

ISSUER'S GENERAL DATA

Reporting period: to

Year:

Annual financial statements

Registration number (MB): Issuer's home Member State code:

Entity's registration number (MBS):

Personal identification number (OIB): LEI:

Institution code:

Name of the issuer:

Postcode and town:

Street and house number:

E-mail address:

Web address:

Number of employees (end of the reporting):

Consolidated report: (KN-not consolidated/KD-consolidated)

Audited: (RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS) Registered office: MB:

Names of subsidiaries (according to IFRS)	Registered office:	MB:

Bookkeeping firm: (Yes/No) (name of the bookkeeping firm)

Contact person: (only name and surname of the contact person)

Telephone:

E-mail address:

Audit firm: (name of the audit firm)

Certified auditor: (name and surname)

BALANCE SHEET
balance as at 31.12.2018.

in HRK

Submitter: FTB TURIZAM d.d. ZAGREB			
Item 1	ADP code 2	Last day of the preceding business year 3	At the reporting date of the current period 4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001		
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	188.962.189	202.962.189
I INTANGIBLE ASSETS (ADP 004 to 009)	003	0	0
1 Research and development	004		
2 Concessions, patents, licences, trademarks, software and other rights	005		
3 Goodwill	006		
4 Advance payments for purchase of intangible assets	007		
5 Intangible assets in preparation	008		
6 Other intangible assets	009		
II TANGIBLE ASSETS (ADP 011 to 019)	010	0	0
1 Land	011		
2 Buildings	012		
3 Plant and equipment	013		
4 Tools, working inventory and transportation assets	014		
5 Biological assets	015		
6 Advance payments for purchase of tangible assets	016		
7 Tangible assets in preparation	017		
8 Other tangible assets	018		
9 Investment property	019		
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	188.962.189	202.962.189
1 Investments in holdings (shares) of undertakings within the group	021	188.962.189	202.962.189
2 Investments in other securities of undertakings within the group	022		
3 Loans, deposits, etc. to undertakings within the group	023		
4 Investments in holdings (shares) of companies linked by virtue of participating interest	024		
5 Investment in other securities of companies linked by virtue of participating interest	025		
6 Loans, deposits etc. given to companies linked by virtue of participating interest	026		
7 Investments in securities	027		
8 Loans, deposits, etc. given	028		
9 Other investments accounted for using the equity method	029		
10 Other fixed financial assets	030		
IV RECEIVABLES (ADP 032 to 035)	031	0	0
1 Receivables from undertakings within the group	032		
2 Receivables from companies linked by virtue of participating interests	033		
3 Customer receivables	034		
4 Other receivables	035		
V. Deferred tax assets	036		
C) CURRENT ASSETS (ADP 038+046+053+063)	037	13.975.744	5.566.023
I INVENTORIES (ADP 039 to 045)	038	0	0
1 Raw materials	039		
2 Work in progress	040		
3 Finished goods	041		
4 Merchandise	042		
5 Advance payments for inventories	043		
6 Fixed assets held for sale	044		
7 Biological assets	045		
II RECEIVABLES (ADP 047 to 052)	046	1.056	73.247
1 Receivables from undertakings within the group	047		
2 Receivables from companies linked by virtue of participating interest	048		
3 Customer receivables	049		

