

INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND THE FIRST HALF OF 2017

ARENA

HOSPITALITY GROUP

30 JUNE 2017

ARENA HOSPITALITY GROUP, A MEMBER OF PPHE HOTEL GROUP



CONTENTS

INTERIM PERFORMANCE REPORT FOR THE PERIOD JANUARY - JUNE 2017	3
PRINCIPAL RISKS OF THE GROUP AND THE COMPANY	12
CORPORATE GOVERNANCE REPORT	12
STATEMENT OF RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS	14
APPENDIX 1 FINANCIAL STATEMENTS (UNAUDITED).....	16

INTERIM PERFORMANCE REPORT FOR THE PERIOD JANUARY - JUNE 2017

“We are pleased to report our results for the first six months of 2017. During the period, our reported revenue increased by 128.2% to HRK 239.4 million (H1 2016: HRK 104.9 million) whilst EBITDA grew to HRK 19.8 million (H1 2016: loss of HRK 7.1 million). This growth was achieved as a result of our expansion into, and our performance in, Germany and Hungary, and a strong June performance in Croatia.



The underlying like-for-like performance in Germany and Hungary improved significantly against a soft first half in 2016, when several hotels were undergoing renovations and some of the markets were relatively soft. Our reported revenue in Germany also benefited from a first time contribution from Park Plaza Nuremberg, which opened in June 2016.

The first half of 2017 was a busy period for us as we continued to transform the Company into a leading hospitality group in Central and Eastern Europe. We completed the acquisition of the freehold interests in art'otel cologne and art'otel berlin kudamm in Germany along with the associated financing, and more significantly, we successfully raised HRK 788.4 million through a public offering of new shares. Just before the half year end, we acquired the remaining shares in Sugarhill Investments B.V. (**Sugarhill**) for an amount of EUR 8.33 million, bringing full ownership of Sugarhill into our Group.

As well as the aforementioned corporate activity, we have been busy preparing for the summer season at an operational level. We completed the refurbishment of Hotel Holiday as well as the construction of two all-weather football pitches at Sports Centre Belvedere. We have also installed a third swimming pool at Park Plaza Belvedere Medulin and built a new reception area at Stupice Camp.

The new capital raised from the public offering will enable us to accelerate the Company's investment plan aimed at upgrading existing properties and realise further growth in Central and Eastern Europe. Our focus will be on transforming Hotel Brioni into an upper upscale Park Plaza branded hotel, the first of its kind in Pula, as well as renovating each of Pomer Camp and Kažela Camp.

We are thankful for the confidence of all stakeholders and we welcome new investors who will become part of our growth story.

Based on the start to the year in Germany and Hungary and the encouraging start of the summer season in Croatia, the Board anticipates that the 2017 full year results will be in line with its expectations.”

A handwritten signature in black ink that reads "R. Slonim". The signature is written in a cursive, slightly slanted style.

RELI SLONIM

CHIEF EXECUTIVE OFFICER

SIGNIFICANT EVENTS DURING THE FIRST HALF YEAR 2017

The most significant corporate events were:

- Reported total revenue in the first half increased by 128.2% to HRK 239.4 million (H1 2016: HRK 104.9 million), mainly as a result of the first time consolidation of the revenue from the German and Hungarian portfolio;
- In February 2017, the Company completed the acquisition of the freehold interests in art'otel cologne and art'otel berlin kudamm in Germany along with the associated financing;
- In May 2017, the Company successfully completed a public offering of 1,854,971 new shares at a price of HRK 425 per new share which resulted in gross proceeds of HRK 788.4 million. The number of issued shares increased by 56.7% to 5,128,721. Approximately 20% of the new shares were subscribed for by international investors; and
- In June 2017, the Company purchased the remaining 12% of the shares in Sugarhill for an amount of EUR 8.33 million as a result of which the Company now owns 100% of the shares in Sugarhill. The payment of the purchase price was funded from the proceeds of the Company's public offering.



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 half year of 2017.

CONSOLIDATED KEY PERFORMANCE INDICATORS

	Reported ¹			Like-for-like ²		
	Six months ended 30 June 2017	Six months ended 30 June 2016	Variance % ³	Six months ended 30 June 2017	Six months ended 30 June 2016	Variance % ³
Total revenue (HRK million)	239.4	104.9	128.2	216.8	191.0	13.5
EBITDAR (HRK million)	40.0	(2.9)	N/A	34.3	26.0	31.9
EBITDA (HRK million)	19.8	(7.1)	N/A	14.1	(9.3)	N/A
Profit/(loss) before tax (HRK million)	(23.9)	(62.7)	61.9	N/A	N/A	N/A
Rooms available ⁴	894,168	790,754	13.1	862,131	918,518	(6.1)
Occupancy % ⁴	40.8	28.1	1,270 ⁶	40.3	34.1	620 ⁶
Average daily rate (HRK) ⁵	496.5	347.7	42.8	465.8	434.1	7.3
RevPAR (HRK)	202.3	97.5	107.5	187.7	148.2	26.6
Accommodation revenue (HRK million)	180.9	77.1	134.6	161.8	136.1	18.9

¹ The actual results. The reported 2016 results include the results of the companies Arenaturist Zlatne Stijene d.o.o., Arenaturist Hoteli d.o.o. and Arenaturist Turistička Naselja d.o.o (the **Bora Companies**) as of 1 January 2016. The Company acquired the Bora Companies on 30 June 2016, however, as this acquisition involved the combination of businesses under common control, the retrospective predecessor method of accounting has been applied.

