

INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND THE FIRST HALF OF
2018

ARENA

HOSPITALITY GROUP

30 JUNE 2018



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INTERIM PERFORMANCE REPORT FOR THE SECOND
QUARTER AND THE FIRST HALF OF 2018

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INTERIM PERFORMANCE REPORT FOR THE PERIOD JANUARY - JUNE 2018

“We are pleased to report the consolidated results for the Company’s activities in Croatia, Germany and Hungary for the first six months of 2018.

Reported revenue during this period increased by 8.0% to HRK 258.4 million (six months ended 30 June 2017: HRK 239.4) and EBITDA improved by 20.8% to HRK 24.3 million (six months ended 30 June 2017: HRK 20.1 million). This growth is the result of improved trading across our Croatian, German and Hungarian operations.



CROATIA

The Group’s operations in Croatia are of a high seasonality, with the majority of guest visits occurring from June to September. The first half of the year in Croatia is typically a period of low business activity, in which we focus on renovations, with the exception of the Easter period and the month of June, when the summer season commences. In 2018, our occupancy increased significantly year-on-year, resulting in a 10.3% increase in accommodation revenue to HRK 104.8 million (six months ended 30 June 2017: HRK 95.0 million). Tourism industry in Istria experienced a marked increase of 8.8%¹ in visitors in the first half of 2018 compared with 2017. This positive effect was further enhanced by our recent investments in sport facilities. During 2017, we added complementary facilities, including artificial football pitches – at our sports oriented hotel, Park Plaza Belvedere Medulin and these additions benefited our operation during the first half of the year. This off-season period typically generates a negative EBITDA. However, this year we have converted this period into a positive EBITDA (first six months of 2018: HRK 0.8 million; first six months of 2017: HRK 41 thousand negative).

Another highlight during the period was the completion of the investment programme in Arena One 99 Glamping. The former Pomer campsite was transformed into an all-glamping site which opened in June. This is the first all-glamping campsite in Croatia that offers a variety of accommodation units, luxury amenities, outdoor wellness area, beach bars and a well thought-out programme of activities for children and adults.

GERMANY AND HUNGARY

Our operations in Germany and Hungary generated a revenue increase of 6.5% to HRK 116.5 million compared to last year (first six months of 2017: HRK 109.4 million). Reported EBITDA increased by 21.8% to HRK 22.3 million (first six months of 2017: HRK 18.3 million). The major contributors to our results in the first half of 2018 were the improved performance of Park Plaza Nuremberg coupled with lower rental payments (the acquisition of the freehold interests of art’otel cologne and art’otel berlin kudamm in 2017 resulted in lower rental payments of HRK 4.2 million associated with the two operating leases previously payable to third parties). Park Plaza Nuremberg continued to mature (this new hotel opened mid 2016) and showed an increase of

¹ (<http://www.istra.hr/hr/pr/statistika>)

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48% in EBITDA (first six months of 2018: HRK 10.4 million; first six months of 2017: HRK 7.1 million).

During the first half of the year we continued to invest in our properties in Germany. The new wellness areas in art'otel cologne and in art'otel berlin mitte are in the final stages of construction.

OUR TEAM

As previously mentioned in our results updates, in 2017 we transformed Arena Hospitality Group from a highly seasonal domestic company to a year-round international hospitality group. We continue to see the benefits of the synergies between our Croatian and German operations, such as the ability to offer our team members international employment opportunities and new learning experiences which enable us to continue to attract and retain top talent.

We are proud of the consistently high level of guest satisfaction scores achieved across our properties, reflecting our investment in our product offering and our commitment to an excellent service delivery.

CURRENT TRADING AND OUTLOOK

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

We have completed our investment in the former Pomer campsite and are currently finalising our plans for further investments, such as the Kažela campsite, where we expect works to commence in the second half of 2018.

Trading since 30 June 2018 has remained encouraging and the third quarter of the year is usually the strongest quarter for our Croatian operations. 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 SIX MONTHS OF 2018

- Reported revenue in the first six months increased by 8.0% to HRK 258.4 million (first six months of 2017: HRK 239.4 million). This growth is the result of improved trading across our Croatian, German and Hungarian operations;
- In Croatia, our operations delivered a positive EBITDA result;
- The Company signed a long 4.5 years term facility for an amount of EUR 5 million to partly finance the investments in Arena One 99 Glamping, which opened at the end of June;
- The refurbishment of six accommodation units, which were previously part of the Verudela Beach & Villas complex, have been completed and added to the inventory of Park Plaza Arena Pula which now offers 187 rooms and suites;
- Mr. Chen Carlos Moravsky, a member of the Supervisory Board of the Company resigned.

Arena One 99 Glamping – new opening June 2018



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 six months of 2018.

