

Annex 1.

Reporting period

1.1.2017

to

31.3.2017

Quarterly financial report TFI-POD

Tax number (MB): 04440889

Company registration number (MRS): 040352133

Personal identification number (OIB): 82344583628

Issuing company: FTB TURIZAM d.d.

Postal code and place: 10000 Zagreb

Street and house number: Miramarska 24

E-mail address: contact@remisens.comInternet address: www.remisens.com

Municipality/city code and name: 133 Zagreb

County code and name: 21 GRAD ZAGREB

Number of employees: 198

Consolidated report: YES

(period end)

NKD code: 5510

Companies of the consolidation subject (according to IFRS)

Seat:

MB:

HOTELI CAVTAT d.d. CAVTAT	CAVTAT	91951159924
HOTELI METROPOL d.o.o. PORTOROŽ	PORTOROŽ	6767648000
REMISENS HOTEL GROUP d.o.o	ZAGREB	48407935600

Bookkeeping service:

Contact person: Kamenar Biserka
(only surname and name)


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E-mail address: biserka.kamenar@remisens.comFamily name and name: Šehanović Igor
(person authorized to represent the company)

FTB TURIZAM d.d.
Zagreb 1

L.S.


 (signature of the person authorized to represent the company)

Balance Sheet
as of 31.03.2017.

Company: FTB TURIZAM d.d.			
Position	AOP	Previous period 31.12.2016.	Current period
1	2	3	4
ASSETS			
A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL	001		
B) NON-CURRENT ASSETS (003+010+020+029+033)	002	369.718.932	401.304.823
I. INTANGIBLE ASSETS (004 do 009)	003	6.726.662	6.613.924
1. Expenditure for development	004		
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	1.998.965	1.906.227
3. Goodwill	006	4.707.697	4.707.697
4. Advances for purchase of intangible assets	007		
5. Intangible assets in progress	008		
6. Other intangible assets	009	20.000	
II. PROPERTY, PLANT AND EQUIPMENT (011 do 019)	010	362.059.531	393.779.149
1. Land	011	99.562.385	99.804.046
2. Buildings	012	215.761.735	222.622.559
3. Plant and equipment	013	6.456.165	9.974.045
4. Tools, working inventory and transportation assets	014	8.399.379	11.801.199
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	186.213	896.763
7. Tangible assets in progress	017	26.014.080	48.579.089
8. Other tangible assets	018		101.448
9. Investment in real-estate	019	5.679.574	
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	144.156	125.630
1. Share in related parties	021		
2. Loans to related parties	022		
3. Participating interests (shares)	023		
4. Loans to companies with participating interest	024		
5. Investments in securities	025	144.156	125.630
6. Loans, deposits, etc.	026		
7. Other non-current financial assets	027		
8. Equity-accounted investments	028		
IV. RECEIVABLES (030 do 032)	029	0	0
1. Receivables from related parties	030		
2. Receivables arising from sales on credit	031		
3. Other receivables	032		
V. DEFERRED TAX ASSET	033	788.583	786.120
C) CURRENT ASSETS (035+043+050+058)	034	51.514.565	37.696.069
I. INVENTORIES (036 do 042)	035	1.655.078	2.073.684
1. Raw materials and supplies	036	1.349.258	1.892.472
2. Production in progress	037		
3. Finished products	038		
4. Merchandise	039	26.007	25.445
5. Advances for inventories	040	279.813	155.767
6. Long term assets held for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 do 049)	043	7.489.867	9.823.057
1. Receivables from related parties	044		
2. Receivables from end-customers	045	5.026.772	2.611.277
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	345.842	344.910
5. Receivables from government and other institutions	048	1.955.321	6.159.436
6. Other receivables	049	161.932	707.434
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	0	0
1. Share in related parties	051		
2. Loans to related parties	052		
3. Participating interests (shares)	053		
4. Loans to companies with participating interest	054		
5. Investments in securities	055		
6. Loans, deposits, etc.	056		
7. Other financial assets	057		
IV. CASH AND CASH EQUIVALENTS	058	42.369.620	25.799.328
D) PREPAYMENTS AND ACCRUED INCOME	059		2.961
E) TOTAL ASSETS (001+002+034+059)	060	421.233.497	439.003.853
F) OFF BALANCE SHEET ITEMS	061		

EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	237.965.567	218.574.813
I. SUBSCRIBED SHARE CAPITAL	063	202.769.470	202.769.470
II. CAPITAL RESERVES	064		
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	37.542.978	37.542.978
1. Legal reserves	066	1.973	1.973
2. Reserve for own shares	067		
3. Treasury shares and shares (deductible items)	068		
4. Statutory reserves	069		
5. Other reserves	070	37.541.005	37.541.005
IV. REVALUATION RESERVES	071		
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	-15.104.060	-5.210.223
1. Retained earnings	073		
2. Loss carried forward	074	15.104.060	5.210.223
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	12.184.326	-17.128.045
1. Net profit for the period	076	12.184.326	
2. Net loss for the period	077		17.128.045
VII. MINORITY INTEREST	078	572.853	600.633
B) PROVISIONS (080 do 082)	079	15.144.499	14.179.177
1. Provisions for pensions, severance pay and similar liabilities	080	1.941.574	1.941.574
2. Provisions for tax liabilities	081		
3. Other provisions	082	13.202.925	12.237.603
C) NON-CURRENT LIABILITIES (084 do 092)	083	132.117.315	161.946.698
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits, etc.	085		
3. Liabilities to banks and other financial institutions	086	119.035.145	149.160.624
4. Liabilities for advances	087		
5. Trade payables	088		
6. Commitments on securities	089		
7. Liabilities to companies with participating interest	090		
8. Other non-current liabilities	091		
9. Deferred tax liabilities	092	13.082.170	12.786.074
D) CURRENT LIABILITIES (094 do 105)	093	36.006.116	44.303.165
1. Liabilities to related parties	094		
2. Liabilities for loans, deposits, etc.	095	6.023.698	3.400.000
3. Liabilities to banks and other financial institutions	096	15.871.352	11.654.616
4. Liabilities for advances	097	1.969.960	11.994.376
5. Trade payables	098	7.397.000	9.269.110
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	1.807.643	1.581.099
9. Taxes, contributions and similar liabilities	102	782.029	5.933.481
10. Liabilities arising from share in the result	103		
11. Liabilities arising from non-current assets held for sale	104		
12. Other current liabilities	105	2.154.434	470.483
E) ACCRUED EXPENSES AND DEFERRED INCOME	106		
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	421.233.497	439.003.853
G) OFF BALANCE SHEET ITEMS	108		
ADDITION TO BALANCE SHEET (only for consolidated financial statements)			
ISSUED CAPITAL AND RESERVES			
1. Attributable to majority owners	109	237.392.714	217.974.180
2. Attributable to minority interest	110	572.853	600.633

Income statement
period 01.01.2017. to 31.03.2017.