² The like-for-like comparison figures for 2016 and 2017 include Sugarhill and its subsidiaries (the “**Sugarhill Group**”) as if they had been acquired on 1 January 2016 with the following exceptions:

- The results of Park Plaza Nuremberg are not included in 2016 and 2017 as the hotel opened in June 2016.
- The like-for-like figures for 2016 do not include the financial effect of the changes to the management agreements with the PPHE Hotel Group.

³ 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 2017 with six months ended 30 June 2016. All financial information in this report for accommodation revenue, total revenue, EBITDAR and EBITDA reflects the Group’s interest.

⁴ Rooms available and the occupancy calculation are based on operating days.

⁵ Average daily rate represents total room revenues divided by the total number of paid units occupied by guests.

⁶ In Basis Points (BPS).

Total revenue increased by HRK 134.5 million to HRK 239.4 million (2016: HRK 104.9 million) due to the first time consolidation of the results of the German and Hungarian operations. On a like-for-like basis, total revenue increased by HRK 25.8 million to HRK 216.8 million (2016: HRK 191.0 million).

On a reported basis, EBITDA was HRK 19.8 million compared to an EBITDA loss in 2016 of HRK 7.1 million. EBITDA increased by HRK 26.9 million, mainly as a result of the first time EBITDA contributions of the German and Hungarian operations and a strong June performance in Croatia.

CROATIA PORTFOLIO PERFORMANCE

The following table sets out the Group's results of operations in Croatia for the first half year of 2017.

CROATIA HOTELS, SELF CATERING HOLIDAY APARTMENT COMPLEXES AND CAMPSITES OPERATIONS

KEY PERFORMANCE INDICATORS

	Six months ended 30 June 2017	Six months ended 30 June 2016	Variance %
Total revenue (HRK million)	125.2	105.5	18.6
EBITDAR (HRK million)	4.3	(2.3)	N/A
EBITDA (HRK million)	(0.0)	(7.8)	N/A
Rooms available ¹	735,069	790,754	(7.0)
Occupancy %	33.6	28.1	550 ⁴
Average daily rate (HRK) ²	384.6	347.7	10.6
RevPAR (HRK)	129.3	97.5	32.6
Accommodation revenue (HRK million)	95.0	77.1	23.2
FTE ³	502	458	9.6

¹ Rooms available are based on operating days.

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

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

⁴ In Basis Points (BPS).

The Group's operations in Croatia are of a highly seasonal nature with the majority of guest visits occurring from June to September. The first half year of 2017 in Croatia is typically a period of low business activity, with the exception of the Easter period and the month of June, when the summer season commences.

Total revenue in the first half increased by 18.6% to HRK 125.2 million (2016: HRK 105.5 million). The main driver for this revenue growth was a strong performance in June; total revenue for the month of June increased by 34.5% compared to June 2016 due to higher occupancy and a higher average daily rate.

The EBITDA loss in the period was HRK 41.0 thousand, which is a significant improvement from the EBITDA loss of HRK 7.8 million reported in 2016. This EBITDA increase was a direct result of increased revenue in the period.

GERMAN AND HUNGARIAN PORTFOLIO PERFORMANCE

The following table sets out the Group's results of operations in Germany and Hungary for the first half year of 2017.

GERMANY AND HUNGARY OPERATIONS KEY PERFORMANCE INDICATORS

	Reported / Pro forma in HRK ¹			Reported / Pro forma in Euros (€) ¹		Like-for-like in HRK ²			
	Six months ended 30 June 2017 ¹	Six months ended 30 June 2016 ¹	Variance %	Six months ended 30 June 2017 ¹	Six months ended 30 June 2016 ¹	Six months ended 30 June 2017	Six months ended 30 June 2016	Variance	%
Total revenue (millions)	109.4	79.4	37.8	14.7	10.5	86.0	78.4	9.7	
EBITDAR (millions)	33.3	22.1	50.7	4.5	2.9	27.7	23.4	18.4	
EBITDA (millions)	18.0	(3.3)	N/A	2.4	(0.4)	12.3	(2.0)	N/A	
Rooms available ³	159,099	132,189	20.4	159,099	132,189	127,062	127,764	(0.5)	
Occupancy % ³	73.7	70.2	350 ⁶	73.7	70.2	78.9	71.8	710 ⁶	
Average daily rate ⁴	732.0	644.5	13.6	98.4	85.4	665.9	643.0	3.6	
RevPAR	539.8	452.5	19.3	72.5	60.0	525.6	461.9	13.8	
Accommodation revenue (millions)	85.9	59.8	43.6	11.5	7.9	66.8	59.0	13.2	
FTE ⁵	212	215	(1.4)	212	215	167	181	(7.7)	

¹ The 2017 results of Germany and Hungary operations are included in the consolidated results of the Group. The 2016 results of Germany and Hungary operations are pro forma results and presented for analytical purposes only.

² The like-for-like comparison figures exclude Park Plaza Nuremberg in 2016 and 2017 as the hotel opened in June 2016.

³ Rooms available and the occupancy calculation are based on operating days.

⁴ Average daily rate represents total accommodation revenues divided by the total number of paid units occupied by guests.

⁵ 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.

⁶ In Basis Points (BPS).

The performance of our operations in Germany and Hungary improved year-on-year, with reported total revenue increasing by 37.8% to HRK 109.4 million (2016: HRK 79.4 million). The main driver for this growth was Park Plaza Nuremberg which opened in June 2016. In addition, several of our properties were undergoing renovations in the first quarter of 2016 and markets were relatively soft at such time.

On a like-for-like basis, total revenue increased by 9.7% to HRK 86.0 million (2016: HRK 78.4 million). This growth was the result of a 710 bps increase in occupancy to 78.9% (2016: 71.8%) and a 3.6% increase in average daily rate to HRK 665.9 (2016: HRK 643.0).