4 Receivables from employees and members of the undertaking	050		
5 Receivables from government and other institutions	051	1.056	73.247
6 Other receivables	052		
III SHORT-TERM FINANCIAL ASSETS (ADP 054 to 062)	053	0	5.000.000
1 Investments in holdings (shares) of undertakings within the group	054		
2 Investments in other securities of undertakings within the group	055		
3 Loans, deposits, etc. to undertakings within the group	056		5.000.000
4 Investments in holdings (shares) of companies linked by virtue of participating interest	057		
5 Investment in other securities of companies linked by virtue of participating interest	058		
6 Loans, deposits etc. given to companies linked by virtue of participating interest	059		
7 Investments in securities	060		
8 Loans, deposits, etc. given	061		
9 Other financial assets	062		
IV CASH AT BANK AND IN HAND	063	13.974.688	492.776
D) PREPAID EXPENSES AND ACCRUED INCOME	064		
E) TOTAL ASSETS (ADP 001+002+037+064)	065	202.937.933	208.528.212
OFF-BALANCE SHEET ITEMS	066		
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to	067	202.908.790	203.444.857
I. INITIAL (SUBSCRIBED) CAPITAL	068	202.769.470	202.769.470
II CAPITAL RESERVES	069		
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	2.939	-8.956.494
1 Legal reserves	071	2.939	6.966
2 Reserves for treasury shares	072		
3 Treasury shares and holdings (deductible item)	073		-8.963.460
4 Statutory reserves	074		
5 Other reserves	075		
IV REVALUATION RESERVES	076		
V FAIR VALUE RESERVES (ADP 078 to 080)	077	0	0
1 Fair value of financial assets available for sale	078		
2 Cash flow hedge - effective portion	079		
3 Hedge of a net investment in a foreign operation - effective portion	080		
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 082-083)	081	55.847	-20.573.646
1 Retained profit	082	55.847	
2 Loss brought forward	083		20.573.646
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)	084	80.534	30.205.527
1 Profit for the business year	085	80.534	30.205.527
2 Loss for the business year	086		
VIII MINORITY (NON-CONTROLLING) INTEREST	087		
B) PROVISIONS (ADP 089 to 094)	088	0	0
1 Provisions for pensions, termination benefits and similar obligations	089		
2 Provisions for tax liabilities	090		
3 Provisions for ongoing legal cases	091		
4 Provisions for renewal of natural resources	092		
5 Provisions for warranty obligations	093		
6 Other provisions	094		
C) LONG-TERM LIABILITIES (ADP 096 to 106)	095	0	0
1 Liabilities towards undertakings within the group	096		
2 Liabilities for loans, deposits, etc. to companies within the group	097		
3 Liabilities towards companies linked by virtue of participating interest	098		
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	099		
5 Liabilities for loans, deposits etc.	100		
6 Liabilities towards banks and other financial institutions	101		
7 Liabilities for advance payments	102		
8 Liabilities towards suppliers	103		
9 Liabilities for securities	104		
10 Other long-term liabilities	105		

11 Deferred tax liability	106		
D) SHORT-TERM LIABILITIES (ADP 108 to 121)	107	29.143	5.083.355
1 Liabilities towards undertakings within the group	108		1.250
2 Liabilities for loans, deposits, etc. to companies within the group	109		5.000.000
3 Liabilities towards companies linked by virtue of participating interest	110		
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	111		
5 Liabilities for loans, deposits etc.	112		
6 Liabilities towards banks and other financial institutions	113		
7 Liabilities for advance payments	114		
8 Liabilities towards suppliers	115	3.796	56.102
9 Liabilities for securities	116		
10 Liabilities towards employees	117		
11 Taxes, contributions and similar liabilities	118		
12 Liabilities arising from the share in the result	119		
13 Liabilities arising from fixed assets held for sale	120		
14 Other short-term liabilities	121	25.347	26.003
E) ACCRUALS AND DEFERRED INCOME	122		
F) TOTAL – LIABILITIES (ADP 067+088+095+107+122)	123	202.937.933	208.528.212
G) OFF-BALANCE SHEET ITEMS	124		

STATEMENT OF PROFIT OR LOSS
for the period 01.01.2018. to 31.12.2018.

