. Decrease of current liabilities	008	0	0
2. Increase of current receivables	009	6.156.840	0
3. Increase of inventories	010	0	32.410
4. Other cash flow decreases	011	0	7.967.560
<b>II. Total decrease of cash flow from operating activities</b>	<b>012</b>	<b>6.156.840</b>	<b>7.999.970</b>
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>013</b>	<b>118.118.689</b>	<b>188.391.982</b>
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>014</b>	<b>0</b>	<b>0</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Proceeds from sale of non-current assets	015	0	0
2. Proceeds from sale of non-current financial assets	016	0	0
3. Interest received	017	0	174.773
4. Dividend received	018	0	0
5. Other proceeds from investing activities	019	38.006.805	48.045.660
<b>III. Total cash inflows from investing activities</b>	<b>020</b>	<b>38.006.805</b>	<b>48.220.433</b>
1. Purchase of non-current assets	021	38.021.616	506.452.561
2. Purchase of non-current financial assets	022	0	0
3. Other cash outflows from investing activities	023	157.925.621	0
<b>IV. Total cash outflows from investing activities</b>	<b>024</b>	<b>195.947.237</b>	<b>506.452.561</b>
<b>B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>025</b>	<b>0</b>	<b>0</b>
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>026</b>	<b>157.940.432</b>	<b>458.232.128</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1. Proceeds from issue of equity securities and debt securities	027	0	741.657.528
2. Proceeds from loans and borrowings	028	224.765.280	993.923.849
3. Other proceeds from financing activities	029	0	0
<b>V. Total cash inflows from financing activities</b>	<b>030</b>	<b>224.765.280</b>	<b>1.735.581.377</b>
1. Repayment of loans and bonds	031	202.324.638	727.743.141
2. Dividends paid	032	0	0
3. Repayment of finance lease	033	0	0
4. Purchase of treasury shares	034	0	0
5. Other cash outflows from financing activities	035	0	68.303.082
<b>VI. Total cash outflows from financing activities</b>	<b>036</b>	<b>202.324.638</b>	<b>796.046.223</b>
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>037</b>	<b>22.440.642</b>	<b>939.535.154</b>
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>038</b>	<b>0</b>	<b>0</b>
Total increases of cash flows	039	0	669.695.008
Total decreases of cash flows	040	17.381.101	0
Cash and cash equivalents at the beginning of period	041	147.786.817	130.405.716
Increase of cash and cash equivalents	042	0	669.695.008
Decrease of cash and cash equivalents	043	17.381.101	0
Cash and cash equivalents at the end of period	044	130.405.716	800.100.724

## STATEMENT OF CHANGES IN EQUITY

period **01.01.17** to **31.12.17**

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed share capital	<b>001</b>	43.650.000	102.574.420
2. Capital reserves	<b>002</b>	460.005.525	1.142.742.013
3. Reserves from profit	<b>003</b>	371.827.653	326.304.607
4. Retained earnings or loss carried forward	<b>004</b>	20.197.276	-94.058.950
5. Net profit or loss for the period	<b>005</b>	-114.256.226	88.082.626
6. Revaluation of tangible assets	<b>006</b>	0	0
7. Revaluation of intangible assets	<b>007</b>	0	0
8. Revaluation of available for sale assets	<b>008</b>	0	0
9. Other revaluation	<b>009</b>	114.756	111.690
<b>10. Total equity and reserves (AOP 001 to 009)</b>	<b>010</b>	781.538.984	1.565.756.406
11. Foreign exchange differences ffrom foreign investments	<b>011</b>	0	0
12. Current and deferred taxes	<b>012</b>	0	0
13. Cash flow hedge	<b>013</b>	0	0
14. Change of accounting policies	<b>014</b>	0	0
15. Correction of significant mistakes of prior period	<b>015</b>	0	0
16. Other changes	<b>016</b>	0	0
<b>17. Total increase or decrease of equity (AOP 011 to 016)</b>	<b>017</b>	0	0
17 a. Attributable to majority owners	<b>018</b>	781.538.984	1.565.756.406
17 b. Attributable to minority interest	<b>019</b>	22.705.000	0

**Annex 1.**

Reporting period

01.01.2017.

to

31.12.2017.