Reported EBITDA in 2017 increased by HRK 21.3 million to HRK 18.0 million (2016 pro forma: HRK 3.3 million negative) primarily due to the first time contribution of Park Plaza Nuremberg, the acquisition of the freeholds of art'otel cologne and art'otel berlin kudamm (which resulted in lower rental payments of HRK 9.8 million associated with the two operating leases previously payable to third parties) and improved trading.

MANAGEMENT AND CENTRAL SERVICES PERFORMANCE

The following table sets out the Group's results of management and central services operations for the first half year of 2017.

MANAGEMENT AND CENTRAL SERVICES

	Six months ended 30 June 2017	Six months ended 30 June 2016	Variance %
Total revenue before elimination (HRK million)	44.2	27.5	61.8
Elimination of intra group revenue (HRK million)	(39.4)	(28.1)	N/A
Total reported revenue (HRK million)	4.8	(0.6)	N/A
EBITDA (HRK million)	1.9	0.8	137.5
FTE ¹	264	192	37.5

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.

Through the capital contribution of 88% of the share capital of Sugarhill in December 2016, the Company not only acquired control over a portfolio of seven owned/co-owned and/or leased hotels and one managed hotel in Germany and Hungary, but also became the indirect controlling shareholder of Arena Hospitality Management d.o.o, ("**Arena Hospitality**"), a wholly owned subsidiary of Sugarhill. As part of such contribution, Arena Hospitality acquired from PPHE Hotel Group the hotel management agreements for the Group's Croatian properties as well as those of the newly acquired hotels in Germany and Hungary. As such, activities previously performed outside of the Group are now performed within the Group and the Group is now both owner and operator of a large part of its portfolio. As a result, all hotel management revenue related to all hotels is eliminated upon consolidation as intra-group revenue.

RENOVATION PROJECTS AND PRODUCT IMPROVEMENTS IN CROATIA

In Croatia, the Group regularly invests before and after the summer season to further improve the quality of its offering in preparation for the summer season. The Group completed the following significant improvements prior to the start of the 2017 summer season:

- Hotel Holiday: refurbishment of the rooms and lobby area;
- Park Plaza Belvedere Medulin: construction of a third outdoor pool and installation of two artificial football pitches which have received FIFA quality pro-accreditation;
- Camp Pomer: installation of a new sewage system;
- Laundry: change of energy source from oil to gas;
- Camp Stoja: reconstruction of the diving club;
- Punta Verudela area: replacement of external joinery; and
- Camp Kazela: purchase of 12 new mobile homes.

The following expenses have been incurred in respect of planned investment following the end of the summer season:

- Design and project related fees for post-season planned investments such as Hotel Brioni; and
- FF&E investments across the premises.

The total costs incurred for the above activities and other capital expenditure as at 30 June 2017 amounts to HRK 45.9 million.

TRADING SINCE 30 JUNE 2017

Trading since 30 June 2017 has remained encouraging across our properties in Croatia, Germany and Hungary and we expect to further benefit from the upgraded hotels and the maturing of Park Plaza Nuremberg. In Croatia, the bookings for the 2017 summer season are ahead compared to the same period last year.

COMPANY BUSINESS RESULTS (CONSOLIDATED)

CONSOLIDATED INCOME STATEMENT

	30 June 2017 (Unaudited)	30 June 2016 (Unaudited)	Variance %
Rooms sold	364,413	221,857	64.3
Average daily rate in HRK	496.5	347.7	42.8
In HRK millions			
Operating income	239.4	104.9	128.2
Ordinary operating expenses	(219.6)	(112.0)	96.1
EBITDA from operations	19.8	(7.1)	N/A
Depreciation	(30.4)	(32.6)	(6.7)
EBIT from operations	(10.6)	(39.7)	(73.3)
Financial revenues	9.2	3.1	193.6
Financial expenses	(21.9)	(25.6)	(14.5)
Other expense	(0.6)	(0.5)	20.0
Total income	248.6	108.0	130.2
Total expenditures	(272.6)	(170.7)	59.7
Profit/(loss) before tax	(23.9)	(62.7)	(61.9)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(all amounts in HRK millions)

	30 June 2017 (unaudited)	31 December 2016 (audited)	Variance %
Long-term assets	1,910.8	1,468.8	30.1
Short-term assets	837.9	177.7	371.5
Total assets	2,748.7	1,646.5	66.9
Capital and reserves			
Capital	102.6	43.6	135.3
Share premium	1,142.7	-	-
Unregistered capital	-	460.0	-
Reserves*	326.2	368.3	(11.4)
Retained earnings*	(111.9)	(90.4)	23.8
Minority interest	-	22.7	-
Long-term liabilities	956.1	585.4	63.3
Short-term liabilities	333.0	256.9	29.6
Total liabilities	1,289.1	842.3	53.1
Total capital and liabilities	2,748.7	1,646.5	66.9

* In the table the results of the Bora Companies (Arenaturist Hoteli d.o.o., Arenaturist Zlatne Stijene d.o.o. and Arenaturist Turistička Naselja d.o.o.) until the date which they were merged into the Company are included in the Reserves. In the prescribed forms these result are included in Retained earnings.

Total assets increased in 2017 by HRK 1,102.2 million to HRK 2,748.7 million, mainly as a result of the successful public offering of new shares amounting to HRK 788.4 million and the acquisition of the freehold interests in art'otel cologne and art'otel berlin kudamm in Germany in February 2017. The purchase price of these two hotels amounted to HRK 440.8 million (EUR 58.6 million).

