VALAMAR RIVIERA

BUSINESS RESULTS
1/1/2015 - 30/9/2015

QUARTERLY REPORT OF THE GROUP AND THE COMPANY VALAMAR RIVIERA D.D.

for the period from 1 January 2015 to 30 September 2015

Valamar Isabella Miramare 4*, Poreč

EXECUTIVE SUMMARY

- Very good results in 2015 came from the synergy of several key drivers – increased operational efficiency due to reorganization and restructuring, significant investments in properties and services which boosted growth, acquisition of Baška companies and a very good tourism season overall.

- In the first nine months of 2015, Valamar Riviera Group achieved EBITDA of HRK 556 million (in 2014: HRK 384 million), representing an increase of 45 percent (HRK 172 million).

- Operating income amounts to 1,223 million (in 2014: HRK 1,019 million) which represents a growth of 20% (HRK 204 million) in the first nine months of 2015. An increase in the number of overnights (+15.3%), supported by a 5.6% growth of the average daily rate, resulted in a HRK 153 million increase in board revenues to the amount of HRK 1,000 million (in 2014: HRK 847 million).

- EBITDA margin has increased by 7.8 percentage points reaching a level of 45% (in 2014: 38%) due to the growth in business profitability and efficiency, as well as the acquisition of the Baška companies, supported by a higher operating volume. Despite a considerable increase in operating income, the wider consolidation scope, and costs of newly acquired Baška companies, operating expenses were up only 3.8%. Without the effect of Baška companies business, comparable operating expenses would be on the same level as last year, building on a positive cost efficiency trend after last year's consolidation and restructuring of management, organisational and shareholding structure of the Group.

- Valamar Riviera has successfully finalised its first major acquisition in the Adriatic in purchasing participating interests and shares of Baška companies for HRK 182 million in total (paid in cash) which had a positive impact on revenues and EBITDA. The consolidation of companies in destination Baška from 1 July 2015 have contributed to boosting operating income by HRK 72 million and EBITDA by HRK 45 million.

- Following this acquisition, Valamar Riviera has become the largest tourism company and group in Croatia in terms of its capacities, which include twenty-four hotels, nine apartment resorts, two hostels, and twelve campsites accommodating approximately 48,000 thousand guests a day.

- In 2015 Valamar Riviera completed an investment cycle worth HRK 354 million. This year's largest investment project, Valamar Isabella Island Resort 4* achieved excellent operating results in its first season.

- The highest growth of 20% in board revenues was achieved in 4 & 5* hotels and apartments which came as a confirmation that continuous investments in the hospitality portfolio, innovation and high quality services are among the key factors of success in achieving sustainable growth in tourism operations.

- Company value has continued to trend upward as a result of EBITDA increase and prudent debt management. Net debt at 30 September 2015 amounts to HRK 957 million which is a HRK 269 million increase due to (i) realized investments (withdrawal of 2014/15 investment credit lines); (ii) newly acquired Baška companies (purchase of interests and shares and takeover of credit liabilities); and (iii) paid dividend.

- In 2015 tourism season, Valamar Riviera won several prizes and recognitions as a result of continuous investments in improving product quality, services and facilities: Croatia's Leading Resort, Croatia's Leading Boutique Hotel and Croatia's Leading Business Hotel by World Travel Awards; 2015 Award by HolidayCheck; 2015 Travellers' Choice Award and 2015 Certificate of Excellence by Tripadvisor; Proven Quality 2015 by Thomas Cook; Premium Quality Hotel - Wellbeing by FIT Reisen; Zoover Award Gold 2015, Zover Award Bronze 2015 and Kids HolidayTip! Quality Mark 2015 by Zoover; Camping2be 2015 Award by Camping2be.com; Best Camping 2015 by ADAC/ANWB; Leading Campings of Europe 2015 by Leading Camping of Europe; Best Bartender, Best Sales and Marketing Employee, Best Reception Employee and Beach of the Year by Croatian National Tourist Board; European Business Award 2014/2015 by The European Business Awards.

- By continuously focusing on managing environmental impact, achieving sustainable development and high destinations quality many of Valamar Riviera's products were also awarded with: Sustainable Hotel by the Association of Employers in Croatian Hospitality; Travelife Gold award by Travelife; TUI Environmental Champion 2015 by TUI Deutschland; Codex Alimentarius by HACCP; ISO 9001 and ISO 14001 by ISO; Q mark by Ministry of Tourism; Blue Flag by Foundation for Environmental Education.

- Valamar Riviera is commited to put forth extra efforts in transparent relations and high quality business and financial communication with investors. In 2015 Valamar Riviera has won the first prize for best investor relations, an award given by Poslovni dnevnik in collaboration with Zagreb Stock Exchange, and was awarded as the best managed company in the leisure sector in CEE region by Euromoney, the leading specialist financial magazine.

OUTLOOK

- In the business year 2015, we expect to achieve consolidated operating income ranging from HRK 1,270 million to HRK 1,290 million (in 2014: HRK 1,097 million) which represents a growth of 15.7% to 17.6% (HRK 173 million to HRK 193 million).
  More details are provided under "2015 Outlook" on page 17.

- In the business year 2015, expected EBITDA (non-adjusted for extraordinary income and expenses and one-off items) will range from HRK 405 million to HRK 415 million (in 2014: HRK 284 million) which represents an increase of 42.6% to 46.2% (HRK 121 million to HRK 131.1 million) thus realizing non-adjusted EBITDA margin between 31% and 33% in comparison to 26% in 2014.
  More details are provided under "2015 Outlook" on page 17.

- We are intensively running investments preparation activities for future development and improvement of the portfolio facilities, services and contents, but due to the highest VAT on the Mediterranean and the still unresolved issue of touristic land, the investment level for 2016 will be reduced to predictably HRK 260 million.
  More details are provided under "2016 investments" on page 21.

- Following the successful completion of the acquisition of Baška companies on the island of Krk, we continue to actively pursue expansion, partnership, and acquisition options in Croatia and the region.

Beach Cava, Dubrovnik - awarded as the best beach in Croatia in 2015 by the Croatian National Tourist Board

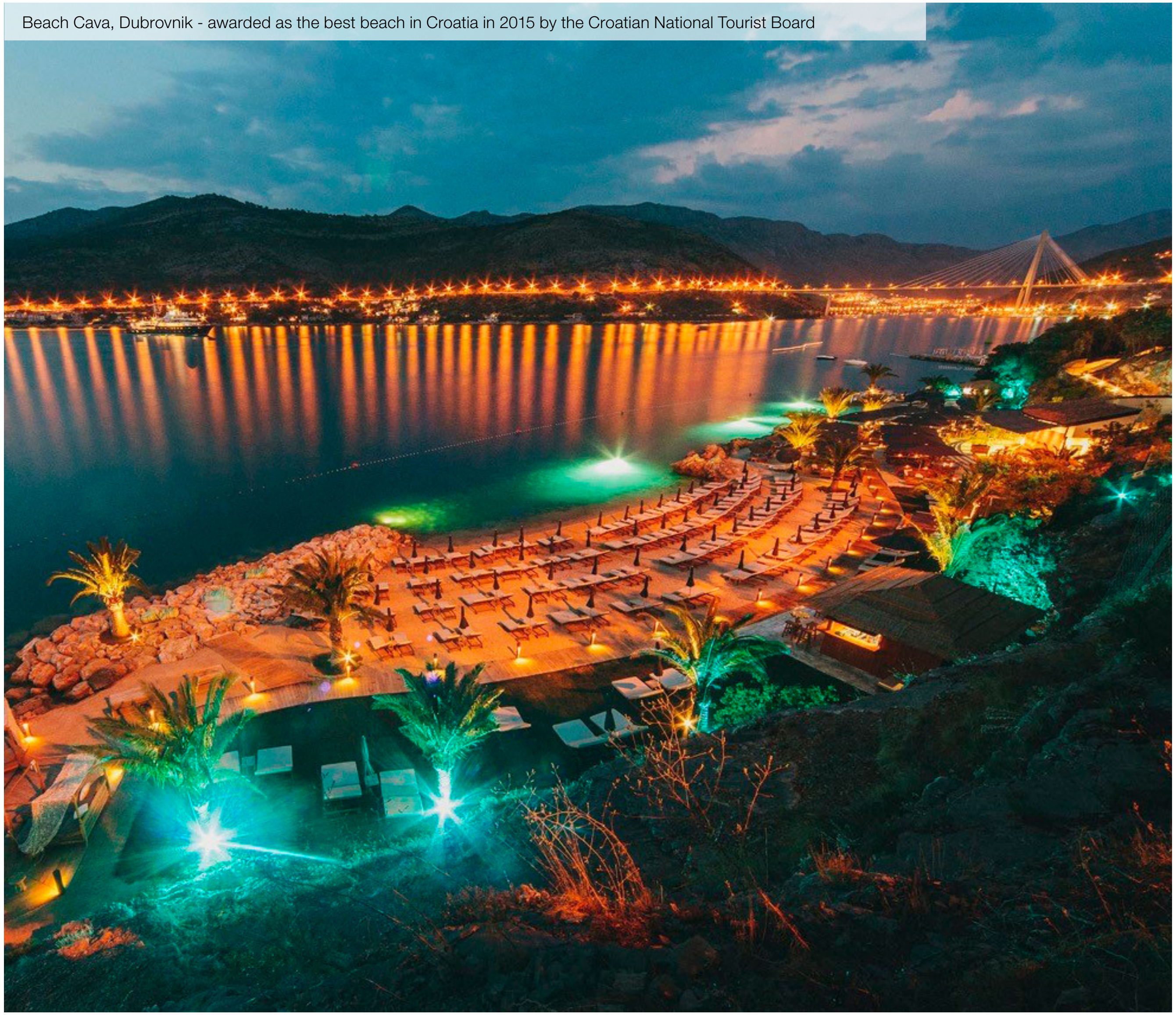


TABLE OF CONTENTS

SIGNIFICANT BUSINESS EVENTS

Valamar Riviera is the leading tourism company and one of the leading tourism groups, as well as a major investor in the tourism sector, its investments reaching almost HRK 2.6 billion in the last 12 years, including a HRK 182 million investment in participating interests and shares in Baška companies. The Valamar Riviera Group operates at four attractive destinations, covering the area from Istria and Kvarner to Dubrovnik, and manages around 10 percent of the categorised tourist accommodation. It is the owner of the Valamar Hotels & Resorts and Camping Adriatic brands and a hospitality facilities portfolio encompassing, together with the new acquisition, twenty-four hotels, nine apartment resorts, two hostels, and twelve campsites, accommodating approximately 48,000 guests a day, which makes it the biggest tourism group in Croatia in terms of capacities.