Company: FTB TURIZAM 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	5.309.713	5.309.713	5.357.065	5.357.065
1. Rendering of services	112	4.549.358	4.549.358	4.426.765	4.426.765
2. Other operating income	113	760.355	760.355	930.300	930.300
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	19.706.612	19.706.612	20.703.611	20.703.611
1. Change in inventories of work in progress	115				
2. Material expenses (117 do 119)	116	4.139.512	4.139.512	4.720.625	4.720.625
a) Costs of raw materials	117	867.744	867.744	899.145	899.145
b) Cost of goods sold	118	912	912	845	845
c) Other material expenses	119	3.270.856	3.270.856	3.820.635	3.820.635
3. Employee benefits expenses (121 do 123)	120	4.042.917	4.042.917	3.400.809	3.400.809
a) Net salaries	121	2.251.660	2.251.660	1.863.827	1.863.827
b) Tax and contributions from salary expenses	122	1.212.433	1.212.433	1.048.402	1.048.402
c) Contributions on salary	123	578.824	578.824	488.580	488.580
4. Depreciation and amortisation	124	9.678.392	9.678.392	10.282.052	10.282.052
5. Other expenses	125	1.845.345	1.845.345	2.209.547	2.209.547
6. Write down of assets (127+128)	126	446	446	90.578	90.578
a) non-current assets (except financial assets)	127	446	446	8.516	8.516
b) current assets (except financial assets)	128			82.062	82.062
7. Provisions	129				
8. Other operating costs	130				
III. FINANCIAL INCOME (132 do 136)	131	128.975	128.975	51.811	51.811
1. Interest, foreign exchange differences, dividends and similar income from related parties	132				
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	128.975	128.975	51.811	51.811
3. Income from investments in associates and joint ventures	134				
4. Unrealised gains (income) from financial assets	135				
5. Other financial income	136				
IV. FINANCIAL EXPENSES (138 do 141)	137	1.777.734	1.777.734	1.808.591	1.808.591
1. Interest, foreign exchange differences, dividends and similar income from related parties	138				
2. Interest, foreign exchange differences, dividends and similar income from third parties	139	1.777.734	1.777.734	1.808.591	1.808.591
3. Unrealised losses (expenses) from financial assets	140				
4. Other financial expenses	141				
V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES	142				
VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES	143				
VII. EXTRAORDINARY - OTHER INCOME	144				
VIII. EXTRAORDINARY - OTHER EXPENSES	145				
IX. TOTAL INCOME (111+131+144)	146	5.438.688	5.438.688	5.408.876	5.408.876
X. TOTAL EXPENSES (114+137+143+145)	147	21.484.346	21.484.346	22.512.202	22.512.202
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	-16.045.658	-16.045.658	-17.103.326	-17.103.326
1. Profit before taxes (146-147)	149	0	0	0	0
2. Loss before taxes (147-146)	150	16.045.658	16.045.658	17.103.326	17.103.326
XII. TAXATION	151				
XII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	-16.045.658	-16.045.658	-17.103.326	-17.103.326
1. Profit for the period (149-151)	153	0	0	0	0
2. Loss for the period (151-148)	154	16.045.658	16.045.658	17.103.326	17.103.326
ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	155	-15.606.111	-15.606.111	-17.128.046	-17.128.046
2. Attributable to minority interest	156	-439.547	-439.547	24.720	24.720
STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)					
I. PROFIT OR LOSS FOR THE PERIOD (=152)	157	-16.045.658	-16.045.658	-17.103.326	-17.103.326
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 165)	158	0	0	0	0
1. Exchange differences from international settlement	159				
2. Changes in revaluation reserves of long-term tangible and intangible assets	160				
3. Profit or loss from re-evaluation of financial assets held for sale	161				
4. Profit or loss from cash flow hedging	162				
5. Profit or loss from hedging of foreign investments	163				
6. Share of other comprehensive income/loss from associated companies	164				
7. Actuarial gains/losses from defined benefit plans	165				
III. TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166				
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	-16.045.658	-16.045.658	-17.103.326	-17.103.326
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				
2. Attributable to minority interest	170				

Cash flow statement - indirect method
period 01.01.2017. to 31.03.2017.

Company: FTB TURIZAM d.d.			
Position	AOP	Previous period	Current period
1	2	3	4
CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	001	-16.045.658	-17.103.326
2. Depreciation and amortisation	002	9.678.392	10.282.052
3. Increase of current liabilities	003	12.055.544	10.458.720
4. Decrease of current receivables	004	2.590.981	2.179.407
5. Decrease of inventories	005		
6. Other cash flow increases	006	296.622	
I. Total increase of cash flow from operating activities	007	8.575.881	5.816.853
1. Decrease of current liabilities	008	126.243	422
2. Increase of current receivables	009	476.580	623.492
3. Increase of inventories	010		
4. Other cash flow decreases	011	2.740.247	2.130.611
II. Total decrease of cash flow from operating activities	012	3.343.070	2.754.525
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	5.232.811	3.062.328
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	014	0	0
CASH FLOW FROM INVESTING ACTIVITIES			
1. Proceeds from sale of non-current assets	015	945	331.915
2. Proceeds from sale of non-current financial assets	016		
3. Interest received	017	111.822	35.824
4. Dividend received	018	43.270	45.235
5. Other proceeds from investing activities	019		
III. Total cash inflows from investing activities	020	156.037	412.974
1. Purchase of non-current assets	021	14.424.648	43.287.696
2. Purchase of non-current financial assets	022	1.340.344	
3. Other cash outflows from investing activities	023		
IV. Total cash outflows from investing activities	024	15.764.992	43.287.696
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	025	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	15.608.955	42.874.722
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issue of equity securities and debt securities	027		
2. Proceeds from loans and borrowings	028		36.872.755
3. Other proceeds from financing activities	029		
V. Total cash inflows from financing activities	030	0	36.872.755
1. Repayment of loans and bonds	031	7.899.888	7.835.559
2. Dividends paid	032		
3. Repayment of finance lease	033		
4. Purchase of treasury shares	034		
5. Other cash outflows from financing activities	035		5.795.094
VI. Total cash outflows from financing activities	036	7.899.888	13.630.653
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	037	0	23.242.102
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	7.899.888	0
Total increases of cash flows	039	0	0
Total decreases of cash flows	040	18.276.032	16.570.292
Cash and cash equivalents at the beginning of period	041	42.059.962	42.369.620
Increase of cash and cash equivalents	042	0	0
Decrease of cash and cash equivalents	043	18.276.032	16.570.292
Cash and cash equivalents at the end of period	044	23.783.930	25.799.328

