

Appendix 1
Reporting period:

1.1.2016

to

31.12.2016

Annual financial report of entrepreneur - GFI-POD

Registration number (MB)

Identification number of subject (MBS)

Personal identification number (OIB)

Issuer company:

Postal code and place

Street and number

E-mail address:

Internet address:

Code and name of comune/town

Code and county name Number of employees

(at quarter end)

Consolidated statement NKD/NWC code:

Subsidiaries subject to consolidation (according to IFRS):

Registration number:

| Subsidiaries subject to consolidation (according to IFRS): | Registration number: |
|--|----------------------|
| | |
| | |
| | |
| | |
| | |
| | |

Book keeping service:

Contact person:
(authorised person for representation)

Phone number: Fascimile:

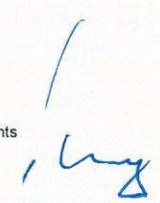
E-mail address:

Surname and name:
(authorised person for representation)

Disclosure documents:

1. Audited annual financial statements
2. Report of the Management Board on position of the Company
3. Statement of responsible persons for preparation of financial statements
4. The decision of the competent authority (the proposal) about the development of the annual financial statements
5. Decision on the allocation of profits or covering of loss

M.P.


(signed by authorised person for representation)

FTB TURIZAM d.d.
Zagreb 1

BALANCE SHEET
as at 31.12.2016.

| Obligator: FTB TURIZAM d.d. ZAGREB | | | |
|--|------------|-----------------|--------------------|
| Item | AOP code | Last year (net) | Current year (net) |
| 1 | 2 | 3 | 4 |
| ASSETS | | | |
| A) RECEIVABLES FOR SUBSCRIBED BUT NOT PAID-IN CAPITAL | 001 | | |
| B) LONG-TERM ASSETS (003+010+020+029+033) | 002 | 180.742.877 | 188.962.189 |
| I. INTANGIBLE ASSETS (004 to 009) | 003 | 0 | 0 |
| 1. Assets development | 004 | | |
| 2. Concessions, patents, licences fees, trade and service marks, software and other rights | 005 | | |
| 3. Goodwill | 006 | | |
| 4. Prepayments for purchase of intangible assets | 007 | | |
| 5. Intangible assets in preparation | 008 | | |
| 6. Other intangible assets | 009 | | |
| II. TANGIBLE ASSETS (011 to 019) | 010 | 0 | 0 |
| 1. Land | 011 | | |
| 2. Buildings | 012 | | |
| 3. Plant and equipment | 013 | | |
| 4. Tools, facility inventory and transport assets | 014 | | |
| 5. Biological assets | 015 | | |
| 6. Prepayments for tangible assets | 016 | | |
| 7. Tangible assets in progress | 017 | | |
| 8. Other tangible assets | 018 | | |
| 9. Investments in buildings | 019 | | |
| III. LONG-TERM FINANCIAL ASSETS (021 to 028) | 020 | 180.742.877 | 188.962.189 |
| 1. Investments (shares) with related parties | 021 | 180.742.877 | 188.962.189 |
| 2. Loans given to related parties | 022 | | |
| 3. Participating interest (shares) | 023 | | |
| 4. Loans to entrepreneurs in whom the entity holds participating interests | 024 | | |
| 5. Investments in securities | 025 | | |
| 6. Loans, deposits and similar assets | 026 | | |
| 7. Other long - term financial assets | 027 | | |
| 8. Investments accounted by equity method | 028 | | |
| IV. RECEIVABLES (030 to 032) | 029 | 0 | 0 |
| 1. Receivables from related parties | 030 | | |
| 2. Receivables from based on trade loans | 031 | | |
| 3. Other receivables | 032 | | |
| V. DEFERRED TAX ASSETS | 033 | | |
| C) SHORT TERM ASSETS (035+043+050+058) | 034 | 22.132.585 | 13.900.610 |
| I. INVENTORIES (036 to 042) | 035 | 0 | 0 |
| 1. Raw-material and supplies | 036 | | |
| 2. Work in progress | 037 | | |
| 3. Finished goods | 038 | | |
| 4. Merchandise | 039 | | |
| 5. Prepayments for inventories | 040 | | |
| 6. Long - term assets held for sales | 041 | | |
| 7. Biological assets | 042 | | |
| II. RECEIVABLES (044 to 049) | 043 | 0 | 177.419 |
| 1. Receivables from related parties | 044 | | 155.953 |
| 2. Accounts receivable | 045 | | |
| 3. Receivables from participating parties | 046 | | |
| 4. Receivables from employees and members of related parties | 047 | | |
| 5. Receivables from government and other institutions | 048 | | 21.466 |
| 6. Other receivables | 049 | | |
| III. SHORT TERM FINANCIAL ASSETS (051 to 057) | 050 | 0 | 12.070.400 |
| 1. Shares (stocks) in related parties | 051 | | |
| 2. Loans given to related parties | 052 | | 12.070.400 |
| 3. Participating interests (shares) | 053 | | |
| 4. Loans to entrepreneurs in whom the entity holds participating interests | 054 | | |
| 5. Investments in securities | 055 | | |
| 6. Loans, deposits, etc. | 056 | | |
| 7. Other financial assets | 057 | | |
| IV. CASH AT BANK AND IN CASHIER | 058 | 22.132.585 | 1.652.791 |
| D) PREPAID EXPENSES AND ACCRUED REVENUE | 059 | | |
| E) TOTAL ASSETS (001+002+034+059) | 060 | 202.875.462 | 202.862.799 |
| F) OFF-BALANCE RECORDS | 061 | | |