Valamar Riviera takes care of all its stakeholders' interests (several local communities it operates in, almost 21,500 shareholders, more than 4,100 employees engaged by the Group in high season, and a number of partners) through a sustainable growth and development concept based on the principles of socially responsible business operations. Further growth and development will be achieved by increasing operational efficiency, investing further into portfolio, pursuing acquisitions and partnerships, developing destinations where we operate, and training Valamar's employees.

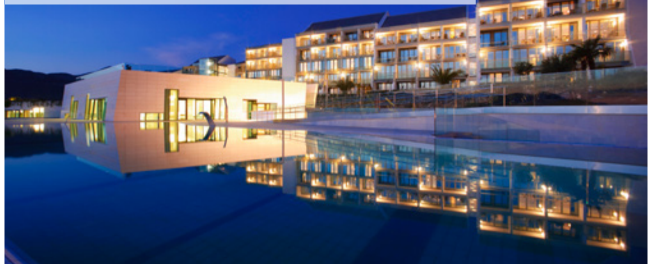
Valamar Riviera was awarded for best investor relations in 2015 by Poslovni dnevnik in collaboration with Zagreb Stock Exchange

On 27 February 2015, the Commercial Court in Rijeka, Permanent Office Pazin, registered the merger of the Valamar hoteli i ljetovališta d.o.o. company, Zagreb, with the Valamar Riviera d.d. company. The transaction concerned represents a continuation of the process of consolidation and statutory and legal mergers of the companies within the Valamar Riviera Group. The process was initiated back in 2011 with the merger of Zlatni otok d.d. and Rabac d.d. tourism companies with Riviera Adria d.d., and continued in 2013 with the merger of the Dubrovnik-Babin kuk d.d. company with Riviera Adria d.d., its parent company, and in 2014 with the merger of Valamar Adria holding d.d., Valamar grupa d.d., and Linteum savjetovanje d.o.o. with the Valamar Riviera d.d. company, resulting in the establishment of the leading tourism company in Croatia. By consolidating the hospitality property portfolio, management, and shareholding structure in one strategic company (the core of tourism activities), interests of all shareholders have been harmonised, allowing for a more transparent corporate governance and streamlined operations, including additional strengthening of the balance sheet assets.

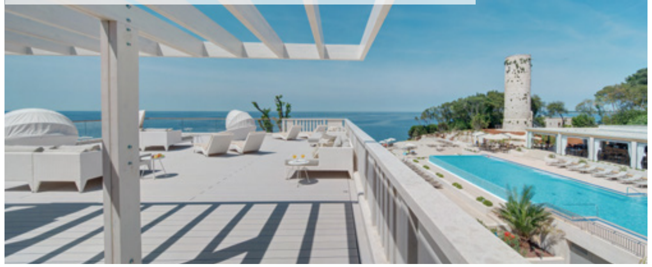
On 8 June 2015, the General Assembly of the Company was held, where the Annual Financial Statements for 2014 were presented and decisions were made on the use of profit, relieving of duty the Management Board and the Supervisory Board, on dividend pay-out, appointing KPMG Croatia d.o.o. as the auditor in 2015, amending the Articles of Association, and electing a Supervisory Board Member (due to the resignation of a Member, Ms. Gudrun Kuffner). As of 9 June 2015, the Supervisory Board consists of: Mr. Gustav Wurmböck, President, Mr. Mladen Markoč, Vice-president, Mr. Franz Lanschützer, Vice-president, and Members: Mr. Georg Eltz, Mr. Hans Dominik Turnovszky, Mr. Vicko Ferić, and Ms. Mariza Jugovac.

In the previous period, some changes took place in the Company's Management Board, namely on 30 April 2015, Mr. Nikola Koncul and on 8 June 2015, Mr. Franz Lanschützer, Mr. Tihomir Nikolaš, and Ms. Ivana Budin Arhanić ceased to be Members of the Management Board, so that as of 9 June 2015, the Management Board is composed of two Members: Mr. Željko Kukurin, President of the Management Board, and Mr. Marko Čižmek, Member of the Management Board. After they ceased to hold the office in the Company's Management Board, the previous Members have continued with their activities in the Company: Mr. Nikola Koncul as President of the Management Advisory Committee, Ms. Ivana Budin Arhanić as Vice-president in charge of business development, strategic management, and corporate affairs, and Mr. Franz Lanschützer as Vice-president of the Supervisory Board, while Mr. Tihomir Nikolaš has continued his career outside the Company as an investment project consultant.

Valamar Lacroma Dubrovnik 4*, Dubrovnik



Valamar Isabella Miramare 4*, Poreč



On 10 June 2015, the Company concluded Contracts for the sale of interests, as well as Contracts for the transfer of interests, pursuant to which the Company purchased and acquired 100% interest in three limited liability companies: Baškaturist d.o.o., Mirta Bašćanska d.o.o., and Vala Bašćanska d.o.o., which together hold in total 250,946 shares in the Hoteli Baška d.d. company, with the registered office in Baška, Emila Geistlicha 39. The Company also concluded contracts for the sale and transfer of shares with the shareholders of Hoteli Baška d.d., acquiring additional shares, i.e. a total of 8,752 shares of Hoteli Baška d.d. On 30 September 2015, the Company holds, either directly or indirectly, 259,698 shares accounting for 96.715% of the Hoteli Baška d.d. company. On 10 August 2015, the Company adopted a decision initiating a procedure to transfer minority shareholders' shares of the Hoteli Baška d.d. company. The procedure is expected to be finalised by the end of 2015.

In the context of the Company's acquisition-driven growth strategy, the Company made its first major acquisition, thus confirming its intention to grow by pursuing expansion in the Adriatic and the region. In Hoteli Baška d.d. the Company has recognised a clear potential to apply its experience gained at other Valamar's destinations, where continued investments in employees, products, services, and experience have created a new value for Company's shareholders. Moreover, this acquisition provides an opportunity to create an additional value from the synergy of two companies for both the employees of Baška and the local community. In the forthcoming period, the key activities will be planning and elaboration of future investments in Baška, as well as development of the whole Krk destination, where, with this acquisition, the Company has taken over the leading position, becoming the key player on the island of Krk.

The Company's Management Board hereby presents the quarterly financial statements for the third quarter of 2015 (1 January 2015 – 30 September 2015), noting that the presented statements must be viewed in the context of the above mentioned changes resulting from mergers, and that they provide information on the status of the Company and the Group, as well as on significant events.

The Company's income statement for the period under consideration comprises the data for the merged company Valamar hoteli i ljetovališta d.o.o. for the period following the merger. Please note that the data for the current year are not fully comparable to the data for the previous period, as the latter do not comprise the data for the following merged companies: Valamar Adria holding d.d., Valamar grupa d.d., Linteum savjetovanje d.o.o., and Valamar hoteli i ljetovališta d.o.o.

The Group's income statement for the period under consideration comprises the data for the following companies: Valamar hoteli i ljetovališta d.o.o., Puntižela d.o.o., Bastion upravljanje d.o.o., Citatis d.o.o., Elafiti babin kuk d.o.o, Magične stijene d.o.o., Palme turizam d.o.o., Bugenvilia d.o.o., and Pogača Babin kuk d.o.o. Please note that the data for the newly acquired interests in three limited liability companies Baškaturist d.o.o., Mirta Bašćanska d.o.o., and Vala Bašćanska d.o.o., whereby the Company now holds, either directly or indirectly, a total of 96,715% shares in the Hoteli Baška d.d. company, are included as of 1 July 2015.

Furthermore, the data for the current year are not fully comparable to the data for the previous period, as the latter do not comprise the data for the following companies: Valamar Adria holding d.d., Valamar grupa d.d., Linteum savjetovanje d.o.o., Valamar hoteli i ljetovališta d.o.o., Puntižela d.o.o., Bastion upravljanje d.o.o. Citatis d.o.o., and the newly acquired interests in three limited liability companies Baškaturist d.o.o., Mirta Bašćanska d.o.o., and Vala Bašćanska d.o.o., whereby the Company now holds, either directly or indirectly, a total of 96,715% shares in the Hoteli Baška d.d. company.