in HRK

Submitter: FTB TURIZAM d.d. ZAGREB			
Item 1	ADP code 2	Same period of the previous year 3	Current period 4
I OPERATING INCOME (ADP 126 to 130)	125	650	0
1 Income from sales with undertakings within the group	126		
2 Income from sales (outside group)	127		
3 Income from the use of own products, goods and services	128		
4 Other operating income with undertakings within the group	129	650	
5 Other operating income (outside the group)	130		
II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)	131	247.888	10.151.432
1 Changes in inventories of work in progress and finished goods	132		
2 Material costs (ADP 134 to 136)	133	119.692	463.442
a) Costs of raw material	134		
b) Costs of goods sold	135		
c) Other external costs	136	119.692	463.442
3 Staff costs (ADP 138 to 140)	137	0	0
a) Net salaries and wages	138		
b) Tax and contributions from salaries expenses	139		
c) Contributions on salaries	140		
4 Depreciation	141		
5 Other expenses	142	128.196	9.687.990
6 Value adjustments (ADP 144+145)	143	0	0
a) fixed assets other than financial assets	144		
b) current assets other than financial assets	145		
7 Provisions (ADP 147 to 152)	146	0	0
a) Provisions for pensions, termination benefits and similar obligations	147		
b) Provisions for tax liabilities	148		
c) Provisions for ongoing legal cases	149		
d) Provisions for renewal of natural resources	150		
e) Provisions for warranty obligations	151		
f) Other provisions	152		
8 Other operating expenses	153		
III FINANCIAL INCOME (ADP 155 to 164)	154	341.483	40.434.324
1 Income from investments in holdings (shares) of undertakings within the group	155		40.338.003
2 Income from investments in holdings (shares) of companies linked by virtue of participating interest	156		
3 Income from other long-term financial investment and loans granted to undertakings within the group	157		
4 Other interest income from operations with undertakings within the group	158	256.156	96.321
5 Exchange rate differences and other financial income from operations with undertakings within the group	159		
6 Income from other long-term financial investments and loans	160		
7 Other interest income	161	85.327	
8 Exchange rate differences and other financial income	162		
9 Unrealised gains (income) from financial assets	163		
10 Other financial income	164		
IV FINANCIAL EXPENDITURE (ADP 166 to 172)	165	2.729	77.365
1 Interest expenses and similar expenses with undertakings within the group	166		72.204
2 Exchange rate differences and other expenses from operations with undertakings within the group	167	2.729	5.161
3 Interest expenses and similar expenses	168		
4 Exchange rate differences and other expenses	169		
5 Unrealised losses (expenses) from financial assets	170		
6 Value adjustments of financial assets (net)	171		
7 Other financial expenses	172		

V SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	173		
VI SHARE IN PROFIT FROM JOINT VENTURES	174		
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	175		
VIII SHARE IN LOSS OF JOINT VENTURES	176		
IX TOTAL INCOME (ADP 125+154+173 + 174)	177	342.133	40.434.324
X TOTAL EXPENDITURE (ADP 131+165+175 + 176)	178	250.617	10.228.797
XI PRE-TAX PROFIT OR LOSS (ADP 177-178)	179	91.516	30.205.527
1 Pre-tax profit (ADP 177-178)	180	91.516	30.205.527
2 Pre-tax loss (ADP 178-177)	181	0	0
XII INCOME TAX	182	10.982	
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)	183	80.534	30.205.527
1 Profit for the period (ADP 179-182)	184	80.534	30.205.527
2 Loss for the period (ADP 182-179)	185	0	0
DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)			
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 187-188)	186	0	0
1 Pre-tax profit from discontinued operations	187		
2 Pre-tax loss on discontinued operations	188		
XV INCOME TAX OF DISCONTINUED OPERATIONS	189		
1 Discontinued operations profit for the period (ADP 186-189)	190	0	0
2 Discontinued operations loss for the period (ADP 189-186)	191	0	0
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)			
XVI PRE-TAX PROFIT OR LOSS (ADP 179+186)	192	0	0
1 Pre-tax profit (ADP 192)	193		
2 Pre-tax loss (ADP 192)	194		
XVII INCOME TAX (ADP 182+189)	195	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 192-195)	196	0	0
1 Profit for the period (ADP 192-195)	197	0	0
2 Loss for the period (ADP 195-192)	198	0	0
APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)			
XIX PROFIT OR LOSS FOR THE PERIOD (ADP 200+201)	199	0	0
1 Attributable to owners of the parent	200		
2 Attributable to minority (non-controlling) interest	201		
STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)			
I PROFIT OR LOSS FOR THE PERIOD	202	80.534	30.205.527
II OTHER COMPREHENSIVE PROFIT/LOSS BEFORE TAX (ADP 204 to 211)	203	0	0
1 Exchange rate differences from translation of foreign operations	204		
2 Changes in revaluation reserves of fixed tangible and intangible assets	205		
3 Profit or loss arising from re-evaluation of financial assets available for sale	206		
4 Profit or loss arising from effective cash flow hedging	207		
5 Profit or loss arising from effective hedge of a net investment in a foreign operation	208		
6 Share in other comprehensive income/loss of companies linked by virtue of participating interest	209		
7 Actuarial gains/losses on defined remuneration plans	210		
8 Other changes in equity unrelated to owners	211		
III TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	212		
IV NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 203-212)	213	0	0
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 202+213)	214	80.534	30.205.527
APPENDIX to the Statement on comprehensive income (to be filled in by entrepreneurs who draw up consolidated statements)			
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 216+217)	215	0	0
1 Attributable to owners of the parent	216		
2 Attributable to minority (non-controlling) interest	217		