CONSOLIDATED KEY PERFORMANCE INDICATORS

	Six months ended 30 June 2018	Six months ended 30 June 2017	Variance % ¹
Total revenue (HRK million)	258.4	239.4	8.0
Accommodation revenue (HRK million)	197.6	180.9	9.2
EBITDAR (HRK million)	41.5	39.9	3.8
EBITDA (HRK million)	24.3	20.1	20.8
Profit/(loss) before tax (HRK million)	(23.7)	(23.9)	(0.8)
Rooms available ²	923,847	894,168	3.3
Occupancy % ²	42.7	40.8	190 ⁴
Average daily rate (HRK) ³	501.0	496.5	0.9
RevPAR (HRK)	213.9	202.3	5.7

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 six months ended 30 June 2018 with six months ended 30 June 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 8.0% to HRK 258.4 million (first six months of 2017: HRK 239.4 million) due to improved trading in our Croatian, German and Hungarian operations.

On a reported basis, EBITDA increased by 20.8% to HRK 24.3 million (first six months of 2017: HRK 20.1 million). EBITDA increased by HRK 4.2 million, mainly as a result of increased revenues and lower rental expenses. The majority of revenue growth was delivered by our German operations with the Croatian operation delivering a positive EBITDA during the first half of the year (a period of generally low business activity) for the first time.

CROATIA PORTFOLIO PERFORMANCE

The following table sets out the results for the Group's operations in Croatia for the first six months of 2018:

CROATIA HOTELS, SELF CATERING HOLIDAY APARTMENT COMPLEXES AND CAMPSITES OPERATIONS

KEY PERFORMANCE INDICATORS

	Six months ended 30 June 2018	Six months ended 30 June 2017	Variance %
Total revenue (HRK million)	137.3	125.2	9.7
Accommodation revenue (HRK million)	104.8	95.0	10.3
EBITDAR (HRK million)	5.5	4.3	28.2
EBITDA (HRK million)	0.8	(0.0)	N/A
Rooms available ¹	764,748	735,069	4.0
Occupancy % ¹	35.2	33.6	160 ⁴
Average daily rate (HRK) ²	389.6	384.6	1.3
RevPAR (HRK)	137.1	129.3	6.0
FTE ³	534	502	6.3

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. However, the Group's Croatian operations delivered a strong first six months' financial performance, with growth in occupancy, ADR and RevPAR.

Total revenue increased by 9.7% to HRK 137.3 million, primarily due to a strong performance in March (a result of the early Easter holiday), and in May (a result of the timing of the Pentecost holiday), alongside stronger demand for our sports related accommodation. During 2017, we added new facilities at our sports oriented hotel, Park Plaza Belvedere Medulin and these additions benefited our operations during the first half. This growth was underpinned by a 1.3% increase in average daily rate and 160 bps increase in occupancy. As a result, accommodation revenue increased by 10.3% to HRK 104.8 million. RevPAR was up 6.0% compared to 2017 at HRK 137.1.

EBITDAR increased by 28.2% to HRK 5.5 million, despite an increase in property taxes (urban land and water protection fees). The increase in revenue has resulted in a positive EBITDA of HRK 0.8 million. It is worth highlighting that we have managed to convert our EBITDA to a positive territory this first half of the year, whilst in the past it used to be negative.

GERMAN AND HUNGARIAN PORTFOLIO PERFORMANCE

The following table sets out the Group's results of operations in Germany and Hungary for the first six months of 2018:

	Reported / in HRK			Reported Euros (€)	
	Six months ended 30 June 2018	Six months ended 30 June 2017	Variance %	Six months ended 30 June 2018	Six months ended 30 June 2017
Total revenue (millions)	116.5	109.4	6.5	15.7	14.7
Accommodation revenue (millions)	92.8	85.9	8.0	12.5	11.5
EBITDAR (millions)	34.3	33.3	2.8	4.6	4.5
EBITDA (millions)	22.3	18.3	21.8	3.0	2.5
Rooms available ¹	159,099	159,099	0.0	159,099	159,099
Occupancy % ¹	78.8	73.7	510.0 ⁴	78.8	73.7
Average daily rate ²	740.0	732.0	1.1	99.9	98.4
RevPAR	583.1	539.0	8.0	78.7	72.5
FTE ³	222	211	4.7	222	211

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 performance in the first six months. Total reported revenue grew by 6.5% to HRK 116.5 million (first six months of 2017: HRK 109.4 million). Reported EBITDA increased by 21.8% to HRK 22.3 million (first six months of 2017: HRK 18.3 million) benefiting from improved trading and reduced rental expenses as a result of the 2017 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 six months 2018:

MANAGEMENT AND CENTRAL SERVICES

	Six months ended 30 June 2018	Six months ended 30 June 2017	Variance %
Total revenue before elimination (HRK million)	50.3	44.2	13.8
Elimination of intra group revenue (HRK million)	(45.0)	(39.0)	N/A
Total reported revenue (HRK million)	5.3	5.2	1.5
EBITDA (HRK million)	1.2	1.9	(36.8)
FTE ¹	266	264	2.0