Total liabilities increased by HRK 446.8 million to HRK 1,289.1 million as a result of the new loans secured to finance the purchase of the freehold interests in art'otel cologne and art'otel berlin kudamm. The Group entered into a EUR 38.0 million (HRK 286.0 million) loan agreement with Deutsche Hypothekenbank, a EUR 10.0 million (HRK 75.3 million) loan agreement with Versorgungswerk der Zahnärztekammer Berlin and a EUR 11.0 million (HRK 82.8) loan agreement with a related party to finance this purchase.

COMPANY BUSINESS RESULTS (NON-CONSOLIDATED)

COMPANY INCOME STATEMENT

	30 June 2017 (Unaudited)	30 June 2016 (Unaudited)	Variance %
Rooms sold	247,096	203,965	21.1
Average daily rate in HRK	384.6	332.9	15.5
In HRK millions			
Total operating income	129.3	98.5	31.3
Total operating expenses	(131.1)	(115.8)	13.2
EBITDA	(1.8)	(13.5)	(86.7)
Depreciation	(24.1)	(25.9)	(6.9)
EBIT	(25.9)	(46.1)	(43.8)
Financial revenues	10.5	7.0	50.0
Financial expenses	(15.5)	(28.3)	(45.2)
Total income	139.8	105.5	32.5
Total expenditures	(170.7)	(170.0)	0.4
Profit/(loss) before tax	(30.9)	(64.5)	(52.1)

COMPANY STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2017

(all amounts in HRK million)

	30 June 2017 (unaudited)	31 December 2016 (audited)	Variance %
Long-term assets	1,812.0	1,661.0	9.1
Short-term assets	788.0	111.2	608.6
Total assets	2,600.0	1,772.2	46.7
Capital and reserves			
Capital	102.6	43.6	135.3
Share premium	1,142.7	-	-
Unregistered capital	-	460.0	-
Reserves	662.5	661.9	0.1
Retained earnings	(116.3)	(91.0)	27.8
Long-term liabilities	603.8	577.5	4.6
Short-term liabilities	205.4	120.2	70.9
Total liabilities	809.2	697.7	16.0
Total capital and liabilities	2,600.0	1,772.2	46.7

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 2016, 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 20 and 21 of the Company's 2016 annual report.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS MEETINGS

The Board of Directors passes its decisions in meetings or by way of circular, in accordance with the applicable laws and the Company's Articles of Association.

During the period from 1 January through 30 June 2017, the Board reviewed the business strategy and measures in place to guide the transformation of the Company and, in particular, passed decisions to approve the annual report and accounts of the Company for the year 2016 and the consolidated and standalone quarterly financial statements of the Company for the first quarter of 2017, as well as decisions related to the public offering.

The majority of the members of the Board were present at the meetings, or participated by way of circular, and voted unanimously.

The Audit Committee held a meeting on 18 March 2017 to review the annual report and accounts of the Company.

GENERAL ASSEMBLY MEETING

The General Assembly held a meeting on 22 March 2017 at which the following decisions were made (amongst others):

- Change of Company name – from Arenaturist d.d. to Arena Hospitality Group d.d.;
- Amendments to the Company's Articles of Association;
- Full exclusion of the pre-emptive right of the existing shareholders of the Company when subscribing new shares of the Company;
- Increase of share capital and issuance of ordinary shares by way of public offering; and
- Listing on the Official Market of the Zagreb Stock Exchange of 1,091,250 existing shares, issued in December 2016, and up to 2,000,000 new shares to be issued by way of public offering.

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 symbol ARNT-R-A each with a nominal value of HRK 20.00.

As at 30 June 2017, 169 shares were held as treasury shares.

Shareholders with holdings of 3% or more of the Company's registered capital as at 30 June 2017 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	6.14%

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 2016 on ZSE on 22 March 2017.

SHARE PRICE AND MARKET CAPITALISATION (ALL IN HRK)

Highest	Lowest	Last	Market capitalisation
530.00	434.00	471.50	2,418,191,952

STATEMENT OF RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS

Pursuant to the provisions of the Capital Market Act, Article 407, Paragraph 2, and Article 410, Paragraph 2, the Executive Directors of the Company make the following statement:

To the best of our best knowledge:

- The short set of non-consolidated unaudited half year 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 half year 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 Sugarhill Group had no contribution to the 2016 consolidated income statement, since the acquisition took place in December 2016;
- The Financial Statements and Consolidated Financial Statements have not been audited; and
- The Executive Directors' Interim Report for the period from 1 January through 30 June 2017 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.

Chief Executive Officer



REUEL ISRAEL GAVRIEL SLONIM

Executive Officer
and Chief Financial Officer



MILENA PERKOVIĆ

ARENA

HOSPITALITY GROUP



art'otel



ARENA HOSPITALITY GROUP, A MEMBER OF PPHE HOTEL 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

01.01.2017.

to

30.06.2017.

Quarterly financial report TFI-POD

Tax number (MB): 03203263

Company registration number (MBS): 040022901

Personal identification number (OIB): 47625429199

Issuing company: Arena Hospitality Group d.d.