STATEMENT OF CASH FLOWS - indirect method
for the period 01.01.2018. to 31.12.2018.

in HRK

Submitter: FTB TURIZAM d.d. ZAGREB			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Cash flow from operating activities			
1 Pre-tax profit	001	91.516	30.205.527
2 Adjustments (ADP 003 to 010):	002	0	-40.357.112
a) Depreciation	003		
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004		
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005		
d) Interest and dividend income	006		-40.357.112
e) Interest expenses	007		
f) Provisions	008		
g) Exchange rate differences (unrealised)	009		
h) Other adjustments for non-cash transactions and unrealised gains and losses	010		
I Cash flow increase or decrease before changes in the working capital (ADP 001+002)	011	91.516	-10.151.585
3 Changes in the working capital (ADP 013 to 016)	012	159.981	1.894.388
a) Increase or decrease in short-term liabilities	013	-30.747	1.966.579
b) Increase or decrease in short-term receivables	014	190.728	-72.191
c) Increase or decrease in inventories	015		
d) Other increase or decrease in the working capital	016		
II Cash from operations (ADP 011+012)	017	251.497	-8.257.197
4 Interest paid	018		-72.204
5 Income tax paid	019		
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	251.497	-8.329.401
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021		
2 Cash receipts from sales of financial instruments	022		
3 Interest received	023		91.259
4 Dividends received	024		
5 Cash receipts from repayment of loans and deposits	025		
6 Other cash receipts from investment activities	026		40.338.000
III Total cash receipts from investment activities (ADP 021 to 026)	027	0	40.429.259
1 Cash payments for the purchase of fixed tangible and intangible assets	028		-14.000.000
2 Cash payments for the acquisition of financial instruments	029		
3 Cash payments for loans and deposits for the period	030		-5.000.000
4 Acquisition of a subsidiary, net of cash acquired	031		
5 Other cash payments from investment activities	032		-31.581.770
IV Total cash payments from investment activities (ADP 028 to 032)	033	0	-50.581.770
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	0	-10.152.511
Cash flow from financing activities			
1 Cash receipts from the increase of initial (subscribed) capital	035		
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036		
3 Cash receipts from credit principals, loans and other borrowings	037	12.070.400	5.000.000
4 Other cash receipts from financing activities	038		
V Total cash receipts from financing activities (ADP 035 to 038)	039	12.070.400	5.000.000
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040		

2 Dividends paid	041		
3 Cash payments for finance lease	042		
4 Cash payments for the redemption of treasury shares and decrease of initial (subscribed) capital	043		
5 Other cash payments from financing activities	044		
VI Total cash payments from financing activities (ADP 040 to 044)	045	0	0
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	12.070.400	5.000.000
1 Unrealised exchange rate differences in cash and cash equivalents	047		
D) NET INCREASE OR DECREASE OF CASH FLOWS (ADP 020+034+046+047)	048	12.321.897	-13.481.912
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	049	1.652.791	13.974.688
F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD(ADP 048+049)	050	13.974.688	492.776

FTB TURIZAM d.d.

Management Report to the shareholders of FTB TURIZAM d.d. for the year 2018

The Annual Report of the Management Board has been prepared on the basis of Article 250.a of the Companies Act and Article 21, 22 and 24 of the Accounting Act.