**Quarterly financial report TFI-POD**

Tax number (MB): 03203263

Company registration number  
(MBS): 040022901Personal identification  
number (OIB): 47625429199

Issuing company: Arena Hospitality Group d.d.

Postal code and place: 52100 Pula

Street and house number: Smareglina ulica 3

E-mail address: [uprava@arenahospitalitygroup.com](mailto:uprava@arenahospitalitygroup.com)Internet address: [www.arenahospitalitygroup.com](http://www.arenahospitalitygroup.com)

Municipality/city code and name: 359 Pula

County code and name: 18 Istarska

Number of employees: 487

Consolidated report: NO

(period end)

NKD code: 5510

Companies of the consolidation subject (according to IFRS)

Seat:

MB:

Bookkeeping service:

Contact person: Kalagac Sandra  
(only surname and name)

Telephone: 052/223 811

Telefaks: 052/212 132

E-mail address: [skalagac@arenahospitalitygroup.com](mailto:skalagac@arenahospitalitygroup.com)Family name and name: Reuel Israel Gavriel Slonim, Milena Perković  
(person authorized to represent the company)

L.S.

(signature of the person authorized to represent the company)

**Balance Sheet**  
as at 31.12.2017

Company: Arena Hospitality Group d.d.

Position	AOP	Previous period	Current period
1	2	3	4
<b>ASSETS</b>			
<b>A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL</b>	<b>001</b>	0	0
<b>B) NON-CURRENT ASSETS (003+010+020+029+033)</b>	<b>002</b>	1.661.014.897	1.753.726.899
<b>I. INTANGIBLE ASSETS (004 do 009)</b>	<b>003</b>	1.386.961	1.335.177
1. Expenditure for development	<b>004</b>	0	0
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	<b>005</b>	829.192	777.408
3. Goodwill	<b>006</b>	0	0
4. Advances for purchase of intangible assets	<b>007</b>	0	0
5. Intangible assets in progress	<b>008</b>	557.769	557.769
6. Other intangible assets	<b>009</b>	0	0
<b>II. PROPERTY, PLANT AND EQUIPMENT (011 do 019)</b>	<b>010</b>	1.127.986.729	1.128.757.937
1. Land	<b>011</b>	203.950.034	216.589.130
2. Buildings	<b>012</b>	813.378.634	815.976.463
3. Plant and equipment	<b>013</b>	65.747.527	63.044.031
4. Tools, working inventory and transportation assets	<b>014</b>	2.904.616	2.416.232
5. Biological assets	<b>015</b>	0	0
6. Advances for purchase of tangible assets	<b>016</b>	2.701.391	819.282
7. Tangible assets in progress	<b>017</b>	30.035.148	21.225.441
8. Other tangible assets	<b>018</b>	9.269.379	8.687.358
9. Investment in real-estate	<b>019</b>	0	0
<b>III. NON-CURRENT FINANCIAL ASSETS (021 do 028)</b>	<b>020</b>	502.128.110	597.063.801
1. Share in related parties	<b>021</b>	460.045.532	528.348.609
2. Loans to related parties	<b>022</b>	0	0
3. Participating interests (shares)	<b>023</b>	0	0
4. Loans to companies with participating interest	<b>024</b>	0	0
5. Investments in securities	<b>025</b>	0	0
6. Loans, deposits, etc.	<b>026</b>	42.082.578	68.715.192
7. Other non-current financial assets	<b>027</b>	0	0
8. Equity-accounted investments	<b>028</b>	0	0
<b>IV. RECEIVABLES (030 do 032)</b>	<b>029</b>	0	0
1. Receivables from related parties	<b>030</b>	0	0
2. Receivables arising from sales on credit	<b>031</b>	0	0
3. Other receivables	<b>032</b>	0	0
<b>V. DEFERRED TAX ASSET</b>	<b>033</b>	29.513.097	26.569.984
<b>C) CURRENT ASSETS (035+043+050+058)</b>	<b>034</b>	111.242.378	729.812.330
<b>I. INVENTORIES (036 do 042)</b>	<b>035</b>	1.618.904	1.923.794
1. Raw materials and supplies	<b>036</b>	1.454.765	1.420.375
2. Production in progress	<b>037</b>	0	0
3. Finished products	<b>038</b>	0	0
4. Merchandise	<b>039</b>	1.679	2.216
5. Advances for inventories	<b>040</b>	162.460	501.203
6. Long term assets held for sale	<b>041</b>	0	0
7. Biological assets	<b>042</b>	0	0
<b>II. RECEIVABLES (044 do 049)</b>	<b>043</b>	16.950.983	11.259.312
1. Receivables from related parties	<b>044</b>	24.435	4.877.175
2. Receivables from end-customers	<b>045</b>	8.908.060	1.787.176
3. Receivables from participating parties	<b>046</b>	0	0
4. Receivables from employees and members of the company	<b>047</b>	80.859	167.785
5. Receivables from government and other institutions	<b>048</b>	4.709.042	913.701
6. Other receivables	<b>049</b>	3.228.587	3.513.475
<b>III. CURRENT FINANCIAL ASSETS (051 do 057)</b>	<b>050</b>	208.411	218.317
1. Share in related parties	<b>051</b>	0	0
2. Loans to related parties	<b>052</b>	0	0
3. Participating interests (shares)	<b>053</b>	0	0
4. Loans to companies with participating interest	<b>054</b>	0	0
5. Investments in securities	<b>055</b>	208.411	205.345
6. Loans, deposits, etc.	<b>056</b>	0	12.972
7. Other financial assets	<b>057</b>	0	0
<b>IV. CASH AND CASH EQUIVALENTS</b>	<b>058</b>	92.464.080	716.410.907
<b>D) PREPAYMENTS AND ACCRUED INCOME</b>	<b>059</b>	0	0
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	1.772.257.275	2.483.539.229
<b>F) OFF BALANCE SHEET ITEMS</b>	<b>061</b>	0	0