Therefore, all significant changes in the financial statements should be considered the result of the mergers, changes in the organisational and legal structure of the Group, and the acquisition of Baška companies.

Hotel Corinthia 3*, Baška

Results of the Group

Key financial indicators[1]

(in HRK)	1 – 9/2015	1 – 9/2014	2015/2014
Total revenues	1,253,273,546	1,025,391,467	22.2%
Sales revenues	1,204,362,692	1,009,164,635	19.3%
Board revenues[2]	999,766,001	847,469,137	18.0%
Operating expenses[3]	651,000,016	627,173,100	3.8%
EBITDA	555,902,311	384,026,076	44.8%
Extraordinary operations result and one-off items[4]	2,410,902	2,909,397	-17.1%
Adjusted EBITDA[5]	558,313,213	386,935,473	44.3%
EBIT	377,952,951	233,592,636	61.8%
Adjusted EBIT[5]	380,363,853	236,502,033	60.8%
EBT	344,893,157	221,626,648	55.6%
EBT margin	33.9%	18.1%	1580 bp
EBITDA margin	45.5%	37.7%	780 bp
Adjusted EBITDA margin[5]	45.7%	38.0%	770 bp

	30/9/2015	31/12/2014	2015/2014
Net debt[6]	956,520,089	687,591,961	39.1%
Cash and cash equivalents	292,648,742	195,201,504	49.9%
Adjusted ROCE[7]	11.1%	2.6%	850 bp
Market capitalization[8]	2,741,500,129	2,486,010,888	10.3%
EV[9]	3,698,020,218	3,173,602,849	16.5%
DPS	0.55	0.50	10.0%

1 EBIT and EBITDA are recorded on the basis of operating income.
2 In compliance with the classification under the USALI international standard for reporting in hotel industry (Uniform System of Accounts for the Lodging Industry).
3 Operating expenses include material costs, staff costs, other expenditures, and other operating expenses reduced by extraordinary expenses and one-off items.
4 The adjustment includes extraordinary income and expenses in accordance with the USALI standard classification and one-off termination benefit costs and administrative expenses related to the process of merger and business reorganisation.
5 Adjusted by the result of extraordinary operations and one-off items.
6 Net debt: non-current and current liabilities to banks and other financial institutions + liabilities for loans, deposits and other– cash and cash equivalents – long-term and short-term investments in securities – current loans given, deposits, etc. Net debt on 30 September 2015 was measured in relation to the amount of net debt on 31 December 2014.
7 Adjusted ROCE refers to return on capital employed; calculated as: adjusted EBIT / (capital and reserves at the end of the period + non-current and current liabilities to banks and other financial institutions + liabilities for loans, deposits and other - cash and cash equivalents - long-term and short-term investments in securities - current loans given, deposits, etc.).
8 The number of shares as at 30 September 2015 net of treasury shares (includes 432,942 treasury shares of the subsidiary company Bastion upravljanje d.o.o.): 124,500,460.
9 EV refers to enterprise value; calculated as market capitalization + net debt.

Key financial indicators (continued)

	1 – 9/2015	1 – 9/2014	2015/2014
Number of accommodation units (capacity)	17,783	15,446	15.1%
Accommodation units sold	2,006,275	1,796,305	11.7%
Overnights	4,567,926	3,963,234	15.3%
ADR[10] (in HRK)	498	472	5.6%
RevPAR[11] (in HRK)	56,219	54,867	2.5%

Following the Group's strategic focus on the key holders of business expansion and long-term objectives in compliance with the mission and vision, brand strength, management expertise, and portfolio and proposition structure, on top of favourable weather conditions, the Group has achieved a high 20.1% operating income growth rate and an 44.8% EBITDA growth rate, resulting in a 45.5% EBITDA margin. A 11.7% increase of accommodation units sold and a 5.6% growth of the average daily rate per accommodation unit (7.0% excluding the business operations of Hoteli Baška d.d. and Puntižela d.o.o. in 2015 for comparability purposes) are attributed to the effect of four key strategy holders, including (i) the continued enhancement of the competitive strength and the improvement of services and facilities quality; (ii) focusing on sales, marketing, and operating excellence with a view to achieving profitability and sustainable growth; (iii) strategic acquisitions aimed at expanding our product portfolio and ensuring further growth of the Group; and (iv) the development of destinations, products, and value added services, as well as favourable weather conditions preventing guests' early departure or shorter stay.

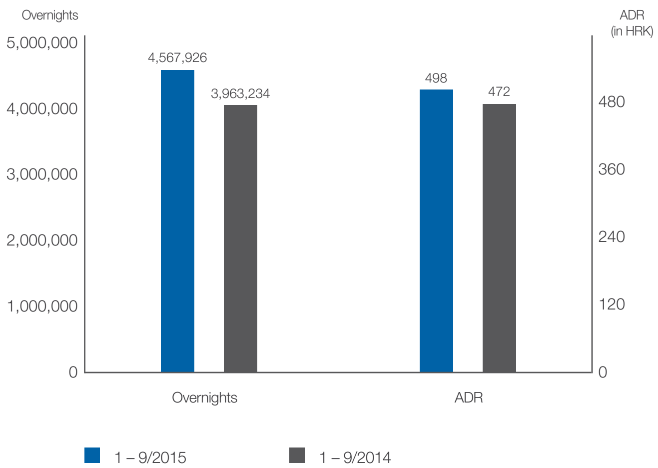
Changes in the marketing mix during the pre-season and at the beginning of the season, i.e. growth in segments generating a higher average daily rate (individuals and M.I.C.E.[12]), as well as a good response to marketing and sales activities (particularly with regard to the first-minute offering) have resulted in stronger initial booking, allowing for the creation of a good base for pricing policy management during the season. An unfavourable spread of holiday dates and early Easter were compensated with a carefully planned multitude of interesting visit motives and experiences offered to guests. A high-quality contractual basis established with partners allowed for a further step forward with regard to quality in managing distribution, sales channels, optimum prices, and marketing and sales activities in high season.

10 Average daily rate per accommodation unit is recorded on the basis of cumulative board revenues (accommodation and board's food and beverage revenues).

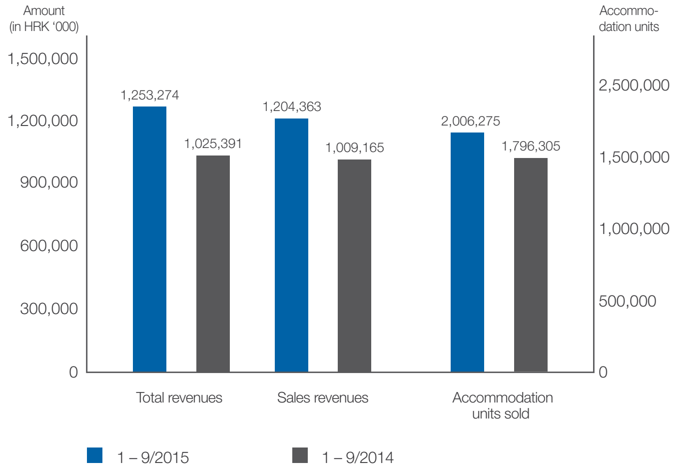
11 Revenue per accommodation unit is recorded on the basis of cumulative board revenues (accommodation and board's food and beverage revenues). Note: In 2015, it is impacted by the consolidation of Baška companies' business operations solely for the period July – September 2015, which, in combination with the increased number of accommodation units has led to a lower RevPAR value.

12 Meetings, incentives, conferencing, exhibitions.

Overnights and ADR



Revenues and accommodation units sold



Despite an increase in operating volume, the wider consolidation scope, and the acquisition of the Baška companies, operating expenses[13] are up only 3.8% in relation to a 19.3% increase in sales revenues, to HRK 1,204.4 million. The positive effects of management consolidation, tourism portfolio, and shareholding structure in terms of business efficiency and profitability come to the fore if operating expenses[13] are disclosed net of Baška companies' business operations, in which case they are on the same level as last year. Revenue volume increase and streamlined cost management have resulted in an increase of EBITDA of HRK 171.9 million, i.e. of adjusted EBITDA by 44.3% to HRK 558.3 million.[14] The operating profit is HRK 378 million, recording an 62% growth, while the Group's gross profit is higher by 55.6%, amounting to HRK 344.9 million (in 2014: HRK 221.6 million). The EBT margin follows other high growth rates increasing by 15.8 percentage points points and reaching 33.9%.

Compared to the previous period, there is a strong 19.3% increase in sales revenues to HRK 1,204.4 million (resulting mainly from the increased volume of physical indicators and average daily rate, as well as the increased sale of à la carte food and beverages by 36%), i.e. a 22.2% increase in total revenues to HRK 1,253.3 million, such an increase being a result not only of sales revenue growth, but also of growth in revenues coming from one-off revenues from the reversal of provisions for termination benefits, foreign exchange gains, valuation of forward contracts, and capitalisation of working hours for the investments' planning. The acquisition of the Baška companies, investments in combination with a good response to marketing and sales activities, with the focus on the earlier mentioned changed marketing mix and price optimisation, have reflected in a 11.7% increase in the number of accommodation units sold, reaching 2,006,275, including the increase of the average daily rate to HRK 498. National sales revenues amount to HRK 92.4 million, accounting for 7.4% of total revenues (7.5% in 2014), and are 20.8% above the previous comparable period. Sales revenues generated on international markets are 19.2% up and amount to HRK 1,112 million, accounting for 88.7% of total revenues (91% in 2014), while other operating and financial income accounts for 3.9% of total revenues. Other operating income of the Group, amounting to HRK 18.6 million, accounts for 1.5% (0.9% in 2014) of total revenues, indicating a 98% growth resulting mainly from the one-off income from the reversal of provisions for termination benefits paid and, to a lesser extent, from the consolidation of other income generated by the acquired Baška companies.

