

INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER OF 2018

ARENA

HOSPITALITY GROUP

31 MARCH 2018



art'otel



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INTERIM PERFORMANCE REPORT FOR THE PERIOD
JANUARY - MARCH 2018

ARENA

HOSPITALITY GROUP



INTERIM PERFORMANCE REPORT FOR THE PERIOD JANUARY - MARCH 2018

“We are pleased to report our results for the first three months of 2018. The report presents the consolidated results of the Company's activities in Croatia, Germany and Hungary.

Reported revenue increased by 16.1% to HRK 73.6 million (first three months of 2017: HRK 63.4) and EBITDA improved for 17.6% (2018: HRK -16.3 million; 2017: HRK -19.7 million). This is the result of significant organic growth across our Croatian, Germany and Hungary operations.



CROATIA

The first quarter of the year in Croatia is one of low business activity. The most significant period of business activity in tourism and approximately 70% of the Company's revenue in Croatia will be generated in the third quarter. Year-on-year, our occupancy increased significantly across Croatia, resulting in a 74.1% increase in accommodation revenue to HRK 9.9 million. The tourism industry in Istria experienced a marked increase in visitors in the first quarter of 2018 compared with 2017 which generated considerable organic growth for our operations in Croatia. During 2017 we have added new facilities – including artificial football pitches - at our sports oriented hotel, Park Plaza Belvedere Medulin. These additions benefited our operation during the first quarter, typically an off-season period. Our overall market share increased by 2.2%.

GERMANY AND HUNGARY

Our operations in Germany and Hungary generated a revenue increase of 7.3% to HRK 55.3 million compared to last year (first three months of 2017: HRK 51.5 million). Reported EBITDA increased by 91.2% to HRK 10.0 million (first three months of 2017: HRK 5.3 million).

OUR TEAM

As mentioned in our previous results updates, during 2017 we have transformed Arena Hospitality Group from a highly seasonal domestic company to a year-round international hospitality group. We have started to see the benefits from the synergies between our Croatian and German operations. We are now able to offer our team members international employment opportunities and new learning experiences which enable us to continue to attract and retain top talent. Such activities demonstrate our transition to a world class dynamic company which operates all year round and offers yearlong employment.

Our teams are focused on consistently delivering exemplary service and guest feedback continued to be very encouraging during the first quarter. I would like to take this opportunity to thank all our team members for these achievements and their devotion.

CURRENT TRADING AND OUTLOOK

We have continued working on the detailed plans and phasing of the investments in our facilities in Croatia and our hotels in Germany as well as reviewing expansion opportunities in Croatia and Central and Eastern Europe.

Trading since 31 March 2018 has remained encouraging. The second quarter of the year is usually a strong quarter in Germany and Hungary. In contrast, the second quarter of the year in Croatia is the start of the high season but still one of lower business activity compared to the third quarter, given the seasonal nature of the business with the hotels opening their doors in early spring. Overall, 2018 started strongly with trading in all regions in line with our expectations.

The Management Board expects trading for the 2018 financial year to be in line with its current expectations.”



RELI SLONIM
MANAGEMENT BOARD PRESIDENT

SIGNIFICANT EVENTS DURING THE FIRST QUARTER IN 2018

The most significant corporate events were:

- Reported total revenue in the first three months increased by 16.1% to HRK 73.6 million (first three months of 2017: HRK 63.4 million). The increase was predominantly driven by significant organic growth across our Croatian, German and Hungarian operations.
- The Company announced that the General Assembly will take place on 27 April 2018.

Park Plaza Belvedere Medulin



Park Plaza Nuremberg



art'otel berlin kudamm



OPERATING REVIEW OF THE COMPANY AND ITS SUBSIDIARIES (THE "GROUP")

The following table sets out the Group's consolidated results of operations for the first quarter of 2018.

CONSOLIDATED KEY PERFORMANCE INDICATORS

	Three months ended 31 March 2018	Three months ended 31 March 2017	Variance % ¹
Total revenue (HRK million)	73.6	63.4	16.1
Accommodation revenue (HRK million)	53.8	45.8	17.5
EBITDAR (HRK million)	(8.3)	(8.0)	3.3
EBITDA (HRK million)	(16.3)	(19.7)	(17.6)
Profit/(loss) before tax (HRK million)	(39.6)	(37.4)	5.9
Rooms available ²	142,641	130,895	9.0
Occupancy % ²	57.8	53.3	450 ⁴
Average daily rate (HRK) ³	652.3	656.3	(0.6)
RevPAR (HRK)	376.9	349.7	7.8

¹ Percentage change figures are calculated from actual figures as opposed to the rounded figures included in the above table. Unless otherwise indicated, all figures in this report compare three months ended 31 March 2018 with three months ended 31 March 2017. All financial information in this report for accommodation revenue, total revenue, EBITDAR and EBITDA reflects the Group's interest.

² Rooms available and the occupancy calculation are based on operating days.

³ Average daily rate represents total room revenues divided by the total number of paid units occupied by guests.

⁴ In Basis Points (BPS).

Total revenue increased by 16.1% to HRK 73.6 million (2017: HRK 63.4 million) due to significant organic growth across our Croatian, German and Hungarian operations. The growth in Croatia was mainly due to the fact that in 2018 the Easter holidays had a spill over to March and therefore its effect was captured in the first quarter. For this reason the number of rooms available also increased in 2018 as properties in Croatia opened earlier compared to 2017 to meet the increase in demand.

On a reported basis, EBITDA increased by 17.6% to HRK 16.3 million negative (2017: HRK 19.7 million negative). EBITDA increased by HRK 3.5 million, mainly as a result of increased revenues.

CROATIA PORTFOLIO PERFORMANCE

The following table sets out the results for the Group's operations in Croatia for the first quarter 2018.

CROATIA HOTELS, SELF CATERING HOLIDAY APARTMENT COMPLEXES AND CAMPSITES OPERATIONS

KEY PERFORMANCE INDICATORS

	Three months ended 31 March 2018	Three months ended 31 March 2017	Variance %
Total revenue (HRK million)	15.7	9.5	65.2
Accommodation revenue (HRK million)	9.9	5.7	74.1
EBITDAR (HRK million)	(24.1)	(25.9)	(6.9)
EBITDA (HRK million)	(26.5)	(28.1)	(5.8)
Rooms available ¹	63,531	51,785	22.7
Occupancy % ¹	39.0	28.3	1,070⁴
Average daily rate (HRK) ²	399.6	388.5	2.9
RevPAR (HRK)	155.8	109.8	41.9
FTE ³	318.4	300.0	6.1

¹ Rooms available and occupancy are based on operating days.

² Average daily rate represents total accommodation revenues divided by the total number of paid units occupied by guests.

³ The FTE number is an estimate based on the total hours paid for all employees divided by the hours paid for an average full time employee to arrive at a total for Full Time Equivalent Employees.

⁴ In Basis Points (BPS).