Postal code and place: 52100 Pula

Street and house number: Smareglina ulica 3

E-mail address: uprava@arenahospitalitygroup.comInternet address: www.arenahospitalitygroup.com

Municipality/city code and name: 359 Pula

County code and name: 18 Istarska

Number of employees: 1.304

(period end)

Consolidated report: YES

NKD code: 5510

Companies of the consolidation subject (according to IFRS)

Seat:

MB:

Mažurana d.o.o.	Zagreb, Radnička cesta 80	080662589
Ulika d.o.o.	Zagreb, Radnička cesta 80	080662845
Sugarhill Investments B.V.	Nizozemska, Amsterdam	320830051/ Trg.komora Nizozemska
Germany Real Estate B.V.	Nizozemska, Amsterdam	35832975/Trg. komora Nizozemska
0	0	
0	0	

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)

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 30.06.2017

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	1.468.819.290	1.910.763.222
I. INTANGIBLE ASSETS (004 do 009)	003	1.386.961	1.523.884
1. Expenditure for development	004	0	0
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	829.192	966.115
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	1.352.707.568	1.796.984.178
1. Land	011	217.884.356	281.207.283
2. Buildings	012	984.858.617	1.349.521.318
3. Plant and equipment	013	102.775.333	120.492.070
4. Tools, working inventory and transportation assets	014	2.904.616	2.650.096
5. Biological assets	015	0	0
6. Advances for purchase of tangible assets	016	2.701.391	520.830
7. Tangible assets in progress	017	32.322.001	31.713.188
8. Other tangible assets	018	9.261.254	10.879.393
9. Investment in real-estate	019	0	0
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	84.734.206	76.988.640
1. Share in related parties	021	8	0
2. Loans to related parties	022	33.293.604	32.960.945
3. Participating interests (shares)	023	0	764.595
4. Loans to companies with participating interest	024	0	0
5. Investments in securities	025	0	0
6. Loans, deposits, etc.	026	51.440.594	43.263.100
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	29.990.555	35.266.520
C) CURRENT ASSETS (035+043+050+058)	034	177.700.505	837.974.003
I. INVENTORIES (036 do 042)	035	3.798.616	4.575.754
1. Raw materials and supplies	036	3.634.477	4.280.989
2. Production in progress	037	0	0
3. Finished products	038	0	0
4. Merchandise	039	1.679	2.889
5. Advances for inventories	040	162.460	291.876
6. Long term assets held for sale	041	0	0
7. Biological assets	042	0	0
II. RECEIVABLES (044 do 049)	043	43.287.762	72.504.586
1. Receivables from related parties	044	137.151	294.160
2. Receivables from end-customers	045	21.139.524	65.743.932
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	10.025.627	1.831.337
6. Other receivables	049	11.985.460	4.635.157
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	208.411	208.411
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	208.411	208.411
6. Loans, deposits, etc.	056	0	0
7. Other financial assets	057	0	0
IV. CASH AND CASH EQUIVALENTS	058	130.405.716	760.685.252
D) PREPAYMENTS AND ACCRUED INCOME	059	0	0
E) TOTAL ASSETS (001+002+034+059)	060	1.646.519.795	2.748.737.225
F) OFF BALANCE SHEET ITEMS	061	0	0

EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	804.243.984	1.459.602.980
I. SUBSCRIBED SHARE CAPITAL	063	43.650.000	102.574.420
II. CAPITAL RESERVES	064	460.005.525	1.142.667.836
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	371.827.653	329.802.773
1. Legal reserves	066	2.182.500	2.182.500
2. Reserve for own shares	067	3.380	3.380
3. Treasury shares and shares (deductible items)	068	3.380	3.380
4. Statutory reserves	069	0	0
5. Other reserves	070	369.645.153	327.620.273
IV. REVALUATION RESERVES	071	114.756	114.756
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	20.197.276	-94.058.950
1. Retained earnings	073	20.197.276	0
2. Loss carried forward	074	0	94.058.950
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	-114.256.226	-21.497.855
1. Net profit for the period	076	0	0
2. Net loss for the period	077	114.256.226	21.497.855
VII. MINORITY INTEREST	078	22.705.000	0
B) PROVISIONS (080 do 082)	079	56.906.647	59.969.984
1. Provisions for pensions, severance pay and similar liabilities	080	1.606.868	1.606.868
2. Provisions for tax liabilities	081	0	0
3. Other provisions	082	55.299.779	58.363.116
C) NON-CURRENT LIABILITIES (084 do 092)	083	528.472.978	896.133.639
1. Liabilities to related parties	084	7.661.532	77.175.533
2. Liabilities for loans, deposits, etc.	085	0	74.066.450
3. Liabilities to banks and other financial institutions	086	520.811.446	744.891.656
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	256.896.186	333.030.622
1. Liabilities to related parties	094	33.969.748	26.854.439
2. Liabilities for loans, deposits, etc.	095	0	0
3. Liabilities to banks and other financial institutions	096	135.431.755	146.102.251
4. Liabilities for advances	097	0	44.803.854
5. Trade payables	098	43.001.110	55.919.085
6. Commitments on securities	099	0	0
7. Liabilities to companies with participating interest	100	0	0
8. Liabilities to employees	101	6.378.492	17.646.358
9. Taxes, contributions and similar liabilities	102	9.010.719	15.462.155
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	29.104.362	26.242.480
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	0	0
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	1.646.519.795	2.748.737.225
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	781.538.984	1.459.602.980
2. Attributable to minority interest	110	22.705.000	0

Income statement

period 01.01.2017 to 30.06.2017

Company: Arena Hospitality Group d.d.