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 subsidiary of the Company, 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. 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 centralised 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 and/or operational decisions. The Company is controlled by Dvadeset Osam d.o.o., which owned 51.97% of the Company's shares as at 30 June 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 Limited 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 30 June 2018 HRK'000	As at 31 December 2017 HRK'000	As at 30 June 2018 HRK'000	As at 31 December 2017 HRK'000
Assets:				
Short-term receivables – Park Plaza Hotels Europe B.V.	2,878	10	2,878	10
Short-term receivables – art'otel dresden Park Plaza Betriebsgesellschaft mbH	354	323	-	-
Short-term receivables – Euro Sea Hotels N.V.	371	448	-	-
Short-term receivables – art'otel berlin mitte Park Plaza Betriebsgesellschaft mbH	27	153	27	-
Short-term receivables – Park Plaza Betriebsgesellschaft mbH	-	141	-	-
Short-term receivables – PPHE Nuernberg Operator Hotelbetriebsgesellschaft mbh	-	-	13	110
Short-term receivables – Arena Hospitality Management d.o.o.	-	-	694	645
Short-term receivables – Sugarhill Investments B.V.	-	-	-	-
Long-term loans to joint ventures	33,617	33,839	-	-
Long-term loan to Ulika d.o.o.	-	-	2,422	-
Long-term loan to Germany Real Estate B.V.	-	-	69,108	72,457
Liabilities:				
Trade payables – Sugarhill Investments B.V.	-	-	-	6
Trade payables – Arena Hospitality Management d.o.o.	-	-	2,846	1,869
Trade payables – PPHE (Germany) B.V.	9,974	10,688	-	-
Trade payables – Park Plaza Hotels Europe B.V.	7,096	3,732	-	3,732
Trade payables – Waterloo Hotel Operator Ltd.	-	2	-	2
Other current liability – Euro Sea Hotels N.V.	8,208	8,112	-	-

b. Transactions with related parties

	Group		Company	
	As at 30 June 2018 HRK'000	As at 30 June 2017 HRK'000	As at 30 June 2018 HRK'000	As at 30 June 2017 HRK'000
Management fee revenue – art'otel dresden Park Plaza Betriebsgesellschaft mbH	783	652	-	-
Management fee revenue from joint ventures	1,165	1,141	-	-
Service charge revenue – art'otel dresden Park Plaza Betriebsgesellschaft mbH	661	739	-	-
Service charge revenue – joint ventures	1,244	1,212	-	-
Reimbursement of employee expenses – Arena Hospitality Management d.o.o.	-	-	3,265	-
Management fees expense – Arena Hospitality Management d.o.o.	-	-	2,968	3,023
Other expenses – Sugarhill Investments B.V.	-	-	-	-
Sales and marketing fees – Park Plaza Hotels Europe B.V.	5,484	5,004	5,484	5,004
Sales and marketing fees – PPHE (Germany) B.V.	4,660	4,376	-	-
Interest expense – Euro Sea Hotels N.V.	285	1,942	-	1,700
Interest income – Germany Real Estate B.V.	-	-	2,256	1,785

INVESTMENT PROJECTS AND PRODUCT IMPROVEMENTS

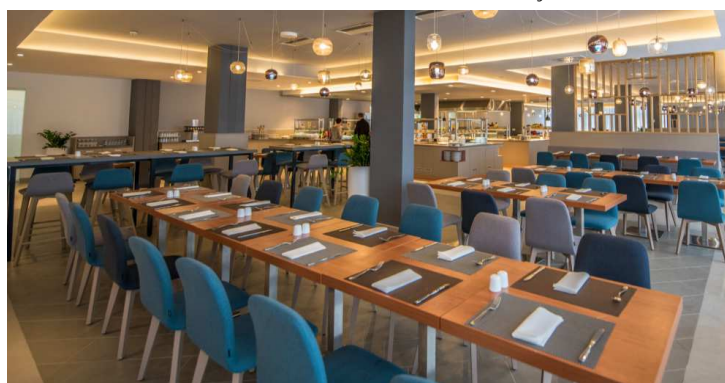
In the first half of 2018, we invested HRK 84.7 million in upgrading our Croatian operations. Our investments included the refurbishment of rooms, public areas and facilities at hotels, self-catering holiday apartment complexes and campsites. The main refurbishment projects completed in the first six months of 2018 were:

- Park Plaza Histria Pula: development of a new Wellness and Spa area, development of an additional meeting room and refurbishment of team members facilities;
- Park Plaza Arena Pula: several apartments which were previously part of the Verudela Beach Resort were fully refurbished and upgraded and added to the inventory of Park Plaza Arena Pula;
- Arena Hotel Holiday: refurbishment of the kitchen and restaurant; and
- Arena One 99 Glamping represents the first significant investment to our campsite portfolio. The former Arena Pomer campsite has been converted to a high-end all-Glamping offering area with 196 luxury tents, a new infrastructure, reception area, market and restaurant, beach bars and wellness area. Arena One 99 Glamping opened its doors on 23rd June 2018.