The Group's operations in Croatia are of a highly seasonal nature with the majority of guest visits occurring from June to September. The Group's Croatian operations delivered a strong first quarter financial performance, driven by growth in occupancy.

Total revenue increased by 65.2% to HRK 15.7 million, primarily due to a strong performance in March and the related effect of the Easter holidays coupled with stronger demand for our sports related accommodation. During 2017 we have added new facilities at our sports oriented hotel, Park Plaza Belvedere Medulin. These additions benefited our operation during the first quarter and the month of March was a month with a significant increase in demand for hotel Park Plaza Belvedere Medulin as a result of it. Total revenue in March increased by 139% respectively compared with March 2017.

This growth was underpinned by a 2.9% increase in average daily rate and 1,070 bps increase in occupancy. As a result, accommodation revenue increased by 74.1% to HRK 9.9 million. RevPAR was up 41.9% compared to 2017 at HRK 155.8.

EBITDAR improved by 6.9% to HRK 24.1 million negative and EBITDA by 5.8% to HRK 26.5 million negative. This growth was a direct result of increased revenue and effective cost management during the first quarter.

GERMAN AND HUNGARIAN PORTFOLIO PERFORMANCE

The following table sets out the Group's results of operations in Germany and Hungary for the first quarter 2018.

	Reported / in HRK			Reported Euros (€)	
	Three months ended	Three months ended	Variance %	Three months ended	Three months ended
	31 March 2018	31 March 2017		31 March 2018	31 March 2017
Total revenue (millions)	55.3	51.5	7.3	7.4	6.9
Accommodation revenue (millions)	43.9	40.1	9.4	5.9	5.4
EBITDAR (millions)	15.4	14.6	5.9	2.1	2.0
EBITDA (millions)	10.0	5.3	91.2	1.4	0.7
Rooms available ¹	79,110	79,110	0.0	79,110	79,110
Occupancy % ¹	72.9	69.6	330.0 ⁴	72.9	69.6
Average daily rate ²	760.9	727.5	4.6	102.4	97.6
RevPAR	554.4	506.7	9.4	74.6	68.0
FTE ³	222.4	209.4	6.2	222.4	209.4

¹ Rooms available and the occupancy calculation are based on operating days.

² Average daily rate represents total accommodation revenues divided by the total number of paid units occupied by guests.

³ The FTE number is an estimate based on the total hours paid for all employees divided by the hours paid for an average full time employee to arrive at a total for Full Time Equivalent Employees.

⁴ In Basis Points (BPS).

The Group's operations in Germany and Hungary delivered a strong first quarter. Total reported revenue grew by 7.3% to HRK 55.3 million (first three months of 2017: HRK 51.5 million). Reported EBITDA increased by 91.2% to HRK 10.0 million (first three months of 2017: HRK 5.3 million) benefiting from improved trading and reduced rental expenses as a result of the acquisition of art'otel cologne and art'otel berlin kudamm.

MANAGEMENT AND CENTRAL SERVICES PERFORMANCE

The following table sets out the Group's results of management and central services operations for the first quarter 2018.

MANAGEMENT AND CENTRAL SERVICES

	Three months ended 31 March 2018	Three months ended 31 March 2017	Variance %
Total revenue before elimination (HRK million)	22.0	21.7	1.4
Elimination of intra group revenue (HRK million)	(19.3)	(19.3)	0.0
Total reported revenue (HRK million)	2.7	2.4	12.5
EBITDA (HRK million)	0.2	3.1	(93.5)
FTE ¹	242	214	13.1

¹ The FTE number is an estimate based on the total hours paid for all employees divided by the hours paid for an average full time employee to arrive at a total for Full Time Equivalent Employees.

Arena Hospitality Management d.o.o., a 100% subsidiary of the Company, has entered into management agreements with all the properties owned, partially owned or managed by the Group in Croatia, Germany and Hungary. This company provides management services to all these properties and generates management fee revenues. All hotel management revenue related to hotels within the Group is eliminated upon consolidation as intra-group revenue. Further all revenue generated within the Group from centralized services in Croatia and Germany is eliminated upon consolidation as intra-group revenue.

RELATED PARTIES

Parties are considered to be related if one of the parties has the power to exercise control over the other party or if it has significant influence over the other party in making financial or operational decisions. The Company is controlled by Dvadeset Osam d.o.o., which owned 51.97% of the Company's shares as at 31 March 2018. The ultimate parent is PPHE Hotel Group Limited which indirectly owns 100% of shares of Dvadeset Osam d.o.o., additionally all other subsidiaries of PPHE Hotel Group are treated as related parties. For a detailed list of all subsidiaries included in the Group, please refer to page 113 of the Company's 2017 annual report.

All intra-Group transactions are performed within the Company's transfer pricing policy and are under comparable market conditions.

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a. Balances with related parties

	Group		Company	
	As at 31 March 2018	As at 31 December 2017	As at 31 March 2018	As at 31 December 2017
	HRK'000	HRK'000	HRK'000	HRK'000
Assets:				
Short-term receivables – Park Plaza Hotels Europe B.V.	11	10	11	10
Short-term receivables – art'otel dresden	168	323	-	-
Short-term receivables – Euro Sea Hotels N.V.	432	448	-	-
Short-term receivables – art'otel berlin mitte	65	153	65	-
Short-term receivables – Park Plaza Betriebsgesellschaft GmbH	-	141	-	-
Short-term receivables – Park Plaza Nuremberg Operator	-	-	63	110
Short-term receivables – Arena Hospitality Management d.o.o.	-	-	751	645
Short-term receivables – Sugarhill Investments B.V.	-	-	56	-
Long-term loans to joint ventures	33,261	33,839	-	-
Long-term loan to Germany Real Estate	-	-	68,490	72,457
Liabilities:				
Trade payables – Sugarhill Investments B.V.	-	-	-	6
Trade payables – Arena Hospitality Management d.o.o.	-	-	5,416	1,869
Trade payables – PPHE (Germany) B.V.	9,841	10,688	-	-
Trade payables – Park Plaza Hotels Europe B.V.	4,028	3,732	4,028	3,732
Trade payables – Waterloo Hotel Operator Ltd.	-	2	-	2
Other current liability – Euro Sea Hotels N.V.	8,166	8,112	-	-

b. Transactions with related parties

	Group		Company	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
	HRK'000	HRK'000	HRK'000	HRK'000
Management fee revenue – art'otel dresden	277	-	-	-
Management fee revenue from joint ventures	420	-	-	-
Service charge revenue – art'otel dresden	330	358	-	-
Service charge revenue – joint ventures	604	605	-	-
Reimbursement of employee expenses – Arena Hospitality Management d.o.o.	-	-	1,632	-
Management fees expense – Arena Hospitality Management d.o.o.	-	-	313	183
Other expenses – SUGARHILL INVESTMENTS B.V.	-	-	-	310
Sales and marketing fees – Park Plaza Hotels Europe B.V.	626	366	626	366
Sales and marketing fees – PPHE (Germany) B.V.	2,211	2,062	-	-
Interest expense – Euro Sea Hotels N.V.	121	726	-	604
Interest income – Germany Real Estate B.V.	-	-	1,125	627