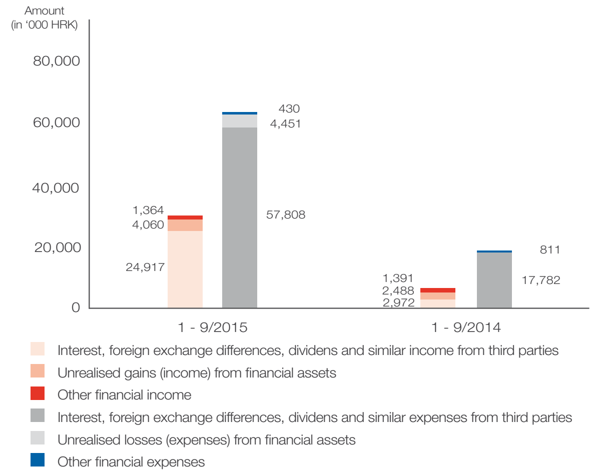
13 Operating expenses include material costs, staff costs, other expenditures and other operating expenses reduced by extraordinary expenses and one-off items.

14 Adjustments have been made for: (i) the effect of extraordinary result (income to the amount of HRK 1.4 million in the nine months of 2015, i.e. loss to the amount of HRK 0.4 million in the comparative period last year); (ii) the effect of one-off revenues and expenses for termination benefits in the nine months of 2015 (income from the reversal of provisions for termination benefits paid to the amount of HRK 7 million and termination benefit costs to the amount of HRK 10.4 million); (iii) the effect of one-off termination benefit costs and administrative expenses related to the merger and restructuring process in the nine months of 2014 (to the amount of HRK 2.4 million), and the effect of one-off costs related to the acquisition of new interests in the Baška companies in the nine months of 2015 to the amount of HRK 0.4 million (HRK 0.1 million in the nine months of 2014).

Total operating expenses of Valamar Riviera Group

(in HRK)	1 – 9/2015	1 – 9/2014	2015/2014
Operating expenses[13]	651,000,016	627,173,100	3.8%
Total operating expenses	845,691,525	785,171,926	7.7%
Material costs	332,950,244	309,166,986	7.7%
Staff costs	238,514,510	193,833,730	23.1%
Depreciation and amortisation	177,949,360	150,433,440	18.3%
Other expenditures	87,024,041	125,921,586	-30.9%
Provisions and value adjustments	711,709	223,377	218.6%
Other operating expenses	8,541,661	5,592,807	52.7%

Financial income and expenses



Compared to the same period last year, in the first nine months of 2015, total operating expenses are up 7.7%, mainly coming from increased operating volume and the acquisition of the Baška companies. Excluding the effect of the Baška companies consolidation, the positive effects of management consolidation and restructuring at all Valamar Group levels are still present, resulting in a slight 3.7% increase of total operating expenses adjusted as described. Accounting for 39.4% (39.4% in 2014) of total operating expenses, material costs have increased by 7.7% to HRK 333.0 million, i.e. by 3.2% as a result of Baška companies consolidation, as due to higher raw materials and materials costs, the most significant being the increase of direct food and beverage costs (increased operating volume and higher à la carte spending) and, to a lesser extent, the increase of water and electricity consumption (increased operating volume, new investments, and replacement of fuel oil with environmentally friendlier energy products). Thus, investments in energy efficiency and lower energy prices have resulted in almost HRK 3.5 million lower energy (fuel oil) costs.

Staff costs amount to HRK 238.5 million, accounting for 28.2% of total operating expenses (24.7% in 2014). A 23.1% increase in staff costs in 2015 comes from the takeover of employees from all merged and acquired companies and, to a lesser extent, from increased employees' salaries (more details under "Responsibility to Employees") and an increase of the salary contributions rate (health insurance) from 13% to 15%. Depreciation and amortisation amount to HRK 177.9 million (HRK 150.4 million in 2014), accounting for 21% (19.2% in 2014) of total operating expenses, their 18.3% increase being a result of an intensive 2014/15 investment cycle and, to a lesser extent, the wider consolidation scope. Other operating expenses amount to HRK 8.5 million, indicating a 52.7% growth rate, mainly as a result of the Baška companies consolidation. A significant decrease in other expenditures by 30.9%, i.e. HRK 38.9 million, results from the wider consolidation scope (primarily elimination of the management fee charged by Valamar hoteli i ljetovališta d.o.o.).

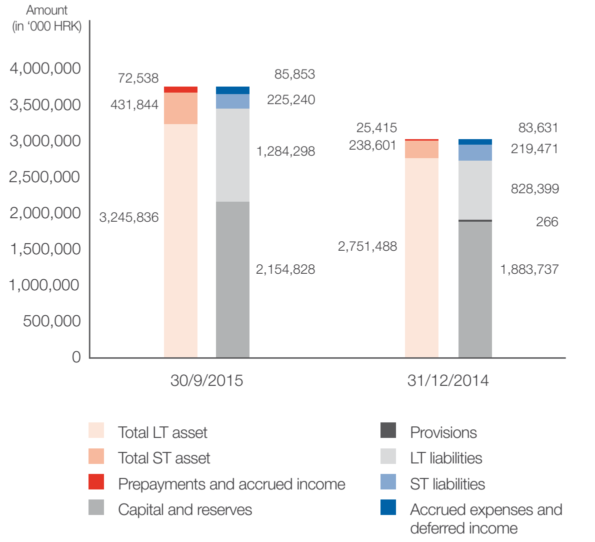
Group's financial income in the reporting period amounts to HRK 30.3 million and is 343% above the same period last year. Total foreign exchange gains are HRK 21.2 million higher, whereby we point to the amended policy for accounting for unrealised foreign exchange differences and their recording in the quarterly dynamics. Revenues from interest income on placements are HRK 0.24 million lower due to the lower amount of available cash funds (as a consequence of acquiring participating interests and shares in Baška companies in the total amount of HRK 182 million) and the general decrease in market interest rates. Other financial income and unrealised gains from financial assets are HRK 1.55 million higher, resulting mainly from the valuation and reversal of unrealised derivatives positions during their realisation in the current year (forward transactions contracted for 2015 and interest swap).

Group's financial costs in the reporting period amount to HRK 62.7 million, accounting for 6.9% of total expenses (2.3% in 2014), and are HRK 44 million higher compared to the same period last year. Interest expenses and foreign exchange differences record a HRK 40 million increase, while the valuation of contracted IRSs and forwards at the end of the third quarter, including the reversal of their positions during realisation, has resulted in HRK 4.4 million additional expenses. Foreign exchange rate losses on existing loan portfolio, which record a HRK 33 million increase (resulting mainly from the appreciation of the Swiss franc exchange rate in the first quarter, but also partially from the appreciation of euro in relation to kuna at the end of the third quarter), are the biggest single item of financial costs. Please note the changed (quarterly) dynamics in recoding unrealised foreign exchange differences. The increase in interest expense in the first three quarters of 2015 is a result of an increase in non-current liabilities driven by the withdrawal of funds from granted credit lines for financing the 2014/15 investment cycle.

Valuation of Valamar Riviera Group

	30/9/2015	31/12/2014	2015/2014
Share price	22.02	19.87	10.8%
Market capitalization (in HRK)	2,741,500,129	2,486,010,888	10.3%
EV (in HRK)	3,698,020,218	3,173,602,849	16.5%
DPS (in HRK)	0.55	0.50	10.0%
EV / Sales revenues	3.1x	2.9x	5.9%
EV / EBITDA	6.7x	11.2x	-40.6%
EV / Adjusted EBITDA	6.6x	10.0x	-33.8%
EV / EBIT	9.8x	39.9x	-75.5%
EV / Adjusted EBIT	9.7x	28.1x	-65.4%

Assets and liabilities



As at 30 September 2015, compared to 31 December 2014, the total value of the Group's assets is 24.4% higher. The reason for such an increase in assets value and other balance sheet items is to be considered in the context of disclosing the fair value of assets and liabilities of the newly acquired Baška companies in compliance with the provisions of IFRS 3 on the day of acquisition (30 June 2015), pursuant to an assessment made by an independent appraiser after the acquisition date. The total share capital and reserves have increased from HRK 1,884 million to HRK 2,155 million, primarily as a result of the generated profit and paid dividend. Total non-current liabilities are 55% higher, amounting to HRK 1,284.3 million as at 30 September 2015, primarily driven by (i) inflow of credits of the newly acquired Baška companies amounting to HRK 155.4 million; (ii) the utilisation of credit lines for financing the 2014/2015 investment cycle (a total amount of HRK 265.8 million was withdrawn during 2015); (iii) deferred tax liabilities disclosed for the difference in fair value of material assets of the Baška companies as established on the acquisition date (HRK 20 milion); and (iv) foreign exchange rate differences on existing loan portfolio (HRK 17.8 million). Total current liabilities amount to HRK 225.2 million and are 2.6% higher compared to 31 December 2014, primarily due to normally higher (i) advances received from customers (increase of HRK 46.4 million); (ii) liabilities to employees (increase of HRK 8.9 million due to wider consolidation scope and higher number of employees compared to 31 December 2014); and (iii) taxes (increase of HRK 23.6 million where the Baška companies are contributing with an amount of HRK 7.7 million). Current liabilities to banks are down 74.8% to HRK 26.2 million coming from the payment of the current instalment of the non-current debt.