The report relates to FTB Turizam Group composed of the companies Hoteli Cavtat d.d. Cavtat, Hoteli Metropol d.o.o. Portorož, Remisens Hotel Group d.o.o. Zagreb and FTB Turizam d.d. Zagreb, with the aim of presenting the most important achievements in the year 2018 as well as an overview of future expectations.

Review of operations in 2018 with a focus on the most important financial indicators of business operations

The consolidated results of the FTB Turizam Group for the year 2018 show that the Group's companies (Hoteli Cavtat d.d., Hoteli Metropol d.o.o., Remisens Hotel Group d.o.o. Zagreb and FTB TURIZAM d.d.) achieved 1% fewer overnight stays than last year. Operating income is about 8% higher than last year and GOP (gross operating profit) is about 5% lower than last year.

In 2018, FTB TURIZAM d.d. (Company) achieved profit before tax in the amount of about HRK 30.2 million which in comparison to the profit achieved in 2017 (in the amount of around HRK 92 thousand) is HRK 30.1 million higher. The Group realised profit before tax of HRK 22,907 thousand (2017: HRK 16,640 thousand).

In June 2018, the General Assembly passed a decision for the amount of HRK 40.3 million to be paid out to the sole shareholder, FTB TURIZAM d.d., which was retained earnings from previous years of Hoteli Cavtat d.d. Additionally, in June 2018, Hoteli Metropol d.o.o. paid out from retained earnings (100%) in the amount of HRK 4,074 thousand (EUR 552 thousand) to the owner, Hoteli Cavtat d.d.

FTB TURIZAM d.d., in the period from June to September 2018, on the basis of a Decision of the Company's General Assembly, carried out the repurchase of its own shares.

On 3 July 2018, the Director of the Company and the Supervisory Board of FTB TURIZAM concluded Annex I to the Agreement on the Performance of the role of Director of the Company from 23 December 2015. The Annex determines that the Supervisory Board of the Group can make decisions about the due date of the payment of the Special Bonus and / or the Advance payment of a Special Bonus stipulated by the Contract from 23 December 2015, by which they may decide that instead of payment in cash, the Special Bonus and/ or Advance payment of the Special Bonus may be settled in kind with treasury shares, provided the Company has a sufficient number of treasury shares on the date of the decision.

On 3 September 2018, on the basis of the Agreement on the Performance of the role of Director of the Company, the Supervisory Board of the Group brought a decision on the payment of a Special Bonus to a member of the Management Board of the Company in the net amount of HRK 22,618 thousand, paid in kind by the Company in own shares. After the release of its own shares, the Company owns 969 own shares in the total nominal amount of HRK 649 thousand, representing 0.3202% of the Company's share capital. After the above-mentioned, the Company purchased an additional 3,516 shares and thus concluded the year 2018 with a total of 4,485 own shares, which makes a total of 1.481954% of the Company's share capital.

In September 2018, FTB TURIZAM d.d., based on the payment of the Special Bonus Advance, calculated tax and income surtax on the amount of distributed own shares from capital in the total amount of HRK 7,620 thousand.

Since the Company did not record provision for the payment of the Special Bonus and/or the Special Bonus Advance in 2016 and 2017, based on the previously mentioned Contract on the Performance of the role of Director of the Company of 23 December 2015, on 31 December 2018 a correction of the entry was made in order to restate and present the expense in the correct period reducing the expense of the distributed bonus for the year 2018 in the amount of HRK 20,706 thousand and recorded an accumulated loss in the amount of HRK 20,706 thousand as of 1 January 2018.

FTB TURIZAM d.d.

Management Report to the shareholders of FTB TURIZAM d.d. for the year 2018 (continued)

Indicators of liquidity and solvency and the ratio of debt to equity and cash flows are at required level.

On 21 September 2018, the Company entered into an Agreement on Termination of the Contract with the existing Director, and as of 22 September 2018 the Company is represented by a new Director, Mrs Jasnica Juroš.