RENOVATION PROJECTS AND PRODUCT IMPROVEMENTS

In total, the Croatian operations benefited from HRK 26.6 million investments across the portfolio ahead of the peak season. This investment included the refurbishment of rooms, public areas and facilities at hotels, self-catering holiday apartment complexes and campsites. The main current and completed refurbishments in the first quarter are:

- Park Plaza Histria Pula: reconstruction of a new Wellness & Spa, changing room area, dining room and sanitary facilities for staff (cca 200 m²). Works are currently underway to create a new conference room;
- Park Plaza Arena Pula – Several apartments which were previously part of the Verudela Beach Resort complex are being upgraded and added to the inventory of Park Plaza Arena Pula. The investment includes total refurbishment of accommodation units and landscaping;
- Hotel Holiday: refurbishment of the kitchen & restaurant; and
- Arena One 99 Glamping is the first significant investment in Arena's campsites, which will result in a significant upgrade of the product. The former Arena Pomer Campsite is being converted to a high-end all-Glamping offering area with 196 luxury tents, a new infrastructure, reception, market and restaurant, beach bars and wellness all of which are expected to be completed by 15 June 2018.

In total, the German operations benefited from HRK 2.9 million investments across the portfolio. This investment included IT hardware, refurbishment of rooms and facilities.

- art'otel berlin kudamm: preparation of sample rooms;
- art'otel cologne: development of a new fitness centre and sauna; and
- Park Plaza Berlin Kudamm: upgraded to a new keycard system and preparation of sample rooms.

Park Plaza Arena Pula – the additional Suites



COMPANY BUSINESS RESULTS (CONSOLIDATED)

CONSOLIDATED INCOME STATEMENT

	31 March 2018 (Unaudited)	31 March 2017 (Audited)	Variance %
In HRK millions			
Operating income	73.6	63.4	16.1
Ordinary operating expenses	(89.9)	(83.1)	8.2
EBITDA from operations	(16.3)	(19.7)	(17.3)
Depreciation	(16.2)	(15.0)	8.0
EBIT from operations	(32.5)	(34.7)	(6.3)
Financial revenues	0.5	7.2	(93.1)
Financial expenses	(6.4)	(9.5)	(32.6)
Other expense	(0.4)	(0.2)	100.0
Share in result of joint ventures	(0.8)	(0.2)	300.0
Total income	74.1	70.6	5.0
Total expenditures	(113.7)	(108.0)	5.3
Profit/(loss) before tax	(39.6)	(37.4)	5.9

The consolidated net loss in the first three months of 2018 increased by HRK 2.2 million to HRK 39.6 million negative (first quarter of 2017: HRK 37.4 million negative). EBIT increase has been mainly offset by decrease of financial revenues resulting from decrease in unrealized forex revenues. The financial expenses decreased significantly after the debt restructuring at the end of 2017.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(all amounts in HRK millions)

	31 March 2018 (unaudited)	31 December 2017 (audited)	Variance %
Long-term assets	1,874.0	1,852.1	1.2
Short-term assets	837.3	824.3	1.6
Total assets	2,711.3	2,676.4	1.3
Total equity	1,529.3	1,565.8	(2.3)
Long-term liabilities and provisions	965.9	944.9	2.2
Short-term liabilities	216.1	165.7	30.4
Total liabilities	1,182.0	1,110.6	6.4
Total equity and liabilities	2,711.3	2,676.4	1.3

Long-term assets increased by HRK 21.9 million mostly as a result of additional capex during the year as explained in detail under Renovation Projects and Product Improvements. At the same time deferred tax assets increased by HRK 7.5 million as a result of recognition of deferred tax calculated on tax losses which will be utilized in upcoming periods.

Long-term liabilities increased as a result of an increase of a bank loan in Germany.

Short-term liabilities increased primarily due to received advances and increased trade payables due to new liabilities to construction companies.

COMPANY BUSINESS RESULTS (NON-CONSOLIDATED)

NON-CONSOLIDATED INCOME STATEMENT

	31 March 2018 (Unaudited)	31 March 2017 (Audited) Restated ¹	Variance %
In HRK millions			
Total operating income	18.0	10.4	73.1
Total operating expenses	(46.3)	(36.5)	26.8
EBITDA	(28.3)	(26.1)	8.4
Depreciation	(12.4)	(12.8)	(3.1)
EBIT	(40.7)	(38.9)	4.6
Financial revenues	1.3	7.7	(83.1)
Financial expenses	(3.0)	(7.8)	(61.5)
Other expenses	(0.4)	(0.2)	100.0
Total income	19.3	18.1	6.6
Total expenditures	(62.1)	(57.1)	8.8
Profit/(loss)before tax	(42.8)	(39.0)	9.7

¹Company adopted new accounting policy in Q1 2018 compared to Q1 2017 in respect of management and marketing fees. Last year invoiced amount of management and marketing fees were reported, while in this year fees were adjusted based on percentage of revenue and GOP according to the contract.

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2018

(all amounts in HRK million)

	31 March 2018 (unaudited)	31 December 2017 (audited)	Variance %
Long-term assets	1,784.3	1,757.6	1.5
Short-term assets	700.2	725.9	(3.5)
Total assets	2,484.5	2,483.5	0.0
Total equity	1,850.0	1,885.0	(1.9)
Long-term liabilities and provisions	515.5	518.9	(0.7)
Short-term liabilities	119.0	79.6	49.5
Total liabilities	634.5	598.5	6.0
Total equity and liabilities	2,484.5	2,483.5	0.0

PRINCIPAL RISKS OF THE GROUP AND THE COMPANY
CORPORATE GOVERNANCE REPORT

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HOSPITALITY GROUP



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PRINCIPAL RISKS OF THE GROUP AND THE COMPANY

There are no changes to the principal risks as set out in the Company's consolidated financial statements for the year ended 31 December 2017, which may currently affect the Group's performance. The most significant risks relate to factors that are common to the hotel industry and beyond the Group's control, such as the global economic downturn, changes in travel patterns or in the structure of the travel industry and the increase in acts of terrorism. Further risks pertain to the legal framework which governs the concession agreements relating to some of the Company's properties in Croatia, seasonality and adverse weather conditions in the high season, information technology and systems and exchange rate fluctuations. For a detailed discussion of the risks facing the Group, please refer to pages 30 and 31 of the Company's 2017 annual report.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE CODE

Each year, the Company is obliged to state, in its annual report and on its website, in the required form, whether it complies with the recommendations of a corporate governance code. The Company applies the Corporate Governance Code of the Zagreb Stock Exchange (the **Code**). The Company complies with the recommendations of the Code based on the principle "comply or explain", so if the Company fails to comply with the recommendations of the Code, it must provide reasons for its non-compliance. The Company abides by this principle and, where relevant, provides reasons for non-compliance with the recommendations of the Code. The Company published its annual corporate governance questionnaire for 2017 on ZSE on 28 February 2018.