Obligator: FTB TURIZAM d.d. ZAGREB

| Item 1 | AOP code 2 | Last year (net) 3 | Current year (net) 4 |
|--|------------------|----------------------|----------------------------|
| LIABILITIES AND CAPITAL | | | |
| A) CAPITAL AND RESERVES (063+064+065+071+072+075+078) | 062 | 202.808.920 | 202.828.256 |
| I. SUBSCRIBED CAPITAL | 063 | 202.769.470 | 202.769.470 |
| II. CAPITAL RESERVES | 064 | | |
| III. RESERVES FROM PROFIT (066+067-068+069+070) | 065 | 0 | 1.972 |
| 1. Reserves prescribed by law | 066 | | 1.972 |
| 2. Reserves for treasury shares | 067 | | |
| 3. Treasury stocks and shares (deduction) | 068 | | |
| 4. Statutory reserves | 069 | | |
| 5. Other reserves | 070 | | |
| IV. REVALUATION RESERVES | 071 | | |
| V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074) | 072 | 0 | 37.478 |
| 1. Retained earnings | 073 | | 37.478 |
| 2. Accumulated loss | 074 | | |
| VI. PROFIT/LOSS FOR THE CURRENT YEAR (076-077) | 075 | 39.450 | 19.336 |
| 1. Profit for the current year | 076 | 39.450 | 19.336 |
| 2. Loss for the current year | 077 | | |
| IX. MINORITY INTERESTS | 078 | | |
| B) PROVISIONS (080 to 082) | 079 | 0 | 0 |
| 1. Provisions for pensions, severance pay, and similar liabilities | 080 | | |
| 2. Reserves for tax liabilities | 081 | | |
| 3. Other reserves | 082 | | |
| C) LONG - TERM LIABILITIES (084 to 092) | 083 | 0 | 0 |
| 1. Liabilities to related parties | 084 | | |
| 2. Liabilities for loans, deposits etc. | 085 | | |
| 3. Liabilities to banks and other financial institutions | 086 | | |
| 4. Liabilities for received prepayments | 087 | | |
| 5. Accounts payable | 088 | | |
| 6. Liabilities arising from debt securities | 089 | | |
| 7. Liabilities to entrepreneurs in whom the entity holds participating interests | 090 | | |
| 8. Other long-term liabilities | 091 | | |
| 9. Deferred tax liability | 092 | | |
| D) SHORT - TERM LIABILITIES (094 to 105) | 093 | 66.542 | 34.543 |
| 1. Liabilities to related parties | 094 | | |
| 2. Liabilities for loans, deposits etc. | 095 | | |
| 3. Liabilities to banks and other financial institutions | 096 | | |
| 4. Liabilities for received prepayments | 097 | | |
| 5. Accounts payable | 098 | | 33.580 |
| 6. Liabilities arising from debt securities | 099 | | |
| 7. Liabilities to entrepreneurs in whom the entity holds participating interests | 100 | | |
| 8. Liabilities to employees | 101 | | |
| 9. Liabilities for taxes, contributions and similar fees | 102 | 9.863 | 963 |
| 10. Liabilities to share - holders | 103 | | |
| 11. Liabilities for long-term assets held for sale | 104 | | |
| 12. Other short - term liabilities | 105 | 56.679 | |
| E) DEFFERED SETTLEMENTS OF CHARGES AND INCOME DEFERRED | 106 | | |
| F) TOTAL – CAPITAL AND LIABILITIES (062+079+083+093+106) | 107 | 202.875.462 | 202.862.799 |
| G) OFF-BALANCE RECORDS | 108 | | |
| APPENDIX to balance sheet(to be filled in by entrepreneur that prepares consolidated annual financial report) | | | |
| CAPITAL AND RESERVES | | | |
| 1. Attributed to equity holders of parent company | 109 | 0 | 0 |
| 2. Attributed to minority interest | 110 | | |