Cash and cash equivalents as at 30 September 2015 amount to HRK 292.6 million, where this year's impact of the consolidation of the Baška companies amounts to HRK 31.4 million, indicating an exceptionally strong cash potential from operating activities, which, together with external debt, provides for a secure continuation of future investing activities.

Key operating indicators of Valamar Riviera Group per destinations[15]

DESTINATION	Istrian west coast[16]			Rabac			Krk[17]			Dubrovnik			Other segmets[18]	
	1 – 9/2015	1 – 9/2014	2015/2014	1 – 9/2015	1 – 9/2014	2015/2014	1 – 9/2015	1 – 9/2014	2015/2014	1 – 9/2015	1 – 9/2014	2015/2014	1 – 9/2015	1 – 9/2014
Number of accommodation units (capacity)	10,592	9,778	8.3%	1,913	1,913	0.0%	3,318	1,801	84.2%	1,961	1,953	0.4%	/	/
Accommodation units sold	1,153,379	1,092,969	5.5%	247,831	230,995	7.3%	344,869	213,187	61.8%	260.196	259.154	0.4%	/	/
Overnights	2,648,509	2,444,073	8.4%	571,939	531,006	7.7%	844,211	484,937	74.1%	503,267	503,218	0.0%	/	/
ADR (in HRK)	434	409	6.0%	560	552	1.4%	379	294	29.1%	884	811	9.0%	/	/
Board revenue (in HRK)	500,129,623	447,011,167	11.9%	138,781,641	127,591,265	8.8%	130,742,438	62,621,974	108.8%	230,112,299	210,244,730	9.4%	/	/
RevPAR[11] (in HRK)	47,219	45,714	3.3%	72,547	66,697	8.8%	39,410	34,763	13.4%	117,344	107,652	9.0%	/	/
Adjusted EBITDA[19] (in HRK)	333,770,444	286,925,853	16.3%	86,528,829	77,131,183	12.2%	101,126,312	43,442,101	132.8%	157,688,927	126,784,241	24.4%	-120,801,300	-147,347,906

At all destinations where it operates, the Group has achieved excellent sales results, its board revenue growth rates ranging from 8.8% to high 108.8%. The number of overnights was higher by 8.4% on the Istrian west coast (mostly as an effect of the consolidation of Puntižela d.o.o.), in Rabac by 7.7%, on the island of Krk by 74.1% (effect of the consolidation of Hoteli Baška d.d.; excluding the effect of the consolidation of Hoteli Baška d.d., the number of overnights at the Krk destination is up 8.1%), while the number of overnights in Dubrovnik is flat to 2014.

Board revenues on the Istrian west coast are up HRK 53.1 million as a result of a 5.5% increase of accommodation units sold and a 6.0% growth of the average daily rate per accommodation unit (excluding the impact of the consolidation of Puntižela d.o.o., the comparable average daily rate at the Poreč destination is up 8.4%). Poreč hotels have recorded a 14.9% increase in board revenues coming from a 10.7% increase in average daily rates and a 3.8% increase of the number of accommodations units sold. Newly invested hotels (Valamar Isabella Island Resort 4* and Valamar Zagreb 4*) have a significant impact on hotel operations growth. Individual sales channels have recorded the highest revenue growth per sales channels in Poreč hotels, followed by groups and allotment. The growth in board revenues from Poreč apartments is most strongly driven by Valamar Isabella Castle 4*, while certain lower category facilities have recorded lower growth, resulting in more attention being paid to high-quality distribution through fixed allotment and group segment, as well as to high-quality scheduling of events and placement of pre-seasonal activities promoting longer stays instead of increasing prices, with a view to maintaining board revenues.

The Rabac destination has recorded a HRK 11.2 million, i.e. 8.8% growth to HRK 138.8 million, driven by a 7.3% increase in the number of sold accommodation units and a 1.4% growth of the average daily rate per accommodation unit. Higher category facilities (Valamar Casa Sanfior 4* and Valamar Bellevue 4*) and certain lower category facilities are particularly worth mentioning. Namely, a successful replacement of the sales mix and carefully planned marketing activities and promotions in lower category facilities have helped to maintain continuous booking entries and, as a consequence, high board revenue growth rates (Mediteran 2*, Marina 2* and Girandella 2*). The growth of board revenues and accommodation units sold has been mostly driven by good group segment performance in the pre-season in 3* properties and the increase of the individual segment during the season.

Growth in accommodation units sold at the Krk destination of 131,682, i.e. a 61.8% and a 29.1% growth in average daily rate to HRK 379, have resulted in a 108.8% increase in board revenues. Such high growth rates are driven by the consolidation of the Hoteli Baška d.d. company. In relation to the comparable period last year[20], solid Hoteli Baška d.d. facilities have achieved a 9.2% growth of daily average rates and a 12.6% growth in board revenues as a result of carefully planned positioning of hotels on the market and increased control of the allotment channel over the contracted quotas in order to allow for the additional entry of the individual channel, which generally achieves a higher average daily rate. Excluding the impact of the consolidation of Hoteli Baška d.d., the Krk

15 According to the classification under the USALI international standard for reporting in hotel industry (Uniform System of Accounts for the Lodging Industry).
16 In the first nine months of 2015, destinations Poreč and Puntižela d.o.o. are included, while in the comparable period of 2014, Puntižela d.o.o. is not included.
17 In the first nine months of 2015, the consolidation of the business operations of Baška companies for the third quarter of 2015 is included, while the Baška companies are not included in the overview of the first nine months of 2014.
18 Other segments include business of central operations, laundry, sport, central kitchen, strategic rentals, etc.
19 When calculating adjusted EBITDA, internal allocation of revenues and expenses as well as inter-segment revenues and expenses are excluded from the calculation.
20 Comparable period refers to the period July-September 2015 compared to July-September 2014.

destination has achieved a 11.2% growth in board revenues. In the Koralj hotel 3*, the individuals segments has recorded the highest revenue growth. Intensified marketing activities and an improved pricing policy in earlier invested facilities on the island of Krk, Krk campsite and Stara Baška campsite, have led to high increase of average daily rates and board revenues.

Recent investments in higher category facilities at the Dubrovnik destination (Valamar Dubrovnik President 5*, Valamar Argosy 4*) have resulted in HRK 230.1 million board revenues, i.e. a 9.4% increase compared to the same period last years, particularly driven by a 9.0% increase of the average daily rate. Particularly noteworthy are Valamar Argosy 4* with high board revenues growth rates and Valamar Dubrovnik President 5*, which has generated a superb growth in board revenues coming from its further focusing on high-end segment (individual segment) and M.I.C.E. and from an increase in the number of days during which it is open (46 in relation to the previous year as a result of its raising quality to 5*). Comparing marketing and sales channels, the board revenues growth at the Dubrovnik destination has been driven by the replacement of allotment and groups with the individuals channel.

Valamar Zagreb Hotel 4*, Poreč

Key operating indicators of Valamar Riviera Group per products[21]

PRODUCT	Hotels and apartments 4* and 5*			Hotels and apartments 2* and 3* and hostels			Campsites			Other segments[18]	
	1 – 9/2015	1 – 9/2014	2015/2014	1 – 9/2015	1 – 9/2014	2015/2014	1 – 9/2015	1 – 9/2014	2015/2014		
Number of accommodation units (capacity)	3,255	2,921	11.4%	4,638	4,161	11.4%	9,891	8,363	18.3%	/	/
Accommodation units sold	464,853	423,629	9.7%	592,674	550,916	7.6%	948,748	821,760	15.5%	/	/
Overnights	992,468	866,235	14.6%	1,345,600	1,237,838	8.7%	2,229,858	1,859,161	19.9%	/	/
ADR (in HRK)	998	913	9.3%	542	519	4.5%	226	213	6.3%	/	/
Board revenue (in HRK)	464,097,820	386,877,248	20.0%	321,084,334	285,680,969	12.4%	214,583,846	174,910,919	22.7%	/	/
RevPAR[11] (in HRK)	142,580	132,447	7.7%	69,233	68,650	0.8%	21,696	20,914	3.7%	/	/
Adjusted EBITDA[19] (in HRK)	304,316,845	234,371,544	29.8%	206,586,337	174,826,524	18.2%	168,211,330	125,085,311	34.5%	-120,801,300	-147,347,906

Generating HRK 464.1 million board revenues and a 20%, i.e. HRK 77.2 million growth, facilities belonging to the 4* and 5* hotels and apartments segment have made the largest contribution to the increase of total board revenues. The impact of the consolidation of Hoteli Baška d.d. in the 4*/5* segment is only 4.2%, while the remaining part is linked in particular to excellent sales results of Valamar Isabella Island Resort 4* and Valamar Dubrovnik President 5* hotel, as well as other invested facilities. Precisely these new, investment-driven products and facilities of higher category are expected to make positive contributions in the years to come, since they allow for better marketing and sales channels management as a result of higher demand. Cluster Tamaris 4* has recorded stable sales growth rates owing to high-quality distribution of allotments and groups in the pre-season, which has provided for a stable based used to develop activities in the individual channel. In relation to the comparable period last year[20], hotels and apartments belonging to the 4* and 5* segment at the Baška destination have recorded a 12.8% increase in board revenues, mainly driven by a 12.0% growth of the average daily rate. Such a change in growth rates has resulted in an amended pricing policy in the Zvonimir 4* hotel in relation to the previous year, while in Atrium Residence 4* and Villa Adria 4*, average daily rates are up as a result of higher sales through carefully selected firsti-minute activities and active monitoring of the realisation of their optimum profitability in line with the market status.