GENERAL ASSEMBLY MEETINGS

The General Assembly will take place on 27 April 2018 to consider the Company's Annual Report for 2017 (consolidated and non-consolidated) and resolve upon the use of profit realised in 2017 and granting discharge to the Supervisory Board and the Management Board members for their work in 2017.

SUPERVISORY BOARD MEETINGS

Members of the Supervisory Board are: Boris Ernest Ivesha, Chen Carlos Moravsky, Yoav Papouchado, Abraham Thomas, Amra Pende, Lorena Škuflić and Vehbija Mustafić (employee representative). The meeting of the Supervisory Board of the Company took place on 27 February 2018 whereat, inter alia, the Annual Report of the Company for 2017 (consolidated and non-consolidated) was approved.

SUPERVISORY BOARD COMMITTEES

Following its establishment, the Supervisory Board has established an Audit Committee and Nomination and Remuneration Committee.

The responsibilities of the Audit Committee include:

- Actively participating in auditing the half-year and annual financial report;
- Supporting the Company's accounting, in particular adjustment of management accounting system related to the 11th USALI edition;
- Recommendation of the choice of the external auditor to the Supervisory Board as a part of the preparation for the General Assembly's decision;
- Risks and uncertainties management with IT security in focus;
- Revision of annual and five-year business plan of the Company

The responsibilities of the Nomination and Remuneration Committee include:

- Active participation in selection of candidates for the Company's corporate bodies;
- Reviewing and recommending remuneration policies for the Company's corporate bodies; and
- Consultations with the Company's corporate bodies regarding nomination and remuneration policies.

The Company's Audit Committee held the meeting on 20th February 2018 regarding the process of preparation/issuing of Financial Statements 2017.

MANAGEMENT BOARD MEETINGS

The Management Board primarily adopts its decisions in meetings and by correspondence in accordance with the applicable laws and the Company's Articles of Association.

The most important Management Board meetings were:

The meeting held on 26 February 2018 whereat, inter alia, the quarterly report for the fourth quarter of 2017 and the Annual Report of the Company for 2017 (consolidated and non-consolidated) were adopted.

The meeting held on 23 March 2018 whereat, inter alia, the decision on convocation of the General Assembly meeting was adopted.

MAJOR SHAREHOLDERS

Following the share capital increase in May 2017, the share capital of the Company is HRK 102,574,420.00 HRK and is divided into 5,128,721 ordinary shares under the ticker ARNT-R-A, each without nominal value.

As at 31 March 2018, 169 shares were held as treasury shares.

Shareholders with holdings of 3% or more of the Company's registered capital as at 31 March 2018 are listed below:

		Percentage holding of Share Capital
1	DVADESET OSAM D.O.O. (a member of the PPHE Hotel Group)	51.97%
2	ADDIKO BANK d.d. / PBZ CO OMF-kategorije B	9.13%
3	SPLITSKA BANKA d.d. / AZ OMF kategorije B	8.67%
4	SPLITSKA BANKA d.d. / ERSTE PLAVI OMF kategorije B	6.18%

SHARE PRICE AND MARKET CAPITALISATION FOR THE FIRST QUARTER OF 2018 (ALL IN HRK)

High	Low	Last	Market capitalisation
452.00	419.00	425.00	2,179,706,425

VALUATION

	Q1 2018		
	High	Low	Last
Share price	452.0	419.0	425.0
Market capitalisation ¹	2,318,181,892	2,148,934,099	2,179,706,425
Net debt ²	157,502,224	157,502,224	157,502,224
Enterprise Value ³	2,475,684,116	2,306,436,323	2,337,208,649
EV/EBITDA	11.4x	10.7x	10.8x

¹ Market capitalisation calculated as share price multiplied by the number of outstanding shares (5,128,721 as at 31 March 2018)

² Net debt calculated as current and non-current bank borrowings and other non-current loans less cash and cash equivalents

³ EV represents the enterprise value, calculated as the sum of market capitalization and net debt

Park Plaza Belvedere Medulin



art'otel berlin mitte



MANAGEMENT BOARD'S
RESPONSIBILITY STATEMENT

ARENA

HOSPITALITY GROUP



MANAGEMENT BOARD'S RESPONSIBILITY STATEMENT

Pursuant to the provisions of Article 410, Paragraph 2 in connection with Article 407, Paragraph 2 of the Capital Market Act, and the Company Management Board makes the following statement:

To the best of our best knowledge:

- The short set of non-consolidated unaudited 3 months financial statements of the Company (the Financial Statements) provides a comprehensive and true presentation of assets and liabilities, profit and loss, financial position and operation of the Company; set up in accordance with relevant financial reporting standards;
- The consolidated unaudited 3 months financial statements (the Consolidated Financial Statements) provide a comprehensive overview of assets and liabilities, profit and losses of the Group. The consolidated financial data for the period, reported in line with the approach applied, are contained in the prescribed forms attached to this report;
- The Financial Statements and Consolidated Financial Statements have not been audited; and
- The Management Board's Interim Report for the period from 1 January through 31 March 2018 contains a true presentation of the business results and financial position and operations of the Company and the companies included in the consolidation, with a description of the most significant risks and uncertainties to which the Company and the companies included in the consolidation are exposed as a whole.

Signed by the Management Board members: Reuel Israel Gavriel Slonim (President of Management Board) and Milena Perković (Member of Management Board & Chief Financial Officer).

Management Board President

Management Board Member
& Chief Financial Officer



REUEL ISRAEL GAVRIEL SLONIM



MILENA PERKOVIĆ

APPENDIX 1 FINANCIAL STATEMENTS (UNAUDITED)

ARENA

HOSPITALITY GROUP



APPENDIX 1 FINANCIAL STATEMENTS (UNAUDITED)

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

01.01.2018.

to

31.03.2018.

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.comInternet address: www.arenahospitalitygroup.com

Municipality/city code and name: 359 Pula

County code and name: 18 Istarska

Number of employees: 1.006

(period end)

Consolidated report: YES

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.comFamily 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 31.03.2018

Company: Arena Hospitality Group d.d.