Park Plaza Histria Pula – new Wellness and Spa area



Arena Hotel Holiday - new restaurant



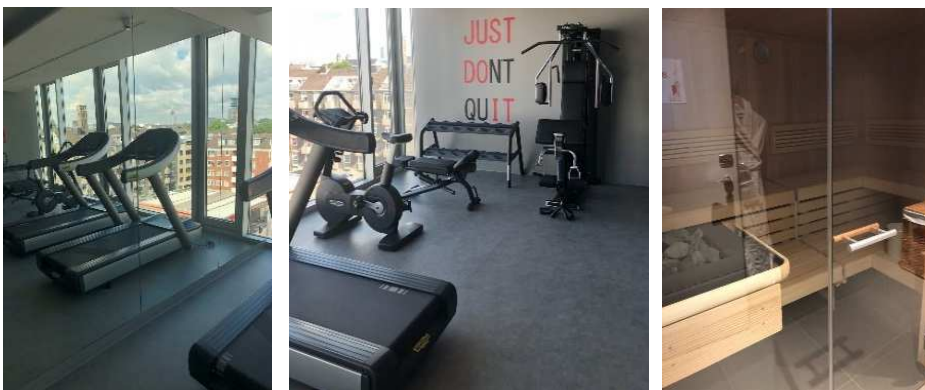
During the period, we invested HRK 11.6 million in our German portfolio. Our investments included upgrading of IT hardware, refurbishment of rooms and additional facilities, examples of which are detailed below:

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

art'otel berlin kudamm - guest room artist impression



art'otel cologne - new fitness and sauna areas



COMPANY BUSINESS RESULTS (CONSOLIDATED)

CONSOLIDATED INCOME STATEMENT

	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)	Variance %
<i>In HRK millions</i>			
Operating income	258.4	239.4	7.9
Ordinary operating expenses	(234.1)	(219.6)	6.6
EBITDA from operations	24.3	19.8	22.7
Depreciation	(33.0)	(30.4)	8.6
EBIT from operations	(8.7)	(10.6)	(17.9)
Financial revenues	0.4	9.2	(95.7)
Financial expenses	(13.3)	(21.9)	(39.3)
Other expense	(1.7)	(0.6)	183.3
Share in result of joint ventures	(0.4)	0.0	-
Total income	258.8	248.6	4.1
Total expenditures	(282.5)	(272.5)	3.7
Profit/(loss) before tax	(23.7)	(23.9)	(0.8)

The consolidated net loss in the first six months of 2018 decreased by HRK 0.1 million to HRK 23.7 million negative (first six months of 2017: HRK 23.9 million negative). The EBIT increase has been mainly offset by a decrease of financial revenues resulting from a decrease in unrealised forex revenues. The financial expenses decreased significantly after the debt restructuring at the end of 2017. Other expenses mostly refer to preopening expenses recorded in Arena One 99 Glamping.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(all amounts in HRK millions)

	30 June 2018 (Unaudited)	31 December 2017 (Audited)	Variance %
Long-term assets	1,910.5	1,852.1	3.2
Short-term assets	819.7	824.3	(0.7)
Total assets	2,730.2	2,676.4	2.0
Total equity	1,538.8	1,565.8	(1.7)
Long-term liabilities and provisions	970.6	944.9	2.6
Short-term liabilities	220.8	165.7	33.3
Total liabilities	1,191.4	1,110.6	7.2
Total equity and liabilities	2,730.2	2,676.4	2.0

Long-term assets increased by HRK 58.4 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 5.9 million as a result of recognition of deferred tax calculated on tax losses which will be utilised in upcoming periods.

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Long-term liabilities increased as a result of an increase of a bank loans in Croatia and Germany. In Germany as a result of the refinancing of the bank loan with Park Plaza Nuremberg hotel for 10 years as of 29 December 2017 for an increased amount of EUR 16 million releasing excess cash following the completion of the construction of the hotel. In Croatia as a result of the financing structured to partly finance the investments undertaken in Arena One 99 Glamping.

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

COMPANY BUSINESS RESULTS (NON-CONSOLIDATED)

NON-CONSOLIDATED INCOME STATEMENT

	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)	Variance %
<i>In HRK millions</i>			
Total operating income	141.3	129.3	9.3
Total operating expenses	(144.0)	(131.1)	9.8
EBITDA	(2.7)	(1.8)	50.0
Depreciation	(24.7)	(24.1)	2.5
EBIT	(27.4)	(25.9)	5.8
Financial revenues	2.3	10.5	(78.1)
Financial expenses	(6.7)	(15.5)	(56.8)
Other expenses	(1.7)	-	-
Total income	143.6	139.8	2.7
Total expenditures	(177.1)	(170.7)	3.7
Profit/(loss)before tax	(33.5)	(30.9)	8.4

The positive effect of a lower interest expense is offset with a less positive effect of unrealised forex revenue.

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2018

<i>(all amounts in HRK million)</i>	30 June 2018 (Unaudited)	31 December 2017 (Audited)	Variance %
Long-term assets	1,822.6	1,757.6	3.7
Short-term assets	695.6	725.9	(4.2)
Total assets	2,518.2	2,483.5	1.4
Total equity	1,857.4	1,885.0	(1.5)
Long-term liabilities and provisions	524.3	518.9	1.0
Short-term liabilities	136.5	79.6	71.5
Total liabilities	660.8	598.5	10.4
Total equity and liabilities	2,518.2	2,483.5	1.4

PRINCIPAL RISKS OF THE GROUP AND THE COMPANY

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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 of the Company was held on 27 April 2018, whereat the Company's Annual Report for 2017 (consolidated and non-consolidated) was considered and the decisions on use of profit realised in 2017 and on granting discharge to the members of the Supervisory Board and the Management Board for their work in 2017 were adopted.