The increase in the number of accommodation units sold to 592,674 and a 4.5% growth of the average daily rate have led to a 12.4%, i.e. HRK 35.4 million increase in board revenues from 2* and 3* hotels and apartments and hostels. This increase is impacted by the business operations of hotel Corinthia 3*, consolidated for the third quarter of 2015, which, in relation to the comparable period last year, has generated high growth in board revenues coming from investments in the restoration of its exterior, collaboration with allotment partners in the post-season, and its promotion as a family hotel. Excluding the effect of the consolidation of Hoteli Baška d.d. and Puntižela d.o.o., a stable 2.6% board revenues increase is noticable. Lanterna apartments have maintained the optimum combination of marketing segments with a view to ensuring a stable revenue growth continuity. Apartments will be still facing challenges arising from a growing online presence of private accommodations in all sales channels, whose low prices affect 2* and 3* facilities' results.

HRK 39.7 million higher board revenues generated by campsites are a result of the increase in the number of accommodation units sold by 126,988 and an HRK 13 higher average daily rate. Higher board revenues are mostly driven by the consolidation of Hoteli Baška d.d. and Puntižela d.o.o. Excluding the effect of the said consolidation, the campsites have generated 6.9% higher board revenues, mainly coming from the increase of the average daily rate. As to campsites, noteworthy are particularly invested campsites, i.e. Krk campsite and Stara Baška campsite, as well as Marina campsite in Rabac, while Poreč campsites indicate stable increase of business operations, with the Lanterna campsite being the most influential. The newly acquired campsites, i.e. Bunculuka nudist campsite 4*, which in combination with specific environment does not have a great number of direct competitors, and Zablaće campsite have generated high board revenues increase in relation to the comparable period last year[20] resulting from the active management of price optimisation with regard to mobile homes and plots. The conversion of campsites into modern high-quality camping resorts is one of the Valamar Riviera's strategic goals, and therefore investments in 2016 season will be focused on raising the quality of campsites to a higher level, but to a lesser amount due to the highest VAT on the Mediterranean and the still unresolved issue of touristic land which are limiting further investments (more details are provided under "2016 Investments").

21 In the first nine months of 2015, the consolidation of the business operations of Baška companies for the third quarter of 2015 is included, while the Baška companies are not included in the overview of the first nine months of 2014.

In the first nine months of 2015, destinations Poreč and Puntižela d.o.o. are included, while in the comparable period of 2014, Puntižela d.o.o. is not included.
According to the classification under the USALI international standard for reporting in hotel industry (Uniform System of Accounts for the Lodging Industry).

2015 OUTLOOK

In the business year 2015, we expect to achieve consolidated operating income ranging from HRK 1,270 million to HRK 1,290 million (in 2014: HRK 1,097 million) which represents a growth of 15.7% to 17.6% (from HRK 173 million to HRK 193 million).

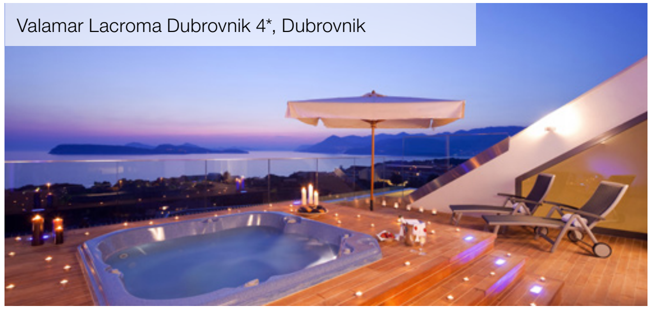
In the business year 2015, expected EBITDA (non-adjusted for extraordinary income and expenses and one-off items) will range from HRK 405 million to HRK 415 million (in 2014: HRK 284 million) which represents an increase of 42.6% to 46.2% (from HRK 121 million to HRK 131 million) thus realizing EBITDA margin between 31% and 33% in comparison to 26% in 2014.

Our outlook is based on (i) the results achieved in the first nine months of 2015; (ii) the operating income generated by 20 October 2015; (iii) booking in books (represents 99.6% of the estimated 2015 board revenues); (iv) estimated other income and expenses based on the last period's actuals and business results forecast for the end of the business year; and (v) the absence of significant adverse consequences of the risks to which the Company and the Group are exposed. Please note that such exceptional results specified in the outlook are to be observed in the context of increased operational efficiency due to reorganization and restructuring, significant investments in properties and services which boosted growth, acquisition of Baška companies and a very good tourism season overall. To that extent, it is not advisable to base long term projections of future growth rates and consolidated business results on the above given 2015 outlook.

Outlook statements are based on currently available information, current assumptions, and forward-looking expectations and projections. The outlook is not a guarantee of future results and is subject to future events, risks, and uncertainties, many of which are beyond the control of or currently unknown to Valamar Riviera, as well as to potentially incorrect assumptions that could cause the actual results to materially differ from the earlier stated expectations and forecasts. Risks and uncertainties include, without being limited to the ones described in the chapter "The Risks of the Company and the Group". Materially significant deviations from the 2015 outlook may arise from changes in circumstances, assumptions not being realized, as well as other risks, uncertainties, and factors, including:

- Macro-economic developments in the Republic of Croatia and in the emitting markets, including currency exchange rates fluctuations and prices of goods and services, deflation and inflation, unemployment, developments of the gross domestic product and industrial production, as well as other developments having a direct or indirect impact on the purchasing power of Valamar Riviera's guests;
- Economic conditions, security and political conditions, and developments and events in the capital markets of the Republic of Croatia and in the emitting markets of Valamar Riviera;
- Spending level and disposable income of guests, as well as guests' trust in and satisfaction with Valamar Riviera's products and services;
- Development of the number of overnights, booking trend, and development of average daily rates of accommodations units in Valamar Riviera's facilities;
- Development of the Croatian kuna exchange rate in relation to world currencies (primarily euro and Swiss franc), change in market interest rates, change in the price of equity securities, and other financial risks to which Valamar Riviera is exposed;
- Labour force availability and costs, transport, energy, and utilities costs, selling prices of fuel and other goods and services, as well as supply chain disruptions;
- Changes in accounting policies and findings of financial report audits, as well as findings of tax and other business controls;
- Outcomes and costs of judicial proceedings to which Valamar Riviera is a party;
- Loss of competitive strength and reduced demand for products and services of the Croatian tourism and Valamar Riviera under the impact of weather conditions and seasonal movements;
- Reliability of IT business solutions and cyber security of Valamar Riviera's business operations, as well as related costs;
- Changes of tax and other regulations and laws, trade restrictions, and rates of customs duty;
- Adverse climatic events and environmental risks.

Should materially significant changes to the stated outlook for the business year 2015 occur, Valamar Riviera shall immediately inform the public thereof, in compliance with Article 459 of the Capital Market Act. Given outlook statements are not an outright recommendation to buy, hold or sell Valamar Riviera's shares.


Valamar Lacroma Dubrovnik 4*, Dubrovnik

Results of the Company

We are emphasising that the data provided in the current year's financial statements are not fully comparable to the data from the previous year on grounds of the described merger processes, as the items in the previous period do not include the data for the merged companies Valamar Adria holding d.d., Valamar grupa d.d., Linteum savjetovanje d.o.o., and Valamar hoteli i ljetovališta d.o.o. Moreover, net assets of the merged subsidiary Valamar hoteli i ljetovališta d.o.o. are included only as of the merger date in February 2015, therefore, all significant changes in the financial statements of the Company should be observed as a result of these transactions in the current period.

In the period from 1 January 2015 to 30 September 2015, the Company generated a total of HRK 1,194.0 million revenues, exceeding the same period 2014 by HRK 168.9 million, or 16.5%. Company's sales revenues (HRK 1,121.5 million) make 93.9% of total revenues (98.4% in 2014), sales revenues generated on international markets accounting for 87% of total revenues (91% in 2014) and those generated on the domestic market for 7% of total revenues (7.5% in 2014). Foreign sales revenues are 8.9% and domestic sales revenues 11.3% above the same period 2014. Company's other operating income, amounting to HRK 16.5 million and being 80.4% higher, accounts for 1.4% of total revenues (0.9% in 2014). The increase is primarily driven by the reversal of provisions for termination benefits paid.

Material costs amount to HRK 342.9 million and are 3.9% above the same period 2014, accounting for 42.2% of operating expenses (41.5% in 2014). Staff costs amount to HRK 225.2 million, accounting for 27.7% of operating expenses (24.4% in 2014), which is an increase of 16.2%. 2015 staff costs include the data concerning the merged subsidiary Valamar hoteli i ljetovališta d.o.o. only for the period following the merger. Their growth is primarily driven by the takeover of employees from all merged and acquired companies and, to a lesser extent, by increased employees' salaries (more details under "Responsibility to Employees") and an increase of the salary contributions rate (health insurance) from 13% to 15%.