Position	AOP	Previous period	Current period
1	2	3	4
ASSETS			
A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL	001	0	0
B) NON-CURRENT ASSETS (003+010+020+029+033)	002	1.852.099.135	1.873.987.958
I. INTANGIBLE ASSETS (004 do 009)	003	1.335.177	1.266.351
1. Expenditure for development	004	0	0
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	777.408	708.582
3. Goodwill	006	0	0
4. Advances for purchase of intangible assets	007	0	0
5. Intangible assets in progress	008	557.769	557.769
6. Other intangible assets	009	0	0
II. PROPERTY, PLANT AND EQUIPMENT (011 do 019)	010	1.785.451.049	1.800.524.940
1. Land	011	314.633.041	313.568.599
2. Buildings	012	1.320.668.857	1.305.173.687
3. Plant and equipment	013	116.181.553	113.311.207
4. Tools, working inventory and transportation assets	014	2.416.232	2.908.779
5. Biological assets	015	0	0
6. Advances for purchase of tangible assets	016	819.282	10.474.862
7. Tangible assets in progress	017	22.044.723	47.469.356
8. Other tangible assets	018	8.687.360	7.618.450
9. Investment in real-estate	019	0	0
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	37.322.574	36.692.233
1. Share in related parties	021	0	0
2. Loans to related parties	022	0	0
3. Participating interests (shares)	023	207.698	0
4. Loans to companies with participating interest	024	33.838.976	33.261.155
5. Investments in securities	025	0	0
6. Loans, deposits, etc.	026	3.275.899	3.431.078
7. Other non-current financial assets	027	0	0
8. Equity-accounted investments	028	0	0
IV. RECEIVABLES (030 do 032)	029	0	0
1. Receivables from related parties	030	0	0
2. Receivables arising from sales on credit	031	0	0
3. Other receivables	032	0	0
V. DEFERRED TAX ASSET	033	27.990.335	35.504.434
C) CURRENT ASSETS (035+043+050+058)	034	824.275.151	837.285.713
I. INVENTORIES (036 do 042)	035	4.395.963	4.149.120
1. Raw materials and supplies	036	3.892.544	3.627.015
2. Production in progress	037	0	0
3. Finished products	038	0	0
4. Merchandise	039	2.216	3.944
5. Advances for inventories	040	501.203	518.161
6. Long term assets held for sale	041	0	0
7. Biological assets	042	0	0
II. RECEIVABLES (044 do 049)	043	19.573.119	49.667.359
1. Receivables from related parties	044	781.843	666.897
2. Receivables from end-customers	045	12.969.775	24.101.781
3. Receivables from participating parties	046	0	0
4. Receivables from employees and members of the company	047	0	0
5. Receivables from government and other institutions	048	1.012.963	19.803.074
6. Other receivables	049	4.808.537	5.095.607
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	205.345	205.345
1. Share in related parties	051	0	0
2. Loans to related parties	052	0	0
3. Participating interests (shares)	053	0	0
4. Loans to companies with participating interest	054	0	0
5. Investments in securities	055	205.345	205.345
6. Loans, deposits, etc.	056	0	0
7. Other financial assets	057	0	0
IV. CASH AND CASH EQUIVALENTS	058	800.100.724	783.263.889
D) PREPAYMENTS AND ACCRUED INCOME	059	0	0
E) TOTAL ASSETS (001+002+034+059)	060	2.676.374.287	2.711.273.671
F) OFF BALANCE SHEET ITEMS	061	0	0

EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	1.565.756.406	1.529.259.188
I. SUBSCRIBED SHARE CAPITAL	063	102.574.420	102.574.420
II. CAPITAL RESERVES	064	1.142.742.013	1.142.742.013
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	326.304.607	323.831.180
1. Legal reserves	066	2.182.500	2.182.500
2. Reserve for own shares	067	3.380	3.380
3. Treasury shares and shares (deductible items)	068	3.380	3.380
4. Statutory reserves	069	0	0
5. Other reserves	070	324.122.107	321.648.680
IV. REVALUATION RESERVES	071	111.690	111.690
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	-94.058.950	-5.976.324
1. Retained earnings	073	0	0
2. Loss carried forward	074	94.058.950	5.976.324
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	88.082.626	-34.023.791
1. Net profit for the period	076	88.082.626	0
2. Net loss for the period	077	0	34.023.791
VII. MINORITY INTEREST	078	0	0
B) PROVISIONS (080 do 082)	079	62.748.579	64.353.655
1. Provisions for pensions, severance pay and similar liabilities	080	1.348.259	1.348.259
2. Provisions for tax liabilities	081	0	0
3. Other provisions	082	61.400.320	63.005.396
C) NON-CURRENT LIABILITIES (084 do 092)	083	882.190.997	901.575.034
1. Liabilities to related parties	084	0	0
2. Liabilities for loans, deposits, etc.	085	75.135.996	74.320.260
3. Liabilities to banks and other financial institutions	086	807.055.001	826.756.813
4. Liabilities for advances	087	0	0
5. Trade payables	088	0	0
6. Commitments on securities	089	0	0
7. Liabilities to companies with participating interest	090	0	0
8. Other non-current liabilities	091	0	497.961
9. Deferred tax liabilities	092	0	0
D) CURRENT LIABILITIES (094 do 105)	093	165.678.306	216.085.794
1. Liabilities to related parties	094	22.533.586	22.035.541
2. Liabilities for loans, deposits, etc.	095	0	0
3. Liabilities to banks and other financial institutions	096	38.221.202	39.689.040
4. Liabilities for advances	097	12.451.670	33.452.357
5. Trade payables	098	23.632.849	47.722.727
6. Commitments on securities	099	0	0
7. Liabilities to companies with participating interest	100	0	0
8. Liabilities to employees	101	16.091.425	12.210.982
9. Taxes, contributions and similar liabilities	102	29.754.721	35.421.444
10. Liabilities arising from share in the result	103	0	0
11. Liabilities arising from non-current assets held for sale	104	0	0
12. Other current liabilities	105	22.992.854	25.553.703
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	0	0
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	2.676.374.287	2.711.273.671
G) OFF BALANCE SHEET ITEMS	108	0	0
ADDITION TO BALANCE SHEET (only for consolidated financial statements)			
ISSUED CAPITAL AND RESERVES			
1. Attributable to majority owners	109	1.565.756.406	1.529.259.188
2. Attributable to minority interest	110	0	0