Position	AOP	Previous period	Previous period	Current period	Current period
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
I. OPERATING INCOME (112 do 113)	111	104.886.658	92.120.407	239.381.689	175.988.521
1. Rendering of services	112	104.146.412	91.516.014	237.715.111	175.134.494
2. Other operating income	113	740.246	604.393	1.666.577	854.027
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	145.074.124	95.905.143	250.627.985	152.436.471
1. Change in inventories of work in progress	115	0	0	0	0
2. Material expenses (117 do 119)	116	50.194.962	36.666.683	101.691.447	62.554.332
a) Costs of raw materials	117	26.922.910	20.064.311	45.549.690	30.789.708
b) Cost of goods sold	118	0	0	0	0
c) Other material expenses	119	23.272.052	16.602.372	56.141.757	31.764.624
3. Employee benefits expenses (121 do 123)	120	50.442.562	34.432.918	95.300.500	60.956.175
a) Net salaries	121	31.583.908	21.984.133	63.779.014	43.501.470
b) Tax and contributions from salary expenses	122	12.328.474	8.108.368	20.007.775	11.184.223
c) Contributions on salary	123	6.530.180	4.340.417	11.513.711	6.270.482
4. Depreciation and amortisation	124	32.554.932	17.746.332	30.365.508	15.391.595
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	11.881.667	7.059.209	23.270.530	13.534.370
III. FINANCIAL INCOME (132 do 136)	131	3.103.324	3.103.324	9.210.223	2.031.034
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	3.103.324	3.103.324	9.210.223	2.031.034
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	25.640.500	21.354.393	21.862.371	12.355.134
1. Interest, foreign exchange differences, dividends and similar income from related parties	138	16.911.459	13.579.798	1.942.643	1.412.308
2. Interest, foreign exchange differences, dividends and similar income from third parties	139	8.729.041	7.774.595	19.919.728	10.942.826
3. Unrealised losses (expenses) from financial assets	140	0	0	0	0
4. Other financial expenses	141	0	0	0	0
V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES	142	0	0	39.065	39.065
VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES	143	0	0	0	-288.532
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	107.989.982	95.223.731	248.630.977	178.058.620
X. TOTAL EXPENSES (114+137+143+145)	147	170.714.624	117.259.536	272.490.355	164.503.073
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	-62.724.642	-22.035.805	-23.859.379	13.555.547
1. Profit before taxes (146-147)	149	0	0	0	13.555.547
2. Loss before taxes (147-146)	150	62.724.642	22.035.805	23.859.379	0
XII. TAXATION	151	-10.782.366	-3.787.955	-2.439.653	2.216.586
XII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	-51.942.276	-18.247.850	-21.419.726	11.338.961
1. Profit for the period (149-151)	153	0	0	0	11.338.961
2. Loss for the period (151-148)	154	51.942.276	18.247.850	21.419.726	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	-51.942.276	-18.247.850	-21.419.726	11.338.961
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 165)	158	0	0	-2.990.344	-444.344
1. Exchange differences from international settlement	159	0	0	-3.740.577	-309.577
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	750.233	-134.767
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	-2.990.344	-444.344
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	-51.942.276	-18.247.850	-24.410.070	10.894.617
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	-21.933.370	10.774.187
2. Attributable to minority interest	170	0	0	513.644	564.774

Cash flow statement - indirect method
period 01.01.2017 to 30.06.2017

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	-62.724.642	-23.937.508
2. Depreciation and amortisation	002	32.554.932	30.365.508
3. Decrease of current liabilities	003	51.046.080	67.097.608
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	20.876.371	73.525.608
1. Decrease of current liabilities	008	0	0
2. Increase of current receivables	009	44.612.293	32.248.977
3. Increase of inventories	010	686.960	2.431.215
4. Other cash flow decreases	011	0	8.566.917
II. Total decrease of cash flow from operating activities	012	45.299.253	43.247.109
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	0	30.278.499
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	014	24.422.882	0
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	0
4. Dividend received	018	0	0
5. Other proceeds from investing activities	019	0	7.997.950
III. Total cash inflows from investing activities	020	0	7.997.950
1. Purchase of non-current assets	021	23.723.818	479.593.897
2. Purchase of non-current financial assets	022	0	0
3. Other cash outflows from investing activities	023	128.565.054	0
IV. Total cash outflows from investing activities	024	152.288.872	479.593.897
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	025	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	152.288.872	471.595.947
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issue of equity securities and debt securities	027	0	741.606.246
2. Proceeds from loans and borrowings	028	224.765.280	425.499.565
3. Other proceeds from financing activities	029	0	0
V. Total cash inflows from financing activities	030	224.765.280	1.167.105.811
1. Repayment of loans and bonds	031	171.300.114	33.752.745
2. Dividends paid	032	0	0
3. Repayment of finance lease	033	0	0
4. Purchase of treasury shares	034	0	0
5. Other cash outflows from financing activities	035	0	61.756.082
VI. Total cash outflows from financing activities	036	171.300.114	95.508.827
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	037	53.465.166	1.071.596.984
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	0	0
Total increases of cash flows	039	0	630.279.536
Total decreases of cash flows	040	123.246.588	0
Cash and cash equivalents at the beginning of period	041	147.786.817	130.405.716
Increase of cash and cash equivalents	042	0	630.279.536
Decrease of cash and cash equivalents	043	123.246.588	0
Cash and cash equivalents at the end of period	044	24.540.229	760.685.252

STATEMENT OF CHANGES IN EQUITY

period **01.01.17** to **30.06.17**

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed share capital	001	43.650.000	102.574.420
2. Capital reserves	002	460.005.525	1.142.667.836
3. Reserves from profit	003	371.827.653	329.802.773
4. Retained earnings or loss carried forward	004	20.197.276	-94.058.950
5. Net profit or loss for the period	005	-114.256.226	-21.497.855
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	114.756	114.756
10. Total equity and reserves (AOP 001 to 009)	010	781.538.984	1.459.602.980
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	781.538.984	1.459.602.980
17 b. Attributable to minority interest	019	22.705.000	0

Annex 1.

Reporting period

01.01.2017.

to

30.06.2017.

Quarterly financial report TFI-POD

Tax number (MB): 03203263

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

Issuing company: Arena Hospitality Group d.d.