SUPERVISORY BOARD MEETINGS

As at 30 June 2018, the members of the Supervisory Board are: Boris Ernest Ivesha, Yoav Papouchado, Abraham Thomas, Amra Pende, Lorena Škuflić and Vehbija Mustafić (employee representative).

The meetings 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 and on 26 April 2018 whereat, inter alia, the quarterly report for the first quarter of 2018 was considered. The Supervisory Board passed a decision by correspondence on 6 June 2018 to approve a related party transaction (purchase of two yachts from PPHE Histria Charter d.o.o.).

SUPERVISORY BOARD COMMITTEES

The Supervisory Board established an Audit Committee and a Nomination and Remuneration Committee.

In the first half of 2018, the Company's Audit Committee held the meeting on 20 February 2018 and considered the Financial Statements of the Company for 2017 (consolidated and non-consolidated).

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:

- 26 February 2018 whereat, inter alia, the quarterly report for the fourth quarter of 2017 and the Annual Report of the Company for the year end 31 December 2017 (consolidated and non-consolidated) were adopted;
- 23 March 2018 whereat, inter alia, the decision on convocation of the General Assembly meeting was adopted;
- 26 April 2018 whereat, inter alia, the quarterly report for the first quarter of 2018 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 30 June 2018, 169 shares were held as treasury shares.

Shareholders with holdings of 3% or more of the Company's registered capital as at 30 June 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%
5 PRIVREDNA BANKA ZAGREB D.D./SKRBNIČKI ZBIRNI RAČUN KLIJENTA	3.98%

VALUATION

	Q2 2018		
	High	Low	Last
Share price	437.0	412.0	424.0
Market capitalization ¹	2,241,251,077	2,113,033,052	2,174,577,704
Net debt ²	137,724,509	137,724,509	137,724,509
EV ³	2,378,975,586	2,378,975,586	2,378,975,586
EV/EBITDA	11.0x	10.4x	10.7x

¹ Number of shares outstanding as at 30 June 2018 was 5,128,721

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 capitalisation and net debt

MANAGEMENT BOARD'S
RESPONSIBILITY STATEMENT

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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 knowledge:

- The short set of non-consolidated unaudited six 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 six 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 30 June 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: 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

30.06.2018.

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: 1.314

(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

Ulrika 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 30.06.2018

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	1.910.517.904
I. INTANGIBLE ASSETS (004 do 009)	003	1.335.177	1.288.033
1. Expenditure for development	004	0	0
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	777.408	730.264
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	1.838.421.262
1. Land	011	314.633.041	312.856.853
2. Buildings	012	1.320.668.857	1.343.637.890
3. Plant and equipment	013	116.181.553	132.083.748
4. Tools, working inventory and transportation assets	014	2.416.232	5.939.559
5. Biological assets	015	0	0
6. Advances for purchase of tangible assets	016	819.282	5.464.512
7. Tangible assets in progress	017	22.044.723	28.918.823
8. Other tangible assets	018	8.687.360	9.519.877
9. Investment in real-estate	019	0	0
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	37.322.574	37.100.289
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	33.580.567
5. Investments in securities	025	0	0
6. Loans, deposits, etc.	026	3.275.899	3.519.722
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	33.708.320
C) CURRENT ASSETS (035+043+050+058)	034	824.275.151	819.668.329
I. INVENTORIES (036 do 042)	035	4.395.963	5.597.003
1. Raw materials and supplies	036	3.892.544	5.140.968
2. Production in progress	037	0	0
3. Finished products	038	0	0
4. Merchandise	039	2.216	67.933
5. Advances for inventories	040	501.203	388.102
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	80.640.555
1. Receivables from related parties	044	781.843	752.244
2. Receivables from end-customers	045	12.969.775	71.673.864
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	3.999.318
6. Other receivables	049	4.808.537	4.215.129
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	205.345	5.049.539
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	4.844.194
7. Other financial assets	057	0	0
IV. CASH AND CASH EQUIVALENTS	058	800.100.724	728.381.232
D) PREPAYMENTS AND ACCRUED INCOME	059	0	0
E) TOTAL ASSETS (001+002+034+059)	060	2.676.374.287	2.730.186.233
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	1.538.775.538
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	320.223.502
1. Legal reserves	066	2.182.500	5.128.721
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	315.094.781
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	-20.899.763
1. Net profit for the period	076	88.082.626	0
2. Net loss for the period	077	0	20.899.763
VII. MINORITY INTEREST	078	0	0
B) PROVISIONS (080 do 082)	079	62.748.579	65.961.607
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	64.613.348
C) NON-CURRENT LIABILITIES (084 do 092)	083	882.190.997	904.663.312
1. Liabilities to related parties	084	0	0
2. Liabilities for loans, deposits, etc.	085	75.135.996	73.795.836
3. Liabilities to banks and other financial institutions	086	807.055.001	828.961.758
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	1.905.718
9. Deferred tax liabilities	092	0	0
D) CURRENT LIABILITIES (094 do 105)	093	165.678.306	220.785.776
1. Liabilities to related parties	094	22.533.586	15.314.912
2. Liabilities for loans, deposits, etc.	095	0	0
3. Liabilities to banks and other financial institutions	096	38.221.202	37.143.984
4. Liabilities for advances	097	12.451.670	46.255.854
5. Trade payables	098	23.632.849	59.846.040
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	16.449.404
9. Taxes, contributions and similar liabilities	102	29.754.721	19.950.794
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	25.824.788
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	0	0
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	2.676.374.287	2.730.186.233
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	1.538.775.538
2. Attributable to minority interest	110	0	0