Income statement

period 01.01.2018 to 31.03.2018

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
I. OPERATING INCOME (112 do 113)	111	63.393.167	63.393.167	73.613.287	73.613.287
1. Rendering of services	112	62.580.617	62.580.617	72.847.427	72.847.427
2. Other operating income	113	812.550	812.550	765.860	765.860
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	98.191.513	98.191.513	106.362.287	106.362.287
1. Change in inventories of work in progress	115	0	0	0	0
2. Material expenses (117 do 119)	116	39.137.115	39.137.115	38.261.422	38.261.422
a) Costs of raw materials	117	14.759.982	14.759.982	16.945.360	16.945.360
b) Cost of goods sold	118	0	0	0	0
c) Other material expenses	119	24.377.133	24.377.133	21.316.062	21.316.062
3. Employee benefits expenses (121 do 123)	120	34.344.325	34.344.325	40.142.284	40.142.284
a) Net salaries	121	20.277.544	20.277.544	24.070.806	24.070.806
b) Tax and contributions from salary expenses	122	8.823.552	8.823.552	10.505.278	10.505.278
c) Contributions on salary	123	5.243.229	5.243.229	5.566.200	5.566.200
4. Depreciation and amortisation	124	14.973.913	14.973.913	16.216.995	16.216.995
5. Other expenses	125	0	0	0	0
6. Write down of assets (127+128)	126	0	0	0	0
a) non-current assets (except financial assets)	127	0	0	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	9.736.160	9.736.160	11.741.586	11.741.586
III. FINANCIAL INCOME (132 do 136)	131	7.179.189	7.179.189	439.348	439.348
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	7.179.189	7.179.189	439.348	439.348
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
IV. FINANCIAL EXPENSES (138 do 141)	137	9.507.237	9.507.237	6.429.483	6.429.483
1. Interest, foreign exchange differences, dividends and similar income from related parties	138	530.335	530.335	120.697	120.697
2. Interest, foreign exchange differences, dividends and similar income from third parties	139	8.976.902	8.976.902	6.308.786	6.308.786
3. Unrealised losses (expenses) from financial assets	140	0	0	0	0
4. Other financial expenses	141	0	0	0	0
V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES	142	0	0	0	0
VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES	143	288.532	288.532	820.597	820.597
VII. EXTRAORDINARY - OTHER INCOME	144	0	0	0	0
VIII. EXTRAORDINARY - OTHER EXPENSES	145	0	0	0	0
IX. TOTAL INCOME (111+131+144)	146	70.572.356	70.572.356	74.052.635	74.052.635
X. TOTAL EXPENSES (114+137+143+145)	147	107.987.282	107.987.282	113.612.367	113.612.367
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	-37.414.925	-37.414.925	-39.559.732	-39.559.732
1. Profit before taxes (146-147)	149	0	0	0	0
2. Loss before taxes (147-146)	150	37.414.925	37.414.925	39.559.732	39.559.732
XII. TAXATION	151	-4.656.239	-4.656.239	-5.535.941	-5.535.941
XII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	-32.758.686	-32.758.686	-34.023.791	-34.023.791
1. Profit for the period (149-151)	153	0	0	0	0
2. Loss for the period (151-148)	154	32.758.686	32.758.686	34.023.791	34.023.791
ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	155	0	0	0	0
2. Attributable to minority interest	156	0	0	0	0
STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)					
I. PROFIT OR LOSS FOR THE PERIOD (=152)	157	0	0	0	0
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 165)	158	-2.546.000	-2.546.000	-2.460.533	-2.460.533
1. Exchange differences from international settlement	159	-3.431.000	-3.431.000	-2.176.757	-2.176.757
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	0	0	0	0
4. Profit or loss from cash flow hedging	162	0	0	0	0
5. Profit or loss from hedging of foreign investments	163	885.000	885.000	-283.776	-283.776
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
III. TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166	0	0	0	0
IV. NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD (158 TO 166)	167	-2.546.000	-2.546.000	-2.460.533	-2.460.533
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	-2.546.000	-2.546.000	-2.460.533	-2.460.533
ADDITION TO STATEMENT OF OTHER COMPREHENSIVE INCOME (only for consolidated financial statements)					
VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	169	-32.707.556	-32.707.556	-34.023.791	-34.023.791
2. Attributable to minority interest	170	-51.130	-51.130	0	0

Cash flow statement - indirect method
period 01.01.2018 to 31.03.2018

Company: Arena Hospitality Group d.d.

Position	AOP	Previous period	Current period
1	2	3	4
CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	001	-37.414.925	-39.559.732
2. Depreciation and amortisation	002	14.973.913	16.216.995
3. Decrease of current liabilities	003	19.950.073	40.001.440
4. Decrease of current receivables	004	9.056.048	0
5. Decrease of inventories	005	1.618.936	1.285.723
6. Other cash flow increases	006	288.533	0
I. Total increase of cash flow from operating activities	007	8.472.578	17.944.426
1. Decrease of current liabilities	008	0	0
2. Increase of current receivables	009	0	30.425.961
3. Increase of inventories	010	0	0
4. Other cash flow decreases	011	545.230	1.464.707
II. Total decrease of cash flow from operating activities	012	545.230	31.890.668
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	7.927.348	0
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	014	0	13.946.242
CASH FLOW FROM INVESTING ACTIVITIES			
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	1.828
4. Dividend received	018	0	0
5. Other proceeds from investing activities	019	1.512.916	0
III. Total cash inflows from investing activities	020	1.512.916	1.828
1. Purchase of non-current assets	021	452.824.206	33.279.492
2. Purchase of non-current financial assets	022	0	0
3. Other cash outflows from investing activities	023	194.992	0
IV. Total cash outflows from investing activities	024	453.019.198	33.279.492
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	025	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	451.506.282	33.277.664
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issue of equity securities and debt securities	027	0	0
2. Proceeds from loans and borrowings	028	425.499.565	31.401.440
3. Other proceeds from financing activities	029	0	0
V. Total cash inflows from financing activities	030	425.499.565	31.401.440
1. Repayment of loans and bonds	031	36.993.401	1.014.369
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	4.511.030	0
VI. Total cash outflows from financing activities	036	41.504.431	1.014.369
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	037	383.995.134	30.387.071
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	0	0
Total increases of cash flows	039	0	0
Total decreases of cash flows	040	59.583.800	16.836.835
Cash and cash equivalents at the beginning of period	041	130.405.716	800.100.724
Increase of cash and cash equivalents	042	0	0
Decrease of cash and cash equivalents	043	59.583.800	16.836.835
Cash and cash equivalents at the end of period	044	70.821.916	783.263.889

STATEMENT OF CHANGES IN EQUITY

period **01.01.18** to **31.03.18**

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed share capital	001	102.574.420	102.574.420
2. Capital reserves	002	1.142.742.013	1.142.742.013
3. Reserves from profit	003	326.304.607	323.831.180
4. Retained earnings or loss carried forward	004	-94.058.950	-5.976.324
5. Net profit or loss for the period	005	88.082.626	-34.023.791
6. Revaluation of tangible assets	006	0	0
7. Revaluation of intangible assets	007	0	0
8. Revaluation of available for sale assets	008	0	0
9. Other revaluation	009	111.690	111.690
10. Total equity and reserves (AOP 001 to 009)	010	1.565.756.406	1.529.259.188
11. Foreign exchange differences from foreign investments	011	0	0
12. Current and deferred taxes	012	0	0
13. Cash flow hedge	013	0	0
14. Change of accounting policies	014	0	0
15. Correction of significant mistakes of prior period	015	0	0
16. Other changes	016	0	0
17. Total increase or decrease of equity (AOP 011 to 016)	017	0	0
17 a. Attributable to majority owners	018	1.565.756.406	1.529.259.188
17 b. Attributable to minority interest	019	0	0

Annex 1.

Reporting period

01.01.2018.

to

31.03.2018.

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.comInternet address: www.arenahospitalitygroup.com

Municipality/city code and name: 359 Pula

County code and name: 18 Istarska

Number of employees: 773

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.comFamily 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 31.03.2018

Company: Arena Hospitality Group d.d.