Postal code and place: 52100 Pula

Street and house number: Smareglina ulica 3

E-mail address: uprava@arenahospitalitygroup.comInternet address: www.arenahospitalitygroup.com

Municipality/city code and name: 359 Pula

County code and name: 18 Istarska

Number of employees: 1.060

(period end)

Consolidated report: NO

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 30.06.2017

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	1.661.014.897	1.811.995.770
I. INTANGIBLE ASSETS (004 do 009)	003	1.386.961	1.523.883
1. Expenditure for development	004	0	0
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	829.192	966.115
3. Goodwill	006	0	0
4. Advances for purchase of intangible assets	007	0	0
5. Intangible assets in progress	008	557.769	557.768
6. Other intangible assets	009	0	0
II. PROPERTY, PLANT AND EQUIPMENT (011 do 019)	010	1.127.986.729	1.145.468.004
1. Land	011	203.950.034	203.950.034
2. Buildings	012	813.378.634	829.332.695
3. Plant and equipment	013	65.747.527	67.023.936
4. Tools, working inventory and transportation assets	014	2.904.616	2.650.096
5. Biological assets	015	0	0
6. Advances for purchase of tangible assets	016	2.701.391	520.830
7. Tangible assets in progress	017	30.035.148	31.108.129
8. Other tangible assets	018	9.269.379	10.882.284
9. Investment in real-estate	019	0	0
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	502.128.110	629.930.159
1. Share in related parties	021	460.045.532	521.801.615
2. Loans to related parties	022	0	0
3. Participating interests (shares)	023	0	0
4. Loans to companies with participating interest	024	0	0
5. Investments in securities	025	0	0
6. Loans, deposits, etc.	026	42.082.578	108.128.544
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	29.513.097	35.073.724
C) CURRENT ASSETS (035+043+050+058)	034	111.242.378	788.022.659
I. INVENTORIES (036 do 042)	035	1.618.904	3.560.096
1. Raw materials and supplies	036	1.454.765	3.265.331
2. Production in progress	037	0	0
3. Finished products	038	0	0
4. Merchandise	039	1.679	2.889
5. Advances for inventories	040	162.460	291.876
6. Long term assets held for sale	041	0	0
7. Biological assets	042	0	0
II. RECEIVABLES (044 do 049)	043	16.950.983	71.840.171
1. Receivables from related parties	044	24.435	5.691.607
2. Receivables from end-customers	045	8.908.060	35.201.308
3. Receivables from participating parties	046	0	0
4. Receivables from employees and members of the company	047	80.859	162.252
5. Receivables from government and other institutions	048	4.709.042	1.209.091
6. Other receivables	049	3.228.587	29.575.913
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	208.411	208.411
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	208.411	208.411
6. Loans, deposits, etc.	056	0	0
7. Other financial assets	057	0	0
IV. CASH AND CASH EQUIVALENTS	058	92.464.080	712.413.981
D) PREPAYMENTS AND ACCRUED INCOME	059	0	0
E) TOTAL ASSETS (001+002+034+059)	060	1.772.257.275	2.600.018.429
F) OFF BALANCE SHEET ITEMS	061	0	0

EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	1.074.548.226	1.790.799.832
I. SUBSCRIBED SHARE CAPITAL	063	43.650.000	102.574.420
II. CAPITAL RESERVES	064	460.005.525	1.142.667.836
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	661.729.528	661.726.148
1. Legal reserves	066	2.182.500	2.182.500
2. Reserve for own shares	067	3.380	3.380
3. Treasury shares and shares (deductible items)	068	3.380	3.380
4. Statutory reserves	069	0	0
5. Other reserves	070	659.547.028	659.543.648
IV. REVALUATION RESERVES	071	114.756	114.756
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	20.983.842	-90.951.582
1. Retained earnings	073	20.983.842	0
2. Loss carried forward	074	0	90.951.582
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	-111.935.425	-25.331.746
1. Net profit for the period	076	0	0
2. Net loss for the period	077	111.935.425	25.331.746
VII. MINORITY INTEREST	078	0	0
B) PROVISIONS (080 do 082)	079	56.906.647	59.968.655
1. Provisions for pensions, severance pay and similar liabilities	080	1.606.868	1.606.868
2. Provisions for tax liabilities	081	0	0
3. Other provisions	082	55.299.779	58.361.787
C) NON-CURRENT LIABILITIES (084 do 092)	083	520.635.782	543.806.616
1. Liabilities to related parties	084	0	67.732.148
2. Liabilities for loans, deposits, etc.	085	0	0
3. Liabilities to banks and other financial institutions	086	520.635.782	476.074.468
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	120.166.620	205.443.326
1. Liabilities to related parties	094	20.517.736	1.941.747
2. Liabilities for loans, deposits, etc.	095	0	0
3. Liabilities to banks and other financial institutions	096	57.684.079	58.201.129
4. Liabilities for advances	097	3.466.010	37.250.897
5. Trade payables	098	20.162.023	63.122.600
6. Commitments on securities	099	0	0
7. Liabilities to companies with participating interest	100	0	0
8. Liabilities to employees	101	10.980.490	16.812.579
9. Taxes, contributions and similar liabilities	102	3.005.835	10.975.831
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	4.350.447	17.138.543
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	0	0
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	1.772.257.275	2.600.018.429
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 01.01.2017 to 30.06.2017

Company: Arena Hospitality Group d.d.