PROFIT AND LOSS ACCOUNT
for the period 01.01.2016. to 31.12.2016.

| Obligator: FTB TURIZAM d.d. ZAGREB | | | |
|--|------------------|----------------|-------------------|
| Item 1 | AOP code 2 | Last year 3 | Current year 4 |
| I. OPERATING REVENUE (112+113) | 111 | 0 | 24.141 |
| 1. Sales revenue | 112 | | |
| 2. Other operating revenues | 113 | | 24.141 |
| II. OPERATING EXPENSES (115+116+120+124+125+126+129+130) | 114 | 72.477 | 680.452 |
| 1. Changes in value of work in progress and finished products | 115 | | |
| 2. Material costs (117 to 119) | 116 | 18.329 | 283.941 |
| a) Raw material and material costs | 117 | | |
| b) Costs of goods sold | 118 | | |
| c) Other external costs | 119 | 18.329 | 283.941 |
| 3. Staff costs (121 to 123) | 120 | 0 | 0 |
| a) Net salaries and wages | 121 | | |
| b) Cost for taxes and contributions from salaries | 122 | | |
| c) Contributions on gross salaries | 123 | | |
| 4. Depreciation | 124 | | |
| 5. Other costs | 125 | 54.148 | 396.511 |
| 6. Impairment (127+128) | 126 | 0 | 0 |
| a) Impairment of long-term assets (financial assets excluded) | 127 | | |
| b) Impairment of short - term assets (financial assets excluded) | 128 | | |
| 7. Provisions | 129 | | |
| 8. Other operating costs | 130 | | |
| III. FINANCIAL INCOME (132 to 136) | 131 | 121.790 | 680.864 |
| 1. Interest income, foreign exchange gains, dividends and similar income from related | 132 | | 502.062 |
| 2. Interest income, foreign exchange gains, dividends and similar income from non - | 133 | 121.790 | 178.802 |
| 3. Share in income from affiliated entrepreneurs and participating interests | 134 | | |
| 4. Unrealized gains (income) from financial assets | 135 | | |
| 5. Other financial income | 136 | | |
| IV. FINANCIAL EXPENSES (138 do 141) | 137 | 0 | 383 |
| 1. Interest expenses, foreign exchange losses, dividends and similar expenses from related | 138 | | 383 |
| 2. Interest expenses, foreign exchange losses, dividends and similar expenses from non - | 139 | | |
| 3. Unrealized losses (expenses) on financial assets | 140 | | |
| 4. Other financial expenses | 141 | | |
| V. INCOME FROM INVESTMENT - SHARE IN PROFIT OF ASSOCIATED ENTREPRENEURS | 142 | | |
| VI. LOSS FROM INVESTMENT - SHARE IN LOSS OF ASSOCIATED ENTREPRENEURS | 143 | | |
| VII. EXTRAORDINARY - OTHER INCOME | 144 | | |
| VIII. EXTRAORDINARY - OTHER EXPENSES | 145 | | |
| IX. TOTAL INCOME (111+131+142 + 144) | 146 | 121.790 | 705.005 |
| X. TOTAL EXPENSES (114+137+143 + 145) | 147 | 72.477 | 680.835 |
| XI. PROFIT OR LOSS BEFORE TAXATION (146-147) | 148 | 49.313 | 24.170 |
| 1. Profit before taxation (146-147) | 149 | 49.313 | 24.170 |
| 2. Loss before taxation (147-146) | 150 | 0 | 0 |
| XII. PROFIT TAX | 151 | 9.863 | 4.834 |
| XIII. PROFIT OR LOSS FOR THE PERIOD (148-151) | 152 | 39.450 | 19.336 |
| 1. Profit for the period (149-151) | 153 | 39.450 | 19.336 |
| 2. Loss for the period (151-148) | 154 | 0 | 0 |
| APPENDIX to P&L account (to be filled in by entrepreneur that prepares consolidated financial report) | | | |
| XIV. PROFIT OR LOSS FOR THE PERIOD | | | |
| 1. Attributed to equity holders of parent company | 155 | | |
| 2. Attributed to minority interest | 156 | | |
| STATEMENT OF OTHER COMPREHENSIVE INCOME (IFRS) | | | |
| I. PROFIT OR LOSS FOR THE PERIOD (= 152) | 157 | 39.450 | 19.336 |
| II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX (159 do 165) | 158 | | 0 |
| 1. Exchange differences on translation of foreign operations | 159 | | |
| 2. Movements in revaluation reserves of long - term tangible and intangible assets | 160 | | |
| 3. Profit or loss from reevaluation of financial assets available for sale | 161 | | |
| 4. Gains or losses on efficient cash flow hedging | 162 | | |
| 5. Gains or losses on efficient hedge of a net investment in foreign countries | 163 | | |
| 6. Share in other comprehensive income / loss of associated companies | 164 | | |
| 7. Actuarial gains / losses on defined benefit plans | 165 | | |
| III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD | 166 | | |
| IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (158-166) | 167 | | 0 |
| V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167) | 168 | 39.450 | 19.336 |
| APPENDIX to Statement of other comprehensive income (to be filled in by entrepreneur that prepares consolidated financial | | | |
| VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD | | | |
| 1. Attributed to equity holders of parent company | 169 | | |
| 2. Attributed to minority interest | 170 | | |