STATEMENT OF CHANGES IN EQUITY

period **1.1.2017** to **31.3.2017**

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed share capital	001	202.769.470	202.769.470
2. Capital reserves	002	1.973	1.973
3. Reserves from profit	003	37.541.005	37.541.005
4. Retained earnings or loss carried forward	004	-15.104.060	-5.210.223
5. Net profit or loss for the period	005	12.184.326	-17.128.045
6. Revaluation of tangible assets	006		
7. Revaluation of intangible assets	007		
8. Revaluation of available for sale assets	008		
9. Other revaluation/minority interest	009	572.853	600.633
10. Total equity and reserves (AOP 001 to 009)	010	237.965.567	218.574.813
11. Foreign exchange differences from foreign investments	011		
12. Current and deferred taxes	012		
13. Cash flow hedge	013		
14. Change of accounting policies	014		
15. Correction of significant mistakes of prior period	015		
16. Other changes	016		
17. Total increase or decrease of equity (AOP 011 to 016)	017	0	0
17 a. Attributable to majority owners	018	237.392.714	217.974.180
17 b. Attributable to minority interest	019	572.853	600.633

Management Board Report on the state of FTB TURIZAM Group for the period January-March 2017

The consolidated operating results for the period January-March 2017 show that FTB Group (Hoteli Cavtat d.d., Hoteli Metropol d.o.o., Remisens Hotel Group d.o.o. and FTB TURIZAM d.d.) had c. 19% more overnight stays than in the same period of the previous year. Its operating income (in the attached report) increased by c. 1% compared to the same period last year. The operating income category, which according to the USALI report includes revenues from accommodation, board and extra food and beverages, sports, and other operating income, decreased by 3% compared to the same period last year, while GOP (gross operating profit), according to the USALI report, decreased by c. 7% compared to the previous year. The mentioned developments are of a short-term character and are due to the following reasons.

In the analysed period of the previous year, the Remisens Premium Hotel Metropol was open, while in the analysed period of the current year, the Remisens Premium Hotel Metropol (5*) was closed from 8 January to 10 March 2017 for the purpose of implementing an investment project. The Remisens Hotel Lucija (3*) has been open since 17/02/2017 instead. Based on the abovementioned, in the first three months there were 19% more overnight stays than in the same period last year. However, since in the analysed period of the current year a hotel of the 3-star Remisens brand was open, a lower average board price per room was achieved. This resulted in a 5% lower board income compared to last year, which largely influenced the 3% lower operating income (according to the USALI report), or 1% higher operating income according to the attached report, compared to last year's income in the same analysed period.

Based on the booking status, in the next three-month period better financial results are expected, which will significantly improve the previously analysed indicators.

Investment in retaining the Remisens Premium brand and the 5-star category of the Remisens Premium Hotel Metropol in Portorož has been completed. The hotel has a 5-star category and has retained the Remisens Premium brand. It was opened on 10/3/2017.

The investment in upgrading the Smart Selection brand to the Remisens brand in the Remisens Hotel Epidaurus in Cavtat has been completed. The hotel now belongs to the Remisens brand and was opened on 5/4/2017.

The investment in the former Smart Selection Hotel Barbara with the aim of rebranding and renaming the property as the Remisens Premium Casa Bel Moretto is in its final stage (the hotel is being equipped and furnished at the moment). It will be opened as planned on 15/5/2017.

Consolidated EBITDA (gross profit + amortisation + interests) is negative to the amount of c. 5.0 million kn, while last year's EBITDA was negative to the amount of c. 4.6 million kn.

The liquidity and solvency ratios and debt to equity and cash flow ratios are strong.

Member of the Management Board

Dr. Sc. Igor Šehanović



FTB TURIZAM d.d.
Zagreb 1

FTB TURIZAM d.d.

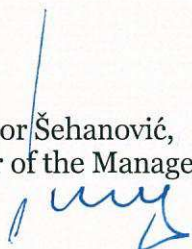
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Zagreb, 20/04/2017

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 and the Company included in the consolidation as a whole for the period from 1 January to 31 March 2017.

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



FTB TURIZAM d.d.
Zagreb 1