Key events after the year end

Hoteli Cavtat d.d. as a company in the Group, after the date of the report, and in January 2019, realized a loan in the amount of HRK 12 million with a term of repayment until 30 September 2022. Other companies in the Group did not have significant events which would affect the past business year after the reporting date.

Research and development activities

Within the framework of activities that the Group and its related companies perform, there are opportunities for significant investment in research and development of new products and technologies.

Expected development in the future

At the end of 2017, reconstruction of the Remisens Albatros Hotel began, valued at HRK 39.8 million. The investment was completed at the beginning of 2018.

The future development of the Group is based on the development of hotel companies and their planned investments.

If the investment studies that are currently being analyzed by the Group and its companies will show an acceptable ratio of return and investment risk, in the future period, and according to the business plan until the year 2020, the Group will continue with an intensive investment cycle.

For the period up to the year 2019, investment in the Remisens Metropol Hotel in the amount of over EUR 6 million is being considered.

In order to realize the planned future investments for the Group, key information includes that on 29 November 2018 at its session the Municipal Council of the Municipality of Konavle issued a Decision on the modification of the Spatial Plan of the Municipality of Konavle, with which restrictions have been removed in respect of the number of beds in the T1 zone, a restriction which prevented the extension of the Albatros Hotel; therefore, further to the above-mentioned, extension of the existing Albatros Hotel in Cavtat is now permissible.

The goal of the all future investments is to increase the quality and, consequently, to strengthen market position and recognition, as well as continuation of the positive trends with respect to financial results.

Financial instruments

The Group's financial instrument management policy defines underlying principles to ensure short-term and long-term liquidity, as well as investment security together with the realization of maximum possible income with minimum risk.

Management Report to the shareholders of FTB TURIZAM d.d. for the year 2018 (continued)

The financial assets of the Group entities consist of cash funds, receivables for short-term borrowings within the Group, receivables from customers and other receivables. Of the total financial assets, the largest portion relates to cash, thus ensuring both short-term and long-term liquidity at the level of the entire Group.

Financial liabilities consist of long-term loans, as well as liabilities to suppliers and other liabilities that are settled within the Group within maturity. The financial instrument management policy determines the Group's exposure to risk as well as measures to hedge these risks.

Group risk exposure

The Group is exposed to financial risk through the operations of its members, particularly market risk (including currency risk, interest rate cash flow and fair value and price risk), credit risk and liquidity risk.

Exchange rate risk

The Group is exposed to foreign exchange rate risk since credit liabilities, trade payables and trade receivables from the companies in the Group are expressed in EUR.

Interest rate risk

The Group is exposed to interest rate risk because debts and deposits are contracted at variable interest rates.

Credit risk

Group is not significantly exposed to this risk.

Liquidity risk

At the Group level, liquidity risk is managed by maintaining adequate reserves, bank assets and provisions for borrowed funds, continuous monitoring of forecast and actual cash flows, as well as comparing the maturity of financial assets and liabilities.

Corporate Governance Code Compliance Statement

Pursuant to Article 272 of the Companies Act (NN 111/93, 34/99, 52/00, 118/03, 107/07 and 148/08, hereinafter referred to as the CA) and Article 22 of the Accounting Act (NN 120/16), the Management Board of **FTB TURIZAM d.d. Zagreb**, Miramarska 24 ("the Company") on 21.03.2019, brings the following

Corporate Governance Code Compliance Statement

1. The Company voluntarily applies the Corporate Governance Code prescribed by the Croatian Financial Services Supervisory Agency (HANFA) and the Zagreb Stock Exchange d.d., Zagreb.
2. In 2018, the Company followed and applied the recommendations set out in the Code, publishing all the information whose publishing is anticipated by positive regulations as well as information that is in the best interests of the Company's shareholders. The Company does not deviate from the Corporate Governance Code.
3. In accordance with a requirement of the Code and with the directives of the CA, the Supervisory Board conducts internal control of the Company through regular audits of the presented reports. The members of the Supervisory Board are regularly (at least once a month) provided with detailed information on the management and operation of the Company. At the Supervisory Boards meetings, all the matters within the competence of that body, prescribed by the CA and the Company's Articles of Association, are discussed and decisions are made. The Supervisory Board's report on the conducted supervision of the management of business activities is a part of the Company's Annual Report submitted to the General Assembly. The Management Board is responsible for monitoring whether the Company maintains business and other books and documentation, compiles accounting documents, accurately evaluates assets and liabilities and prepares financial and other reports in accordance with accounting regulations and standards, as well as applicable laws and regulations.