Company's financial income in the reporting period amounts to HRK 55.9 million, making it HRK 49.1 million higher compared to the same period last year. The biggest growth item is the dividend revenue from the merged companies Valamar hoteli i ljetovališta d.o.o. and Puntižela d.o.o., amounting in total to HRK 26.1 million. Total foreign exchange gains are HRK 21 million higher, whereby we point to the amended policy for accounting for unrealised foreign exchange differences and their recording in the quarterly dynamics. Revenues from interest income on placements are HRK 0.24 million lower due to the lower amount of available cash funds (as a consequence of acquiring participating interests and shares in Baška companies in the total amount of HRK 182 million) and the general decrease in market interest rates. Other financial income is HRK 1.55 million higher, resulting mainly from the fair valuation and reversal of unrealised derivatives positions during their realisation in the current year (forward transactions contracted for 2015 and interest swap).

Company's financial costs in the reporting period amount to HRK 58.6 million and are HRK 42.3 million higher compared to the same period last year. Interest expenses and foreign exchange differences record a HRK 38.2 million increase, while the valuation of contracted IRSs and forwards at the end of the third quarter, including the reversal of their positions during realisation, has resulted in HRK 4.4 million additional expenses. Foreign exchange rate losses on existing loan portfolio, which record a HRK 32.5 million increase (resulting mainly from the appreciation of the Swiss franc exchange rate in the first quarter,


Valamar Crystal Hotel 4*, Poreč

but also partially from the appreciation of euro in relation to kuna at the end of the third quarter), are the biggest single item of financial costs. Please note the changed (quarterly) dynamics in recoding unrealised foreign exchange differences. The increase in interest expense in the first quarter of this year is a result of an increase in non-current liabilities driven by the withdrawal of funds from granted credit lines for financing the 2014/2015 investment cycle.

Following the Company's strategic focus on the key holders of business expansion and long-term objectives in combination with an increased revenue volume, streamlined business operations, and cost efficiency after the last year's consolidation of management and organisational and shareholder structure of the then group, in relation to the previous year the Company has achieved an 45.8% increase of EBT, which amounts to HRK 324.7 million, at the same time increasing its operating profit by 51.0% to HRK 322 million. Company's gross margin is up by 7.4 percentage points and amounts to 28.3% (20.9% in 2014).

As at 30 September 2015, Company's total assets amount to HRK 3,688 million, which is HRK 493.5 million above the previous period.

2015 INVESTMENTS

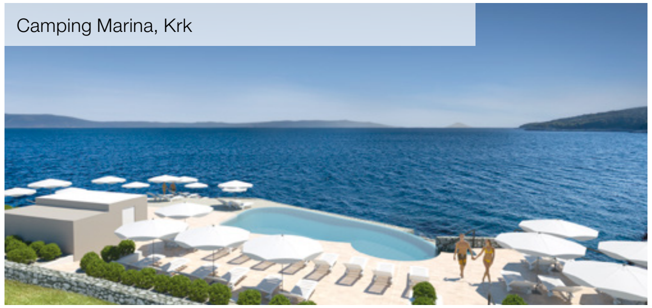
In the preparation for the 2015 tourist season, Valamar Riviera made investments of HRK 354 million[22] in total, the largest one (worth HRK 250 million in total), which is also one of this year's largest investment in the Croatian tourism, being the luxurious family Valamar Isabella Island Resort 4* on the island of Sveti Nikola, which was formally opened at the beginning of June 2015. The increase of the investment towards previously published numbers is generated as a result of further product and service improvement in already very well accepted high category resort. During the two-year construction and renovation, 108 studios in 28 villas were renovated, mostly using the furniture made by the Croatian manufacturers, and, after more than 25 years, the Miramare annex is back in function, with 36 hotel suits with open sea views, along with a 250 m^2 swimming pool with a large restaurant, as well as the castle from 1887, with 10 luxuriously decorated apartments, renovated under a conservationist's supervision. At the same time, the oldest integrally preserved lighthouse in the Mediterranean was renovated. The total of 334 four-star accommodation units provide accommodation for almost 800 guests. The Isabella hotel (former Fortuna from 1986) has 180 newly furnished rooms, a new wellness centre, and a large modern outdoor 600 m^2 swimming pool, as well as the children's one of 50 m^2, with a view on the Poreč waterfront. The island is comprised of two zones, one being quiet and the other one for guests looking for activities. Outdoor swimming pools, six types of island beaches marked with Blue Flags, and seven à la carte restaurants and bars add to the accommodation offer. Diverse services include the professional babysitting service. Also, the resort has a youth club, a wedding hall, and a congress centre of 500 m^2 accommodating up to 400 people. Along with properties, renovation also covered the purchase of a new ferry and the renovation of vessels for the transport of guests. On the island, ten electric vehicles are intended for guests,

Valamar Isabella Island Resort 4*, Poreč

[22] A portion already recorded in 2014.

Glamping Village Camping Lanterna, Poreč

Camping Marina, Krk



Villa Polesini, Poreč

and ten will be available to staff. Valamar Isabella Island Resort 4* is the culmination of years-long efforts to create a facility that would bring together guests' wishes, market demands, needs of Poreč and Istria as destinations, nature protection, history conservation, and respect of urban green areas, within a sustainable budgetary framework.

As for other projects announced for 2015, significant investments have been made in hotels, apartment resorts, and campsites in Istria, on the island of Krk, and in Dubrovnik, in an amount reaching almost HRK 100 million, resulting in a higher quality of services in a number of Valamar properties in the 2015 season. Consequently, the Valamar Riviera hotel in Poreč now has a new terrace in front of the restaurant, while the Valamar Zagreb hotel has a new wellness centre. There are also new beach bars added to the Valamar Pinia hotel and the Valamar Koralj hotel on the island of Krk. At the same time, investments have been made in several hotels and apartment resorts with regard to their equipment, landscaping, and further increase in service quality.

As for the Valamar campsites, one of more significant investments in 2015, in an amount exceeding HRK 34 million, related to investments in the Lanterna campsite in Poreč, the leading Istrian campsite, including investments in a new restaurant concept, setting up of new mobile homes, and improvement of plots and glamping zones with a mini swimming pool. Guests were welcomed by 20 new Premium Vista Mare designer houses with large glass surfaces just above the attractive beach, in the vicinity of the sports centre and newly renovated Tratoria, as well as glamorous camping with the new Glamping Village offer, including seven luxurious tents with own swimming pools. What makes the Lanterna campsite special is its offer of the first complex of mobile homes in Istrian campsites with an own large swimming pool designed for adults and children, and diverse activities in the children's Maro Club and Teens Club, with rich daily and evening programmes for children and sport activities for all age groups. It is particularly worth mentioning that this complex does not allow for motor vehicles, thus providing additional safety for parents with children. The Lanterna campsite is a member of the elite "Leading Campings of Europe" association, gathering 40 best campsites in Europe, which has already won the BEST award, i.e. 5* by recognised ADAC and ANWB associations. Apart from Lanterna, this year, the Krk campsite is the only campsite in the Kvarner Gulf and the third one in Croatia to enter this elite group of European campsites.

It should be noted that more than HRK 4.5 million has been invested in the Marina campsite in Rabac in 2015, and, as a result, this campsite now has a new relax infinity swimming pool located immediately next to the sea and the newly renovated beach and equipped for the initial training of divers. Also, a children's swimming pool with a tanning deck was built in the immediate vicinity of the Maro Club and the newly constructed children's playground. With these investments, this season, the Marina campsite in Rabac has become the first campsite in Croatia with a swimming pool and a special offer for divers (mobile homes near the diving centre, equipped with storages for diving equipment and other facilities).

This year, the Ježevac campsite on the island of Krk has introduced 15 new Superior mobile homes and 10 new Comfort plots, while the Škrila campsite, with an investment of HRK 4.2 million, has welcomed guests with completely renovated certain zones, shops, the restaurant terrace, beach, and the beach bar. From this year on, the visitors of the Naturist Resort Solaris campsite can use 4 new Luxury Mare plots equipped with grills and parasols and located on the most attractive sites in the campsite.

This year, the Solitudo campsite in Dubrovnik has prepared for its guests 4 new Comfort and Superior mobile homes, and its guests can enjoy a wide variety of facilities, such as an outdoor swimming pool, a swimming pool for children, a wellness centre, tennis courts, and the renovated Solitudo Bistro, with the special note that this is the only campsite in the city of Dubrovnik.

2016 INVESTMENTS

Valamar Riviera announces significant investments in 2016 pursuing the further repositioning of its portfolio towards higher category facilities and an increase in service and content quality. In 2016, a HRK 260 million predictably worth investment cycle is aimed at further increasing the quality of the portfolio of hotels, apartments, and campsites, with particular emphasis being placed on the modernisation of campsites operating under the Camping Adriatic by Valamar brand. The repositioning of campsites into modern, high-quality camping resorts, following the leading global trends, is one of the strategic goals of the Valamar' investment policy.