<b>EQUITY AND LIABILITIES</b>			
<b>A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b>	<b>062</b>	1.074.548.226	1.885.026.366
I. SUBSCRIBED SHARE CAPITAL	<b>063</b>	43.650.000	102.574.420
II. CAPITAL RESERVES	<b>064</b>	460.005.525	1.142.738.633
III. RESERVES FROM PROFIT (066+067-068+069+070)	<b>065</b>	661.729.528	570.777.947
1. Legal reserves	<b>066</b>	2.182.500	2.182.500
2. Reserve for own shares	<b>067</b>	3.380	3.380
3. Treasury shares and shares (deductible items)	<b>068</b>	3.380	3.380
4. Statutory reserves	<b>069</b>	0	0
5. Other reserves	<b>070</b>	659.547.028	568.595.447
IV. REVALUATION RESERVES	<b>071</b>	114.756	111.690
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	<b>072</b>	20.983.842	0
1. Retained earnings	<b>073</b>	20.983.842	0
2. Loss carried forward	<b>074</b>	0	0
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	<b>075</b>	-111.935.425	68.823.676
1. Net profit for the period	<b>076</b>	0	68.823.676
2. Net loss for the period	<b>077</b>	111.935.425	0
VII. MINORITY INTEREST	<b>078</b>	0	0
<b>B) PROVISIONS (080 do 082)</b>	<b>079</b>	56.906.647	62.747.172
1. Provisions for pensions, severance pay and similar liabilities	<b>080</b>	1.606.868	1.348.259
2. Provisions for tax liabilities	<b>081</b>	0	0
3. Other provisions	<b>082</b>	55.299.779	61.398.913
<b>C) NON-CURRENT LIABILITIES (084 do 092)</b>	<b>083</b>	520.635.782	456.126.654
1. Liabilities to related parties	<b>084</b>	0	0
2. Liabilities for loans, deposits, etc.	<b>085</b>	0	0
3. Liabilities to banks and other financial institutions	<b>086</b>	520.635.782	456.126.654
4. Liabilities for advances	<b>087</b>	0	0
5. Trade payables	<b>088</b>	0	0
6. Commitments on securities	<b>089</b>	0	0
7. Liabilities to companies with participating interest	<b>090</b>	0	0
8. Other non-current liabilities	<b>091</b>	0	0
9. Deferred tax liabilities	<b>092</b>	0	0
<b>D) CURRENT LIABILITIES (094 do 105)</b>	<b>093</b>	120.166.620	79.639.037
1. Liabilities to related parties	<b>094</b>	20.517.736	5.600.767
2. Liabilities for loans, deposits, etc.	<b>095</b>	0	0
3. Liabilities to banks and other financial institutions	<b>096</b>	57.684.079	24.622.959
4. Liabilities for advances	<b>097</b>	3.466.010	4.421.887
5. Trade payables	<b>098</b>	20.162.023	8.065.836
6. Commitments on securities	<b>099</b>	0	0
7. Liabilities to companies with participating interest	<b>100</b>	0	0
8. Liabilities to employees	<b>101</b>	10.980.490	12.109.489
9. Taxes, contributions and similar liabilities	<b>102</b>	3.005.835	20.655.388
10. Liabilities arising from share in the result	<b>103</b>	0	0
11. Liabilities arising from non-current assets held for sale	<b>104</b>	0	0
12. Other current liabilities	<b>105</b>	4.350.447	4.162.711
<b>E) ACCRUED EXPENSES AND DEFERRED INCOME</b>	<b>106</b>	0	0
<b>F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	1.772.257.275	2.483.539.229
<b>G) OFF BALANCE SHEET ITEMS</b>	<b>108</b>	0	0
<b>ADDITION TO BALANCE SHEET (only for consolidated financial statements)</b>			
<b>ISSUED CAPITAL AND RESERVES</b>			
1. Attributable to majority owners	<b>109</b>	0	0
2. Attributable to minority interest	<b>110</b>	0	0