STATEMENT OF CASH FLOWS - INDIRECT METHOD
for the period 01.01.2016. to 31.12.2016.

| Obligator: FTB TURIZAM d.d. ZAGREB | | | |
|---|------------------|----------------|-------------------|
| Item 1 | AOP code 2 | Last year 3 | Current year 4 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| 1. Profit before tax | 001 | 49.313 | 24.170 |
| 2. Depreciation | 002 | | |
| 3. Increase in short term liabilities | 003 | 56.679 | |
| 4. Decrease in short term receivables | 004 | | 526.837 |
| 5. Decrease in inventories | 005 | | |
| 6. Other increase in cash flow | 006 | 121.790 | |
| I. Total increase in cash flow from operating activities (001 to 006) | 007 | 227.782 | 551.007 |
| 1. Decrease in short term liabilities | 008 | | |
| 2. Increase in short term receivables | 009 | | |
| 3. Increase in inventories | 010 | | |
| 4. Other decrease in cash flow | 011 | 121.790 | 741.287 |
| II. Total decrease in cash flow from operating activities (008 to 011) | 012 | 121.790 | 741.287 |
| A1) NET INCREASE IN CASH FLOW FROM OPERATING ACTIVITIES (007- | 013 | 105.992 | 0 |
| A2) NET DECREASE IN IN CASH FLOW FROM OPERATING ACTIVITIES | 014 | 0 | 190.280 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| 1. Cash inflows from sales of long-term tangible and intangible assets | 015 | | |
| 2. Cash inflows from sales of equity and debt instruments | 016 | | |
| 3. Interests receipts | 017 | | |
| 4. Dividend receipts | 018 | | |
| 5. Other cash inflows from investing activities | 019 | | |
| III. Total cash inflows from investing activities (015 to 019) | 020 | 0 | 0 |
| 1. Cash outflow for purchase of long-term tangible and intangible assets | 021 | | |
| 2. Cash outflow for acquisition of equity and debt financial instruments | 022 | | |
| 3. Other cash outflow for investing activities | 023 | | 8.219.114 |
| IV. Total cash outflow for investing activities (021 do 023) | 024 | 0 | 8.219.114 |
| B1) NET INCREASE IN CASH FLOW FROM INVESTING ACTIVITIES (020- | 025 | 0 | 0 |
| B2) NET DECREASE IN CASH FLOW FROM INVESTING ACTIVITIES (024- | 026 | 0 | 8.219.114 |
| CASH FLOW FROM FINANCIAL ACTIVITIES | | | |
| 1. Cash inflow from issuing property and debt financial instruments | 027 | | |
| 2. Proceeds from the credit principal, promissory notes, borrowings and other loans | 028 | | |
| 3. Other proceeds from financial activities | 029 | | |
| V. Total cash inflows from financial activities (027 to 029) | 030 | 0 | 0 |
| 1. Cash outflow for repayment of credit principal and bonds | 031 | | |
| 2. Cash outflow for dividends paid | 032 | | |
| 3. Cash outflow for financial lease | 033 | | |
| 4. Cash outflow for purchase of treasury shares | 034 | | |
| 5. Other cash outflow for financial activities | 035 | | 12.070.400 |
| VI. Total cash outflow for financial activities (031 to 035) | 036 | 0 | 12.070.400 |
| C1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (030- | 037 | 0 | 0 |
| C2) NET DECREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (036- | 038 | 0 | 12.070.400 |
| Total increase in cash flow (013 – 014 + 025 – 026 + 037 – 038) | 039 | 105.992 | 0 |
| Total decrease in cash flow (014 – 013 + 026 – 025 + 038 – 037) | 040 | 0 | 20.479.794 |
| Cash and cash equivalents at the beginning of the period | 041 | 22.026.593 | 22.132.585 |
| Increase of cash and cash equivalents | 042 | 105.992 | 0 |
| Decrease of cash and cash equivalents | 043 | 0 | 20.479.794 |
| Cash and cash equivalents at the end of the period | 044 | 22.132.585 | 1.652.791 |