Income statement

period 01.01.2018 to 30.06.2018

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	239.381.689	175.988.521	258.431.411	184.818.124
1. Rendering of services	112	237.715.111	175.134.494	256.607.713	183.760.286
2. Other operating income	113	1.666.577	854.027	1.823.698	1.057.838
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	250.627.985	152.436.471	268.839.615	162.477.328
1. Change in inventories of work in progress	115	0	0	0	0
2. Material expenses (117 do 119)	116	101.691.447	62.554.332	106.281.259	68.019.837
a) Costs of raw materials	117	45.549.690	30.789.708	50.315.165	33.369.805
b) Cost of goods sold	118	0	0	0	0
c) Other material expenses	119	56.141.757	31.764.624	55.966.094	34.650.032
3. Employee benefits expenses (121 do 123)	120	95.300.500	60.956.175	103.829.383	63.687.099
a) Net salaries	121	63.779.014	43.501.470	66.303.312	42.232.506
b) Tax and contributions from salary expenses	122	20.007.775	11.184.223	24.255.594	13.750.316
c) Contributions on salary	123	11.513.711	6.270.482	13.270.477	7.704.277
4. Depreciation and amortisation	124	30.365.508	15.391.595	32.991.615	16.774.620
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	23.270.530	13.534.370	25.737.358	13.995.772
III. FINANCIAL INCOME (132 do 136)	131	9.210.223	2.031.034	393.950	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	9.210.223	2.031.034	393.950	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
IV. FINANCIAL EXPENSES (138 do 141)	137	21.862.371	12.355.134	13.377.898	6.993.813
1. Interest, foreign exchange differences, dividends and similar income from related parties	138	1.942.643	1.412.308	285.055	164.358
2. Interest, foreign exchange differences, dividends and similar income from third parties	139	19.919.728	10.942.826	13.092.843	6.829.455
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	39.065	327.597	0	414.294
VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES	143	0	0	406.303	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	248.630.977	178.347.152	258.825.361	185.232.418
X. TOTAL EXPENSES (114+137+143+145)	147	272.490.355	164.791.605	282.623.816	169.471.141
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	-23.859.379	13.555.547	-23.798.455	15.761.277
1. Profit before taxes (146-147)	149	0	13.555.547	0	15.761.277
2. Loss before taxes (147-146)	150	23.859.379	0	23.798.455	0
XII. TAXATION	151	-2.439.653	2.216.586	-2.898.692	2.637.249
XII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	-21.419.726	11.338.961	-20.899.763	13.124.028
1. Profit for the period (149-151)	153	0	11.338.961	0	13.124.028
2. Loss for the period (151-148)	154	21.419.726	0	20.899.763	0
ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	155	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	-21.419.726	11.338.961	-20.899.763	13.124.028
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 165)	158	-2.990.344	-444.344	-5.984.478	-3.807.721
1. Exchange differences from international settlement	159	-3.740.577	-309.577	-4.070.809	-1.894.052
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	750.233	-134.767	-1.913.669	-1.913.669
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	-2.990.344	-444.344	-5.984.478	-3.807.721
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	-24.410.070	10.894.617	-26.884.241	9.316.307
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	-21.933.370	10.774.187	-20.899.763	13.124.028
2. Attributable to minority interest	170	513.644	564.774	0	0

Cash flow statement - indirect method
period 01.01.2018 to 30.06.2018

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	-23.859.379	-23.798.455
2. Depreciation and amortisation	002	30.365.508	32.991.615
3. Decrease of current liabilities	003	67.097.608	62.938.391
4. Decrease of current receivables	004	0	0
5. Decrease of inventories	005	0	0
6. Other cash flow increases	006	0	0
I. Total increase of cash flow from operating activities	007	73.603.737	72.131.551
1. Decrease of current liabilities	008	0	0
2. Increase of current receivables	009	32.248.977	57.481.730
3. Increase of inventories	010	2.431.215	2.094.481
4. Other cash flow decreases	011	8.645.046	28.566.841
II. Total decrease of cash flow from operating activities	012	43.325.238	88.143.052
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	30.278.499	0
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	014	0	16.011.501
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	7.647
4. Dividend received	018	0	0
5. Other proceeds from investing activities	019	7.997.950	0
III. Total cash inflows from investing activities	020	7.997.950	7.647
1. Purchase of non-current assets	021	479.593.897	86.413.402
2. Purchase of non-current financial assets	022	0	0
3. Other cash outflows from investing activities	023	0	5.143.292
IV. Total cash outflows from investing activities	024	479.593.897	91.556.694
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	025	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	471.595.947	91.549.047
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issue of equity securities and debt securities	027	741.606.246	0
2. Proceeds from loans and borrowings	028	425.499.565	53.278.466
3. Other proceeds from financing activities	029	0	0
V. Total cash inflows from financing activities	030	1.167.105.811	53.278.466
1. Repayment of loans and bonds	031	33.752.745	17.437.410
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	61.756.082	0
VI. Total cash outflows from financing activities	036	95.508.827	17.437.410
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	037	1.071.596.984	35.841.056
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	0	0
Total increases of cash flows	039	630.279.536	0
Total decreases of cash flows	040	0	71.719.492
Cash and cash equivalents at the beginning of period	041	130.405.716	800.100.724
Increase of cash and cash equivalents	042	630.279.536	0
Decrease of cash and cash equivalents	043	0	71.719.492
Cash and cash equivalents at the end of period	044	760.685.252	728.381.232