**Income statement**

period 01.01.2017 to 31.12.2017

Company: Arena Hospitality Group d.d.

Position	AOP	Previous period	Previous period	Current period	Current period
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
<b>I. OPERATING INCOME (112 do 113)</b>	<b>111</b>	390.757.450	12.957.636	487.915.687	14.179.202
1. Rendering of services	112	390.252.793	12.796.874	485.793.167	13.616.636
2. Other operating income	113	504.657	160.762	2.122.520	562.566
<b>II. OPERATING COSTS (115+116+120+124+125+126+129+130)</b>	<b>114</b>	488.246.421	219.990.611	381.146.820	62.534.763
1. Change in inventories of work in progress	115	0	0	0	0
2. Material expenses (117 do 119)	116	130.423.819	17.674.649	159.099.299	14.897.069
a) Costs of raw materials	117	56.686.697	6.059.215	67.462.171	6.051.327
b) Cost of goods sold	118	3.012	0	2.362	0
c) Other material expenses	119	73.734.110	11.615.434	91.634.766	8.845.742
3. Employee benefits expenses (121 do 123)	120	103.631.762	25.916.551	127.528.341	29.115.859
a) Net salaries	121	64.674.720	16.245.737	80.847.368	19.090.594
b) Tax and contributions from salary expenses	122	25.394.964	6.327.640	30.236.412	6.495.825
c) Contributions on salary	123	13.562.078	3.343.174	16.444.561	3.529.440
4. Depreciation and amortisation	124	53.135.325	14.064.013	48.887.582	12.363.313
5. Other expenses	125	0	0	0	0
6. Write down of assets (127+128)	126	148.584.241	148.584.241	0	0
a) non-current assets (except financial assets)	127	148.584.241	148.584.241	0	0
b) current assets (except financial assets)	128	0	0	0	0
7. Provisions	129	1.149.191	572.834	1.100.679	547.079
8. Other operating costs	130	51.322.083	13.178.323	44.530.919	5.611.443
<b>III. FINANCIAL INCOME (132 do 136)</b>	<b>131</b>	1.434.587	-2.802.183	9.564.163	1.336.405
1. Interest, foreign exchange differences, dividends and similar income from related parties	132	0	0	4.080.764	1.163.934
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	1.301.406	-2.816.364	5.310.528	0
3. Income from investments in associates and joint ventures	134	0	0	0	0
4. Unrealised gains (income) from financial assets	135	0	0	0	0
5. Other financial income	136	133.181	14.181	172.871	172.471
<b>IV. FINANCIAL EXPENSES (138 do 141)</b>	<b>137</b>	39.041.425	6.924.762	32.029.450	9.221.867
1. Interest, foreign exchange differences, dividends and similar income from related parties	138	15.515.103	18	2.760.435	97
2. Interest, foreign exchange differences, dividends and similar income from third parties	139	23.180.174	6.743.163	24.526.459	4.878.560
3. Unrealised losses (expenses) from financial assets	140	0	0	0	0
4. Other financial expenses	141	346.148	181.581	4.742.556	4.343.210
<b>V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES</b>	<b>142</b>	0	0	0	0