Position	AOP	Previous period		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
I. OPERATING INCOME (112 do 113)	111	98.493.362	84.430.837	129.311.700	118.870.843
1. Rendering of services	112	98.367.559	84.345.403	128.499.398	118.688.309
2. Other operating income	113	125.803	85.434	812.302	182.534
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	141.650.993	88.935.827	155.251.413	97.963.925
1. Change in inventories of work in progress	115	0	0	0	0
2. Material expenses (117 do 119)	116	58.368.607	38.189.215	58.207.970	39.798.992
a) Costs of raw materials	117	23.592.862	17.080.542	28.153.438	21.966.169
b) Cost of goods sold	118	320	320	576	576
c) Other material expenses	119	34.775.425	21.108.353	30.053.956	17.832.247
3. Employee benefits expenses (121 do 123)	120	41.730.863	27.622.419	56.036.710	39.157.825
a) Net salaries	121	25.276.311	16.786.081	36.131.364	25.774.647
b) Tax and contributions from salary expenses	122	10.744.372	7.057.899	12.874.071	8.594.592
c) Contributions on salary	123	5.710.180	3.778.439	7.031.275	4.788.586
4. Depreciation and amortisation	124	25.902.786	12.920.758	24.106.795	11.299.732
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	576.357	576.357	553.600	553.600
8. Other operating costs	130	15.072.380	9.627.078	16.346.338	7.153.776
III. FINANCIAL INCOME (132 do 136)	131	6.965.257	1.244.890	10.504.509	2.832.351
1. Interest, foreign exchange differences, dividends and similar income from related parties	132	0	0	1.764.875	1.137.594
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	6.846.257	1.125.890	8.739.234	1.694.757
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	119.000	119.000	400	0
IV. FINANCIAL EXPENSES (138 do 141)	137	28.339.248	22.076.724	15.457.169	7.664.349
1. Interest, foreign exchange differences, dividends and similar income from related parties	138	15.512.936	15.512.936	1.699.625	1.095.544
2. Interest, foreign exchange differences, dividends and similar income from third parties	139	12.713.135	6.510.290	13.467.057	6.457.778
3. Unrealised losses (expenses) from financial assets	140	0	0	0	0
4. Other financial expenses	141	113.177	53.498	290.487	111.027
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	105.458.619	85.675.727	139.816.209	121.703.194
X. TOTAL EXPENSES (114+137+143+145)	147	169.990.241	111.012.551	170.708.582	105.628.274
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	-64.531.622	-25.336.824	-30.892.373	16.074.920
1. Profit before taxes (146-147)	149	0	0	0	16.074.920
2. Loss before taxes (147-146)	150	64.531.622	25.336.824	30.892.373	0
XII. TAXATION	151	-11.615.692	0	-5.560.627	1.483.023
XII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	-52.915.930	-25.336.824	-25.331.746	14.591.897
1. Profit for the period (149-151)	153	0	0	0	14.591.897
2. Loss for the period (151-148)	154	52.915.930	25.336.824	25.331.746	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	-52.915.930	-25.336.824	-25.331.746	14.591.897
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	-52.915.930	-25.336.824	-25.331.746	14.591.897
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 01.01.2017 to 30.06.2017

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	-64.531.622	-30.892.373
2. Depreciation and amortisation	002	25.902.786	24.106.795
3. Decrease of current liabilities	003	45.122.994	87.240.262
4. Decrease of current receivables	004	0	0
5. Decrease of inventories	005	0	0
6. Other cash flow increases	006	20.439.232	0
I. Total increase of cash flow from operating activities	007	26.933.390	80.454.684
1. Decrease of current liabilities	008	0	0
2. Increase of current receivables	009	34.536.032	55.201.768
3. Increase of inventories	010	425.590	1.070.105
4. Other cash flow decreases	011	0	11.141.605
II. Total decrease of cash flow from operating activities	012	34.961.622	67.413.478
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	0	13.041.206
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	014	8.028.232	0
CASH FLOW FROM INVESTING ACTIVITIES			
1. Proceeds from sale of non-current assets	015	12.118	0
2. Proceeds from sale of non-current financial assets	016	0	0
3. Interest received	017	0	0
4. Dividend received	018	0	0
5. Other proceeds from investing activities	019	30.919	0
III. Total cash inflows from investing activities	020	43.037	0
1. Purchase of non-current assets	021	22.804.968	41.724.992
2. Purchase of non-current financial assets	022	0	0
3. Other cash outflows from investing activities	023	0	0
IV. Total cash outflows from investing activities	024	22.804.968	41.724.992
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	025	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	22.761.931	41.724.992
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issue of equity securities and debt securities	027	0	741.606.246
2. Proceeds from loans and borrowings	028	158.884.356	64.266.651
3. Other proceeds from financing activities	029	0	0
V. Total cash inflows from financing activities	030	158.884.356	805.872.897
1. Repayment of loans and bonds	031	18.630.795	29.437.161
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	217.631.094	127.802.049
VI. Total cash outflows from financing activities	036	236.261.889	157.239.210
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	037	0	648.633.687
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	77.377.533	0
Total increases of cash flows	039	0	619.949.901
Total decreases of cash flows	040	108.167.696	0
Cash and cash equivalents at the beginning of period	041	113.421.141	92.464.080
Increase of cash and cash equivalents	042	0	619.949.901
Decrease of cash and cash equivalents	043	108.167.696	0
Cash and cash equivalents at the end of period	044	5.253.445	712.413.981

STATEMENT OF CHANGES IN EQUITY

period **01.01.17** to **30.06.17**

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed share capital	001	43.650.000	102.574.420
2. Capital reserves	002	460.005.525	1.142.667.836
3. Reserves from profit	003	661.729.528	661.726.148
4. Retained earnings or loss carried forward	004	20.983.842	-90.951.582
5. Net profit or loss for the period	005	-111.935.425	-25.331.746
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	114.756	114.756
10. Total equity and reserves (AOP 001 to 009)	010	1.074.548.226	1.790.799.832
11. Foreign exchange differences ffrom 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