Position	AOP	Previous period	Current period
1	2	3	4
ASSETS			
A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL	001	0	0
B) NON-CURRENT ASSETS (003+010+020+029+033)	002	1.753.726.899	1.784.251.215
I. INTANGIBLE ASSETS (004 do 009)	003	1.335.177	1.266.351
1. Expenditure for development	004	0	0
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	777.408	708.582
3. Goodwill	006	0	0
4. Advances for purchase of intangible assets	007	0	0
5. Intangible assets in progress	008	557.769	557.769
6. Other intangible assets	009	0	0
II. PROPERTY, PLANT AND EQUIPMENT (011 do 019)	010	1.128.757.937	1.152.428.487
1. Land	011	216.589.130	216.589.130
2. Buildings	012	815.976.463	806.882.320
3. Plant and equipment	013	63.044.031	60.485.591
4. Tools, working inventory and transportation assets	014	2.416.232	2.908.779
5. Biological assets	015	0	0
6. Advances for purchase of tangible assets	016	819.282	10.474.862
7. Tangible assets in progress	017	21.225.441	47.469.357
8. Other tangible assets	018	8.687.358	7.618.448
9. Investment in real-estate	019	0	0
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	597.063.801	596.319.258
1. Share in related parties	021	528.348.609	528.348.609
2. Loans to related parties	022	0	0
3. Participating interests (shares)	023	0	0
4. Loans to companies with participating interest	024	0	0
5. Investments in securities	025	0	0
6. Loans, deposits, etc.	026	68.715.192	67.970.649
7. Other non-current financial assets	027	0	0
8. Equity-accounted investments	028	0	0
IV. RECEIVABLES (030 do 032)	029	0	0
1. Receivables from related parties	030	0	0
2. Receivables arising from sales on credit	031	0	0
3. Other receivables	032	0	0
V. DEFERRED TAX ASSET	033	26.569.984	34.237.119
C) CURRENT ASSETS (035+043+050+058)	034	729.812.330	700.188.898
I. INVENTORIES (036 do 042)	035	1.923.794	2.811.663
1. Raw materials and supplies	036	1.420.375	2.289.558
2. Production in progress	037	0	0
3. Finished products	038	0	0
4. Merchandise	039	2.216	3.944
5. Advances for inventories	040	501.203	518.161
6. Long term assets held for sale	041	0	0
7. Biological assets	042	0	0
II. RECEIVABLES (044 do 049)	043	11.259.312	23.746.943
1. Receivables from related parties	044	4.877.175	1.817.823
2. Receivables from end-customers	045	1.787.176	5.703.772
3. Receivables from participating parties	046	0	0
4. Receivables from employees and members of the company	047	167.785	170.513
5. Receivables from government and other institutions	048	913.701	604.304
6. Other receivables	049	3.513.475	15.450.531
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	218.317	205.345
1. Share in related parties	051	0	0
2. Loans to related parties	052	0	0
3. Participating interests (shares)	053	0	0
4. Loans to companies with participating interest	054	0	0
5. Investments in securities	055	205.345	205.345
6. Loans, deposits, etc.	056	12.972	0
7. Other financial assets	057	0	0
IV. CASH AND CASH EQUIVALENTS	058	716.410.907	673.424.947
D) PREPAYMENTS AND ACCRUED INCOME	059	0	0
E) TOTAL ASSETS (001+002+034+059)	060	2.483.539.229	2.484.440.113
F) OFF BALANCE SHEET ITEMS	061	0	0

EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	1.885.026.366	1.849.950.814
I. SUBSCRIBED SHARE CAPITAL	063	102.574.420	102.574.420
II. CAPITAL RESERVES	064	1.142.738.633	1.142.738.633
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	570.777.947	570.765.067
1. Legal reserves	066	2.182.500	2.182.500
2. Reserve for own shares	067	3.380	3.380
3. Treasury shares and shares (deductible items)	068	3.380	3.380
4. Statutory reserves	069	0	0
5. Other reserves	070	568.595.447	568.582.567
IV. REVALUATION RESERVES	071	111.690	111.690
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	0	68.823.676
1. Retained earnings	073	0	68.823.676
2. Loss carried forward	074	0	0
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	68.823.676	-35.062.672
1. Net profit for the period	076	68.823.676	0
2. Net loss for the period	077	0	35.062.672
VII. MINORITY INTEREST	078	0	0
B) PROVISIONS (080 do 082)	079	62.747.172	64.352.264
1. Provisions for pensions, severance pay and similar liabilities	080	1.348.259	1.348.258
2. Provisions for tax liabilities	081	0	0
3. Other provisions	082	61.398.913	63.004.006
C) NON-CURRENT LIABILITIES (084 do 092)	083	456.126.654	451.156.400
1. Liabilities to related parties	084	0	0
2. Liabilities for loans, deposits, etc.	085	0	0
3. Liabilities to banks and other financial institutions	086	456.126.654	451.156.400
4. Liabilities for advances	087	0	0
5. Trade payables	088	0	0
6. Commitments on securities	089	0	0
7. Liabilities to companies with participating interest	090	0	0
8. Other non-current liabilities	091	0	0
9. Deferred tax liabilities	092	0	0
D) CURRENT LIABILITIES (094 do 105)	093	79.639.037	118.980.635
1. Liabilities to related parties	094	5.600.767	5.415.834
2. Liabilities for loans, deposits, etc.	095	0	0
3. Liabilities to banks and other financial institutions	096	24.622.959	27.328.053
4. Liabilities for advances	097	4.421.887	22.307.321
5. Trade payables	098	8.065.836	25.491.781
6. Commitments on securities	099	0	0
7. Liabilities to companies with participating interest	100	0	0
8. Liabilities to employees	101	12.109.489	10.507.160
9. Taxes, contributions and similar liabilities	102	20.655.388	22.509.933
10. Liabilities arising from share in the result	103	0	0
11. Liabilities arising from non-current assets held for sale	104	0	0
12. Other current liabilities	105	4.162.711	5.420.553
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	0	0
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	2.483.539.229	2.484.440.113
G) OFF BALANCE SHEET ITEMS	108	0	0
ADDITION TO BALANCE SHEET (only for consolidated financial statements)			
ISSUED CAPITAL AND RESERVES			
1. Attributable to majority owners	109	0	0
2. Attributable to minority interest	110	0	0