<b>VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES</b>	<b>143</b>	0	0	0	0
<b>VII. EXTRAORDINARY - OTHER INCOME</b>	<b>144</b>	0	0	0	0
<b>VIII. EXTRAORDINARY - OTHER EXPENSES</b>	<b>145</b>	0	0	0	0
<b>IX. TOTAL INCOME (111+131+144)</b>	<b>146</b>	392.192.037	10.155.453	497.479.850	15.515.607
<b>X. TOTAL EXPENSES (114+137+143+145)</b>	<b>147</b>	527.287.846	226.915.373	413.176.270	71.756.630
<b>XI. PROFIT OR LOSS BEFORE TAXES (146-147)</b>	<b>148</b>	-135.095.809	-216.759.920	84.303.580	-56.241.023
1. Profit before taxes (146-147)	149	0	0	84.303.580	0
2. Loss before taxes (147-146)	150	135.095.809	216.759.920	0	56.241.023
<b>XII. TAXATION</b>	<b>151</b>	-23.160.384	-23.160.384	15.479.904	15.479.904
<b>XII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	-111.935.425	-193.599.536	68.823.676	-71.720.927
1. Profit for the period (149-151)	153	0	0	68.823.676	0
2. Loss for the period (151-148)	154	111.935.425	193.599.536	0	71.720.927
<b>ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)</b>					
<b>XIV. PROFIT OR LOSS FOR THE PERIOD</b>					
1. Attributable to majority owners	155	0	0	0	0
2. Attributable to minority interest	156	0	0	0	0
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)</b>					
<b>I. PROFIT OR LOSS FOR THE PERIOD (=152)</b>	<b>157</b>	-111.935.425	-193.599.536	68.823.676	-71.720.927
<b>II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 165)</b>	<b>158</b>	37.230	37.230	-3.066	-3.066
1. Exchange differences from international settlement	159	0	0	0	0
2. Changes in revaluation reserves of long-term tangible and intangible assets	160	0	0	0	0
3. Profit or loss from re-evaluation of financial assets held for sale	161	37.230	37.230	-3.066	-3.066
4. Profit or loss from cash flow hedging	162	0	0	0	0
5. Profit or loss from hedging of foreign investments	163	0	0	0	0
6. Share of other comprehensive income/loss from associated companies	164	0	0	0	0
7. Actuarial gains/losses from defined benefit plans	165	0	0	0	0
<b>III. TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>166</b>	0	0	0	0
<b>IV. NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD (158 TO 166)</b>	<b>167</b>	37.230	37.230	-3.066	-3.066
<b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)</b>	<b>168</b>	-111.898.195	-193.562.306	68.820.610	-71.723.993
<b>ADDITION TO STATEMENT OF OTHER COMPREHENSIVE INCOME (only for consolidated financial statements)</b>					
<b>VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD</b>					
1. Attributable to majority owners	169	0	0	0	0
2. Attributable to minority interest	170	0	0	0	0

**Cash flow statement - indirect method**  
**period 01.01.2017 to 31.12.2017**

Company: Arena Hospitality Group d.d.