STATEMENT OF CHANGES IN EQUITY
for the period 1.1.2016 do 31.12.2016

| Item | AOP code | Last year | Current year |
|--|------------|-------------|--------------|
| 1 | 2 | 3 | 4 |
| 1. Subscribed capital | 001 | 202.769.470 | 202.769.470 |
| 2. Capital reserves | 002 | | |
| 3. Reserves from profit | 003 | | 1.972 |
| 4. Retained earnings or accumulated loss | 004 | | 37.478 |
| 5. Profit or loss for the current year | 005 | 39.450 | 19.336 |
| 6. Revaluation of long - term tangible assets | 006 | | |
| 7. Revaluation of intangible assets | 007 | | |
| 8. Revaluation of financial assets available for sale | 008 | | |
| 9. Other revaluation | 009 | | |
| 10. Total capital and reserves (AOP 001 do 009) | 010 | 202.808.920 | 202.828.256 |
| 11. Currency gains and losses arising from net investement in foreign operations | 011 | | |
| 12. Current and deferred taxes (part) | 012 | | |
| 13. Cash flow hedging | 013 | | |
| 14. Changes in accounting policy | 014 | | |
| 15. Correction of significant errors in prior period | 015 | | |
| 16. Other changes of capital | 016 | | |
| 17. Total increase or decrease in capital (AOP 011 do 016) | 017 | 0 | 0 |
| 17 a. Attributed to equity holders of parent company | 018 | | |
| 17 b. Attributed to minority interest | 019 | | |

FTB TURIZAM d.d.

Management Report to the shareholders of FTB TURIZAM d.d. for the year 2016

Annual Report of the Management board is composed on the basis of Article 250a of the Companies Act and Article 21 of the Accounting Act.

The report refers to the company FTB TURIZAM d.d. Zagreb, Miramarska 24, established as a holding joint stock company exclusively engaged in the ownership and management (as a shareholder) of other tourist companies operating in the market, with the aim of presenting the most important business achievements in 2016 and reviewing future expectations.

FTB TURIZAM d.d., as a holding company, is the dominant (parent) company of the FTB Group, consisted of its hotel subsidiaries - Hotel Cavtat d.d. Cavtat, Hotel Metropol d.o.o. Portorož and Remisens Hotel Group d.o.o. Zagreb.

Review of operations in 2016 with a focus on the most important financial indicators of business operations

Operating results of FTB TURIZAM d.d. for the year 2016 show that the company achieved primary goals.

In 2016 FTB TURIZAM d.d. achieved a profit before tax in the amount of HRK 24 thousand, which is HRK 25 thousand less than in the previous year's profit, in the amount of HRK 49 thousand. In 2016, the income tax amounted to HRK 5 thousand.

EBITDA, calculated as pre-tax profit increased for depreciation and interest expense, was in the amount of HRK 24 thousand, while last year's EBITDA was HRK 49 thousand.

In the audited financial statements for 2015, the profit was reported in the amount of HRK 50 thousand. The difference between the stated profit and the aforementioned profit is in the rounding of data to thousands.

In 2016, the Company acquired the remaining minority share of Hotel Cavtat d.d., thus gaining 100% of the shares of the same company.

Indicators of liquidity and solvency and the ratio of debt to equity and cash flows are of good quality.

Significant events which have occurred after the business year

The Company did not have any significant events, which would affect the previous business year, that have occurred after the reporting date.

FTB TURIZAM d.d.

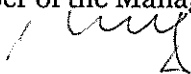
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Zagreb, 09/02/2017

Statement of persons responsible for the preparation of the reports

Pursuant to Article 407 Paragraph 2 of the Capital Market Act (Official Gazette Nos. 88/08 and 146/08), I declare that to the best of our knowledge the financial reports of the company FTB TURIZAM d.d. Zagreb have been prepared in accordance with International Financial Reporting Standards and the Croatian Accounting Act and that they provide a true and fair view of the assets and liabilities, profit and loss and financial operations of the Company for the period from 1 January to 31 December 2016.

Ph.D. Igor Šehanović,
Member of the Management Board



FTB TURIZAM d.d.
Zagreb 1