The Company does not have a formal diversity policy in place with respect to gender, age, education or education for its executive, management and supervisory bodies. The Company's policy of appointment to executive bodies is carried out in accordance with the needs of specific business activities in terms of knowledge, qualifications and competence on the part of potential executives, without taking into account gender or age. The Company's management and oversight bodies also require certain knowledge, education and competence on the part of potential executives in these bodies, in accordance with the criteria and decisions of the Supervisory Board and the Company's Assembly.

Corporate Governance Code Compliance Statement (continued)

4. The ten largest shareholders as at 31 December 2018 were as follows:

Nr.	Shareholder	Number of shares	Share in ownership %
1.	SNH GAMA d.d.	184,782	61.0565
2.	SN PECTINATUS d.d.	75,660	24.9999
3.	CERP	11,289	3.7302
4.	FTB TURIZAM d.d.	4,485	1.482
5.	CROATIA BANKA d.d. /CRBA0033	1,060	0.3502
6.	HPB d.d.- custodial account	1,041	0.344
7.	ADDIKO BANK D.D./ PBZ CO OMF - KATEGORIJA A (1/1)	1,000	0.3304
8.	HPB d.d./HPBS-6	739	0.2442
9.	OTP BANKA d.d.- custodial account	664	0.2194
10.	OTP BANKA d.d./ KD VICTORIA FOND (1/1)	587	0.194

In accordance with the Company's Articles of Association, the voting right of a shareholder is not limited to a certain percentage or number of votes, nor are there time constraints to realise voting rights. Each regular share entitles the shareholder to one vote at the General Assembly.

The Company's rights and obligations arising from the acquisition of its own shares are achieved in accordance with the directives of the CA.

5. The Management Board of the Company is composed of one member:

- Jasnica Juroš, Member of the Management Board

The Management Board manages the Company's business in accordance with the Company's Articles of Association and legal regulations.

The Management Board appoints and revokes the Supervisory Board in accordance with the Company's Articles of Association and the CA. The Supervisory Board is composed of the following members:

- Tin Dolički, President
- Darko Ostojja, Vice president
- Joško Marić, Member

Pursuant to the provisions of Article 250.a paragraph 4 and Article 272.p of the CA, this Statement is a separate section and an integral part of the Annual Report on the Company's status for the year 2018.

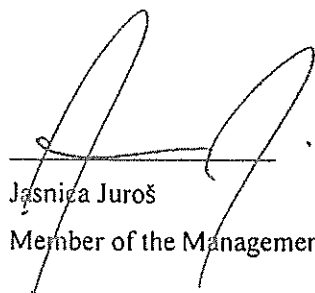
Statements of the Management's responsibilities

The Management Board is required to prepare financial statements for each financial year which give a true and fair view of the financial position of the Company and of the results of its operations and its cash flows, in accordance with International Financial Reporting standards as adopted by European Union, and is responsible for maintaining proper accounting records to enable the preparation of such financial statements at any time. It has a general responsibility for taking such steps as are reasonably available to it to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Management Board is responsible for selecting suitable accounting policies to conform with applicable accounting standards and then apply them consistently; make judgements and estimates that are reasonable and prudent; and prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Management is also responsible for the preparation and content of the Management Report and the Statement of the implementation of corporate governance code, as required by the Croatian Accounting Act. The Management Report and the Corporate governance statement set out on pages 1 to 5, were authorised for issuance by the Management Board. The Management Board is responsible for submitting the Annual Report to the Supervisory Board, including financial statements, and the Supervisory Board is required to approve the financial statements for submission to the General Assembly of Shareholders for adoption.

The Annual report was approved by the Management Board on 21 March 2019 for submission to the Supervisory Board and was signed below by:



Jasniča Juroš
Member of the Management Board