Position	AOP	Previous period	Current period
1	2	3	4
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	001	-135.095.809	84.303.580
2. Depreciation and amortisation	002	53.135.325	48.887.582
3. Decrease of current liabilities	003	6.938.524	0
4. Decrease of current receivables	004	0	5.956.570
5. Decrease of inventories	005	-239.202	114.669
6. Other cash flow increases	006	233.249.663	0
<b>I. Total increase of cash flow from operating activities</b>	<b>007</b>	<b>157.988.501</b>	<b>139.262.401</b>
1. Decrease of current liabilities	008	0	259.849
2. Increase of current receivables	009	21.139.116	0
3. Increase of inventories	010	0	0
4. Other cash flow decreases	011	51.660.212	8.873.657
<b>II. Total decrease of cash flow from operating activities</b>	<b>012</b>	<b>72.799.328</b>	<b>9.133.506</b>
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>013</b>	<b>85.189.173</b>	<b>130.128.895</b>
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>014</b>	<b>0</b>	<b>0</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Proceeds from sale of non-current assets	015	131.318	0
2. Proceeds from sale of non-current financial assets	016	0	0
3. Interest received	017	11.956	167.324
4. Dividend received	018	0	0
5. Other proceeds from investing activities	019	0	41.713.089
<b>III. Total cash inflows from investing activities</b>	<b>020</b>	<b>143.274</b>	<b>41.880.413</b>
1. Purchase of non-current assets	021	40.093.557	62.695.298
2. Purchase of non-current financial assets	022	0	0
3. Other cash outflows from investing activities	023	0	68.376.673
<b>IV. Total cash outflows from investing activities</b>	<b>024</b>	<b>40.093.557</b>	<b>131.071.971</b>
<b>B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>025</b>	<b>0</b>	<b>0</b>
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>026</b>	<b>39.950.283</b>	<b>89.191.558</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1. Proceeds from issue of equity securities and debt securities	027	0	741.657.528
2. Proceeds from loans and borrowings	028	0	548.567.043
3. Other proceeds from financing activities	029	0	0
<b>V. Total cash inflows from financing activities</b>	<b>030</b>	<b>0</b>	<b>1.290.224.571</b>
1. Repayment of loans and bonds	031	66.199.869	638.912.008
2. Dividends paid	032	0	0
3. Repayment of finance lease	033	0	0
4. Purchase of treasury shares	034	0	0
5. Other cash outflows from financing activities	035	0	68.303.073
<b>VI. Total cash outflows from financing activities</b>	<b>036</b>	<b>66.199.869</b>	<b>707.215.081</b>
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>037</b>	<b>0</b>	<b>583.009.490</b>
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>038</b>	<b>66.199.869</b>	<b>0</b>
Total increases of cash flows	039	0	623.946.827
Total decreases of cash flows	040	20.960.979	0
Cash and cash equivalents at the beginning of period	041	113.425.059	92.464.080
Increase of cash and cash equivalents	042	0	623.946.827
Decrease of cash and cash equivalents	043	20.960.979	0
Cash and cash equivalents at the end of period	044	92.464.080	716.410.907



## STATEMENT OF CHANGES IN EQUITY

period **01.01.17** to **31.12.17**

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed share capital	<b>001</b>	43.650.000	102.574.420
2. Capital reserves	<b>002</b>	460.005.525	1.142.738.633
3. Reserves from profit	<b>003</b>	661.729.528	570.777.947
4. Retained earnings or loss carried forward	<b>004</b>	20.983.842	0
5. Net profit or loss for the period	<b>005</b>	-111.935.425	68.823.676
6. Revaluation of tangible assets	<b>006</b>	0	0
7. Revaluation of intangible assets	<b>007</b>	0	0
8. Revaluation of available for sale assets	<b>008</b>	0	0
9. Other revaluation	<b>009</b>	114.756	111.690
<b>10. Total equity and reserves (AOP 001 to 009)</b>	<b>010</b>	1.074.548.226	1.885.026.366
11. Foreign exchange differences from foreign investments	<b>011</b>	0	0
12. Current and deferred taxes	<b>012</b>	0	0
13. Cash flow hedge	<b>013</b>	0	0
14. Change of accounting policies	<b>014</b>	0	0
15. Correction of significant mistakes of prior period	<b>015</b>	0	0
16. Other changes	<b>016</b>	0	0
<b>17. Total increase or decrease of equity (AOP 011 to 016)</b>	<b>017</b>	0	0
17 a. Attributable to majority owners	<b>018</b>	0	0
17 b. Attributable to minority interest	<b>019</b>	0	0