STATEMENT OF CHANGES IN EQUITY

period **1.1.2018** to **30.6.2018**

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	320.223.502
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	-20.899.763
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	1.538.775.538
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	1.538.775.538
17 b. Attributable to minority interest	019	0	0

Annex 1.

Reporting period

01.01.2018.

to

30.06.2018.

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: 1.081

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 30.06.2018

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	1.822.577.823
I. INTANGIBLE ASSETS (004 do 009)	003	1.335.177	1.291.993
1. Expenditure for development	004	0	0
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	777.408	734.224
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	1.192.606.023
1. Land	011	216.589.130	216.561.697
2. Buildings	012	815.976.463	850.626.732
3. Plant and equipment	013	63.044.031	75.574.824
4. Tools, working inventory and transportation assets	014	2.416.232	5.939.559
5. Biological assets	015	0	0
6. Advances for purchase of tangible assets	016	819.282	5.464.512
7. Tangible assets in progress	017	21.225.441	28.918.822
8. Other tangible assets	018	8.687.358	9.519.877
9. Investment in real-estate	019	0	0
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	597.063.801	596.156.446
1. Share in related parties	021	528.348.609	528.552.622
2. Loans to related parties	022	68.347.402	67.127.834
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	367.790	475.990
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	32.523.361
C) CURRENT ASSETS (035+043+050+058)	034	729.812.330	695.616.495
I. INVENTORIES (036 do 042)	035	1.923.794	4.278.810
1. Raw materials and supplies	036	1.420.375	3.822.775
2. Production in progress	037	0	0
3. Finished products	038	0	0
4. Merchandise	039	2.216	67.933
5. Advances for inventories	040	501.203	388.102
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	65.716.826
1. Receivables from related parties	044	4.877.175	2.755.129
2. Receivables from end-customers	045	1.787.176	58.861.175
3. Receivables from participating parties	046	0	0
4. Receivables from employees and members of the company	047	167.785	86.985
5. Receivables from government and other institutions	048	913.701	2.954.608
6. Other receivables	049	3.513.475	1.058.929
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	218.317	2.627.442
1. Share in related parties	051	0	0
2. Loans to related parties	052	0	2.422.097
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	622.993.417
D) PREPAYMENTS AND ACCRUED INCOME	059	0	0
E) TOTAL ASSETS (001+002+034+059)	060	2.483.539.229	2.518.194.318
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	1.857.416.721
I. SUBSCRIBED SHARE CAPITAL	063	102.574.420	102.574.420
II. CAPITAL RESERVES	064	1.142.738.633	1.142.742.013
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	570.777.947	573.663.108
1. Legal reserves	066	2.182.500	5.128.721
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	568.534.387
IV. REVALUATION RESERVES	071	111.690	111.690
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	0	65.877.455
1. Retained earnings	073	0	65.877.455
2. Loss carried forward	074	0	0
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	68.823.676	-27.551.965
1. Net profit for the period	076	68.823.676	0
2. Net loss for the period	077	0	27.551.965
VII. MINORITY INTEREST	078	0	0
B) PROVISIONS (080 do 082)	079	62.747.172	65.960.226
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	61.398.913	64.611.967
C) NON-CURRENT LIABILITIES (084 do 092)	083	456.126.654	458.318.330
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	458.318.330
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	136.499.041
1. Liabilities to related parties	094	5.600.767	0
2. Liabilities for loans, deposits, etc.	095	0	0
3. Liabilities to banks and other financial institutions	096	24.622.959	23.611.319
4. Liabilities for advances	097	4.421.887	34.979.578
5. Trade payables	098	8.065.836	46.824.471
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	14.183.907
9. Taxes, contributions and similar liabilities	102	20.655.388	9.502.980
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	7.396.786
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	0	0
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	2.483.539.229	2.518.194.318
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 30.06.2018