Income statement

period 01.01.2018 to 31.03.2018

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
I. OPERATING INCOME (112 do 113)	111	10.440.857	10.440.857	17.981.418	17.981.418
1. Rendering of services	112	9.811.089	9.811.089	17.414.636	17.414.636
2. Other operating income	113	629.768	629.768	566.782	566.782
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	49.305.211	49.305.211	59.028.770	59.028.770
1. Change in inventories of work in progress	115	0	0	0	0
2. Material expenses (117 do 119)	116	14.253.028	14.253.028	16.376.175	16.376.175
a) Costs of raw materials	117	6.187.269	6.187.269	8.139.405	8.139.405
b) Cost of goods sold	118	0	0	0	0
c) Other material expenses	119	8.065.759	8.065.759	8.236.770	8.236.770
3. Employee benefits expenses (121 do 123)	120	16.878.885	16.878.885	23.862.445	23.862.445
a) Net salaries	121	10.356.717	10.356.717	14.723.593	14.723.593
b) Tax and contributions from salary expenses	122	4.279.479	4.279.479	6.120.908	6.120.908
c) Contributions on salary	123	2.242.689	2.242.689	3.017.944	3.017.944
4. Depreciation and amortisation	124	12.807.063	12.807.063	12.364.380	12.364.380
5. Other expenses	125	0	0	0	0
6. Write down of assets (127+128)	126	0	0	0	0
a) non-current assets (except financial assets)	127	0	0	0	0
b) current assets (except financial assets)	128	0	0	0	0
7. Provisions	129	0	0	258.493	258.493
8. Other operating costs	130	5.366.235	5.366.235	6.167.277	6.167.277
III. FINANCIAL INCOME (132 do 136)	131	7.672.158	7.672.158	1.327.695	1.327.695
1. Interest, foreign exchange differences, dividends and similar income from related parties	132	627.281	627.281	1.124.674	1.124.674
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	7.044.477	7.044.477	203.021	203.021
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	400	400	0	0
IV. FINANCIAL EXPENSES (138 do 141)	137	7.792.820	7.792.820	3.010.150	3.010.150
1. Interest, foreign exchange differences, dividends and similar income from related parties	138	604.081	604.081	14.293	14.293
2. Interest, foreign exchange differences, dividends and similar income from third parties	139	7.009.279	7.009.279	2.993.692	2.993.692
3. Unrealised losses (expenses) from financial assets	140	0	0	0	0
4. Other financial expenses	141	179.460	179.460	2.165	2.165
V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES	142	0	0	0	0
VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES	143	0	0	0	0
VII. EXTRAORDINARY - OTHER INCOME	144	0	0	0	0
VIII. EXTRAORDINARY - OTHER EXPENSES	145	0	0	0	0
IX. TOTAL INCOME (111+131+144)	146	18.113.015	18.113.015	19.309.113	19.309.113
X. TOTAL EXPENSES (114+137+143+145)	147	57.098.031	57.098.031	62.038.920	62.038.920
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	-38.985.016	-38.985.016	-42.729.807	-42.729.807
1. Profit before taxes (146-147)	149	0	0	0	0
2. Loss before taxes (147-146)	150	38.985.016	38.985.016	42.729.807	42.729.807
XII. TAXATION	151	-7.043.650	-7.043.650	-7.667.135	-7.667.135
XII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	-31.941.366	-31.941.366	-35.062.672	-35.062.672
1. Profit for the period (149-151)	153	0	0	0	0
2. Loss for the period (151-148)	154	31.941.366	31.941.366	35.062.672	35.062.672
ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	155	0	0	0	0
2. Attributable to minority interest	156	0	0	0	0
STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)					
I. PROFIT OR LOSS FOR THE PERIOD (=152)	157	0	0	0	0
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 165)	158	0	0	0	0
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	0	0	0	0
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
III. TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166	0	0	0	0
IV. NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD (158 TO 166)	167	0	0	0	0
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	0	0	0	0
ADDITION TO STATEMENT OF OTHER COMPREHENSIVE INCOME (only for consolidated financial statements)					
VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	169	0	0	0	0
2. Attributable to minority interest	170	0	0	0	0

Cash flow statement - indirect method			
period 01.01.2018 to 31.03.2018			
Company: Arena Hospitality Group d.d.			
Position	AOP	Previous period	Current period
1	2	3	4
CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	001	-38.985.016	-42.729.807
2. Depreciation and amortisation	002	12.807.063	12.364.380
3. Decrease of current liabilities	003	30.187.570	23.240.218
4. Decrease of current receivables	004	60.108	0
5. Decrease of inventories	005	0	368.244
6. Other cash flow increases	006	0	0
I. Total increase of cash flow from operating activities	007	4.069.725	-6.756.965
1. Decrease of current liabilities	008	0	0
2. Increase of current receivables	009	0	7.127.247
3. Increase of inventories	010	401.481	0
4. Other cash flow decreases	011	0	2.490.469
II. Total decrease of cash flow from operating activities	012	401.481	9.617.716
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	3.668.244	0
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	014	0	16.374.681
CASH FLOW FROM INVESTING ACTIVITIES			
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	4.349.481
4. Dividend received	018	0	0
5. Other proceeds from investing activities	019	0	0
III. Total cash inflows from investing activities	020	0	4.349.481
1. Purchase of non-current assets	021	23.642.563	30.960.760
2. Purchase of non-current financial assets	022	0	0
3. Other cash outflows from investing activities	023	66.083.392	0
IV. Total cash outflows from investing activities	024	89.725.955	30.960.760
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	025	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	89.725.955	26.611.279
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issue of equity securities and debt securities	027	0	0
2. Proceeds from loans and borrowings	028	28.677.130	0
3. Other proceeds from financing activities	029	0	0
V. Total cash inflows from financing activities	030	28.677.130	0
1. Repayment of loans and bonds	031	0	0
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	0
VI. Total cash outflows from financing activities	036	0	0
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	037	28.677.130	0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	0	0
Total increases of cash flows	039	0	0
Total decreases of cash flows	040	57.380.581	42.985.960
Cash and cash equivalents at the beginning of period	041	92.464.080	716.410.907
Increase of cash and cash equivalents	042	0	0
Decrease of cash and cash equivalents	043	57.380.581	42.985.960
Cash and cash equivalents at the end of period	044	35.083.499	673.424.947

STATEMENT OF CHANGES IN EQUITY

period **01.01.18** to **31.03.18**

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed share capital	001	102.574.420	102.574.420
2. Capital reserves	002	1.142.738.633	1.142.738.633
3. Reserves from profit	003	570.777.947	570.765.067
4. Retained earnings or loss carried forward	004	0	68.823.676
5. Net profit or loss for the period	005	68.823.676	-35.062.672
6. Revaluation of tangible assets	006	0	0
7. Revaluation of intangible assets	007	0	0
8. Revaluation of available for sale assets	008	0	0
9. Other revaluation	009	111.690	111.690
10. Total equity and reserves (AOP 001 to 009)	010	1.885.026.366	1.849.950.814
11. Foreign exchange differences from foreign investments	011	0	0
12. Current and deferred taxes	012	0	0
13. Cash flow hedge	013	0	0
14. Change of accounting policies	014	0	0
15. Correction of significant mistakes of prior period	015	0	0
16. Other changes	016	0	0
17. Total increase or decrease of equity (AOP 011 to 016)	017	0	0
17 a. Attributable to majority owners	018	0	0
17 b. Attributable to minority interest	019	0	0

Notes to Financial Statements

(1) Company adopted new accounting policy in Q1 2018 compared to Q1 2017 in respect of management and marketing fees. Last year invoiced amount of management and marketing fees were reported, while in this year fees were adjusted based on percentage of revenue and GOP according to the contract.