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	129.311.700	118.870.843	141.342.451	123.361.033
1. Rendering of services	112	128.499.398	118.688.309	140.381.982	122.967.346
2. Other operating income	113	812.302	182.534	960.469	393.687
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	155.251.413	97.963.925	170.898.493	111.869.723
1. Change in inventories of work in progress	115	0	0	0	0
2. Material expenses (117 do 119)	116	58.207.970	39.798.992	64.299.267	47.923.092
a) Costs of raw materials	117	28.153.438	21.966.169	31.897.889	23.758.484
b) Cost of goods sold	118	576	576	31.559	31.559
c) Other material expenses	119	30.053.956	17.832.247	32.369.819	24.133.049
3. Employee benefits expenses (121 do 123)	120	56.036.710	39.157.825	64.836.783	40.974.338
a) Net salaries	121	36.131.364	25.774.647	40.191.695	25.468.102
b) Tax and contributions from salary expenses	122	12.874.071	8.594.592	16.249.143	10.128.235
c) Contributions on salary	123	7.031.275	4.788.586	8.395.945	5.378.001
4. Depreciation and amortisation	124	24.106.795	11.299.732	24.730.316	12.365.936
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	553.600	553.600	519.858	261.365
8. Other operating costs	130	16.346.338	7.153.776	16.512.269	10.344.992
III. FINANCIAL INCOME (132 do 136)	131	10.504.509	2.832.351	2.279.882	1.142.727
1. Interest, foreign exchange differences, dividends and similar income from related parties	132	1.764.875	1.137.594	2.267.401	1.142.727
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	8.739.234	1.694.757	12.481	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	400	0	0	0
IV. FINANCIAL EXPENSES (138 do 141)	137	15.457.169	7.664.349	6.229.182	3.409.572
1. Interest, foreign exchange differences, dividends and similar income from related parties	138	1.699.625	1.095.544	126.166	111.873
2. Interest, foreign exchange differences, dividends and similar income from third parties	139	13.467.057	6.457.778	6.100.851	3.297.699
3. Unrealised losses (expenses) from financial assets	140	0	0	0	0
4. Other financial expenses	141	290.487	111.027	2.165	0
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	139.816.209	121.703.194	143.622.333	124.503.760
X. TOTAL EXPENSES (114+137+143+145)	147	170.708.582	105.628.274	177.127.675	115.279.295
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	-30.892.373	16.074.920	-33.505.342	9.224.465
1. Profit before taxes (146-147)	149	0	16.074.920	0	9.224.465
2. Loss before taxes (147-146)	150	30.892.373	0	33.505.342	0
XII. TAXATION	151	-5.560.627	1.483.023	-5.953.377	1.713.758
XII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	-25.331.746	14.591.897	-27.551.965	7.510.707
1. Profit for the period (149-151)	153	0	14.591.897	0	7.510.707
2. Loss for the period (151-148)	154	25.331.746	0	27.551.965	0
ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	155	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 30.06.2018			
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	-30.892.373	-33.505.342
2. Depreciation and amortisation	002	24.106.795	24.730.316
3. Decrease of current liabilities	003	87.240.262	60.852.177
4. Decrease of current receivables	004	0	0
5. Decrease of inventories	005	0	0
6. Other cash flow increases	006	0	0
I. Total increase of cash flow from operating activities	007	80.454.684	52.077.151
1. Decrease of current liabilities	008	0	0
2. Increase of current receivables	009	55.201.768	53.301.125
3. Increase of inventories	010	1.070.105	3.081.798
4. Other cash flow decreases	011	11.141.605	23.415.052
II. Total decrease of cash flow from operating activities	012	67.413.478	79.797.975
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	13.041.206	0
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	014	0	27.720.824
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	4.333.314
4. Dividend received	018	0	0
5. Other proceeds from investing activities	019	0	0
III. Total cash inflows from investing activities	020	0	4.333.314
1. Purchase of non-current assets	021	41.724.992	76.889.416
2. Purchase of non-current financial assets	022	0	0
3. Other cash outflows from investing activities	023	0	2.925.177
IV. Total cash outflows from investing activities	024	41.724.992	79.814.593
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	025	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	41.724.992	75.481.279
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issue of equity securities and debt securities	027	741.606.246	0
2. Proceeds from loans and borrowings	028	64.266.651	22.140.000
3. Other proceeds from financing activities	029	0	0
V. Total cash inflows from financing activities	030	805.872.897	22.140.000
1. Repayment of loans and bonds	031	29.437.161	12.297.706
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	127.802.049	57.681
VI. Total cash outflows from financing activities	036	157.239.210	12.355.387
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	037	648.633.687	9.784.613
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	0	0
Total increases of cash flows	039	619.949.901	0
Total decreases of cash flows	040	0	93.417.490
Cash and cash equivalents at the beginning of period	041	92.464.080	716.410.907
Increase of cash and cash equivalents	042	619.949.901	0
Decrease of cash and cash equivalents	043	0	93.417.490
Cash and cash equivalents at the end of period	044	712.413.981	622.993.417

STATEMENT OF CHANGES IN EQUITY

period **1.1.2018** to **30.6.2018**

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	1.142.742.013
3. Reserves from profit	003	570.777.947	573.663.108
4. Retained earnings or loss carried forward	004	0	65.877.455
5. Net profit or loss for the period	005	68.823.676	-27.551.965
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	1.857.416.721
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