After completing another investment cycle, next year, the Krk Campsite, as one of the three Croatian member campsites of the prestigious “Leading Campings of Europe” association, will become the first five-star campsite in the Republic of Croatia. In 2016, Valamar intends to invest in the leading Istrian campsite Lanterna, also a member of the “Leading Campings of Europe” association, thus raising the campsite category from 3 to 4 stars. Among other things, the campsite will have a new aqua park intended for children and families, as well as new attractive zones for mobile homes. Furthermore, investments are planned in increasing the quality of other campsites on the island of Krk, in Istria, and in Dubrovnik. A range of other projects will considerably increase the quality of offer and experience at all destinations by generating new contents and improving the existing ones, is also in the pipeline. Among a number of projects, the investments most worth mentioning are those in beaches, new hospitality contents, designing and equipping the multifunctional hall in Poreč, IT projects and business operations digitalisation and in energy saving projects.

Valamar Riviera is continously running project preparation activities for 2017 and further at all Valamar destinations in order to improve every year the quality of the portfolio facilities, services and contents, which is the basis of creating an additional value for both our customers and all Valamar's stakeholders. The VAT rate in line with other Mediterranean countries and solving the touristic land issue may further accelerate investment, growth and business development. Tourism continues to be insufficiently recognized as an opportunity for Croatia's economy which is evidenced by the fact that, apart from financing through Croatian Bank for Reconstruction and Development, there is a lack of other measures to enable faster growth and development necessary to raise competitiveness to the level of its Mediterranean competitors.

Valamar Dubrovnik President Hotel 5*, Dubrovnik

The risks of the Company and the Group

Macro-economic development risk

Bearing in mind the fact that almost 95% of the Company and Group's guests are foreign guests who carefully choose their vacation destination in the competitive Mediterranean environment, the stability of a country's macro-economic indicators is very important, with special emphasis being given to the exchange rate and prices of goods and services with a direct impact on guests' purchasing power. Although smaller in share, the number of arrivals of domestic guests to the Company and Group's facilities is important as well, and also impacted by a number of other national macro-economic indicators, such as employment/unemployment, domestic gross product increase/decrease, industrial product increase/decrease, as well as other indicators having a direct impact on the purchasing power of the Croatian citizens and, consequently, on their decision at which of the Adriatic destinations to spend their summer vacation.

Risk related to the change of tax and other regulations

The risk related to the change of tax and other regulations is another significant risk for the Company and the Group and one of the more demanding segments of risk management with only limited possibilities for the Company and the Group. During the previous two years, frequent changes of tax regulations had a negative impact on the profitability of the Company and the Group, the most significant being:

- Increase of the general value added tax (hereinafter: VAT) rate from 23% to 25% (March 2012) decrease of the intermediate value added tax rate from 25% to 10% (January 2013) followed, within a period of one year, by the increase of the intermediate value added tax rate in the hospitality and tourism industry from 10% to 13% (January 2014);

Valamar Dubrovnik President Hotel 5*, Dubrovnik

- Decrease of the health contribution rate from 15% to 13% (May 2012), followed after two years by the increase from 13% to 15% (April 2014);
- Frequent increases of various charges for water etc.

Such frequent changes of regulations related to tax levies imposed on the economy, which often take place after the Company and the Group have already adopted their business policy and the budget for the following year and agreed on commercial terms and conditions with their business partners, materially distort the financial position of the Company and the Group and jeopardise further investment plans, and thus the trust of investors.

The Company and the Group are also exposed to the risks of potential change of regulations concerning concessions and concession approvals, i.e. concession fees for the use of maritime domain, but also concession fees for the use of touristic land, the area which has not been regulated until the present day. Namely, in view of the core business of the Company and the Group, the right of use of maritime domain and touristic land is one of the significant conditions of further business operations, particularly in campsites.

Financial risks

In their day-to-day operations and activities undertaken, the Company and the Group are exposed to a number of financial risks, in particular to the following ones:

1) Foreign exchange risk;
2) Interest rate risk;
3) Price risk;
4) Credit risk; and
5) Liquidity risk.

The Company and the Group hedge interest rate and foreign exchange risks by applying instruments available in the market in order to mitigate these risks. Internal risk management objectives and policies refer to the protection of foreign exchange inflows during seasonal activity and to the partial interest hedge of loan principal.

1) Foreign exchange risk

The Company and the Group operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the euro and Swiss franc. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities. The majority of international sale revenues are denominated in euro, with long-term debt being denominated in euro and Swiss franc. Accordingly, movements in exchange rates between the euro, Swiss franc and Croatian kuna may have an impact on the results of future operations and future cash flow. The Company and the Group make use of derivative instruments in accordance with operating estimates and expected market developments. Given that the Issuing Company's inflow is to a large extent denominated in euro, as well as the majority of credit liabilities, the Company and the Group are to the largest extent naturally hedged against foreign exchange risk.

As for the part of credit liabilities committed in Swiss franc, the Company and the Group contract available instruments to hedge against cash flow interest rate and foreign exchange risks. In view of exceptional volatility and unpredictability of Swiss franc exchange rate developments, the Company and the Group are actively continuing activities related to further debt conversion from Swiss franc to euro (in significant part already converted), where the Company and the Group are naturally hedged.

2) Interest rate risk

Bank debentures committed at variable rates expose the Company and the Group to cash flow interest rate risk. The Company and the Group periodically use derivative instruments to actively hedge cash flow and fair value interest rate risk exposure by applying interest rate swap from a variable rate to a fixed one. The economic effect of such interest rate swap is the conversion of credits at a variable rate into credits at a fixed rate for pre-committed part of the loan principal protected in this way. The Company and the Group have interest-bearing assets (cash assets and deposits), resulting in the Company and Group's income and operating cash flows being influenced by changes in market interest rates. This becomes particularly evident during the season when the Company and the Group have significant excess funds at their disposal.

3) Credit risk

Credit risk arises from cash, time deposits and trade receivables, where the Company and the Group have no significant concentration of credit risk. Following the sales policies of the Company and the Group, they commit to collaboration with customers with an appropriate credit history, i.e. their commitment is made conditional upon advance payments, payment of bank securities or by major credit cards (individual customers). With a view to reducing their credit risk, the Company and the Group continuously monitor their exposure to parties they operate with and their credit standing, obtain security instruments (bills of exchange, promissory notes) and thus allocate bad debt risk with regard to services provided.

4) Price risk

The Company and the Group are holders of equity and debt securities and are exposed to price risk of listed equity securities. The Company and the Group do not actively participate in the capital market in terms of investments in equity and debt securities, so that the price risk of equity securities in their possession is not significant.

5) Liquidity risk
Prudent liquidity risk management exercised by the Company and the Group implies maintaining at all times sufficient cash to settle all their liabilities by developing cash flow projections at a monthly, annual and long-term basis. On top of currently available cash, the Company and the Group aim to maintain flexibility in funding by keeping committed credit lines available. Excess funds above the amount required for working capital management are invested in interest-bearing deposits, time deposits, money market deposits and marketable securities, thereby choosing instruments with appropriate maturities or sufficient liquidity in accordance with the projected needs for liquid funds.

6) Share-related risks
As an asset class with the highest risk, the market value of shares can be exceptionally volatile, as it is affected by the volatility of the whole capital market, macro-economic movements on the markets in which the Company and the Group operate, discrepancies with regard to financial analysts' expectations in relation to the performance, changes in dividend policy, activities concerning mergers, acquisitions and entering into strategic partnerships, instability of the Company and Group's business model, as well as fluctuations in the financial results of the Company and Group's business operations. If the given factors have a negative connotation, there is a significant risk of share market value drop. Furthermore, there is a significant risk of investors not being able to sell their shares at any time at a fair market value.

Business risk
On a daily basis, the Company and the Group face business risks potentially leading the weakening of competitive strength, and thus jeopardising their further stability. In the previous period, the Company and the Group made correct business decisions contributing to the increase of their competitive strength on the demanding Mediterranean market and thus improved the performance and the efficiency of their business operations, which gave rise to the expectation of continued positive trends in the future as well, subject to prudent long-term strategic management.

Risk related to the tourism branch of the economy
In the Republic of Croatia, tourism has been one of few growing branches of the economy during the last several years marked by the global financial crisis and economic downturn, which have had a significant impact on the Croatian economy as well. Upon joining the European Union, the Republic of Croatia's market has become a part of the large European market, while the membership of the Republic of Croatia in NATO has reduced safety risks. The Tourism Development Strategy of the Republic of Croatia until 2020 (Official Gazette No. 55/13) provides answers to the question what kind of tourism the Republic of Croatia wants and needs to develop by using its comparative advantages as well as knowledge and skills with a view to strengthening the competitive capacity of the Croatian tourism. It is important that the achieved growth rates of the Croatian tourism are maintained over the following years, an objective to be accomplished only through further strategic considerations in developing tourism products and by investing in the creation of additional values, which will differentiate Croatian tourism from its competitive environment by pointing out its uniqueness, attractiveness and quality.

Despite the improved security and political circumstance, which gave rise to the launching of investment cycles in tourism, the Croatian tourism, as one of the strategic branches of the Croatian economy, is still faced with a number of challenges and risks, such as:

- Failing competitiveness in relation the environment as a result of frequent fiscal and parafiscal regulations over which the Company and the Group exercise no influence;
- Global financial crises affecting adversely the purchase power of the population prone to travelling;
- Security and political risks related to increasing terrorism threats in the world and in the country;
- Security and political instability in the immediate environment of the neighbouring countries;
- Strong seasonality of tourism as a branch of the economy causing an insufficient utilisation of available capacities and resources of the Company and the Group.

Environmental risks
The performance of the Company and Group's business operations can also be affected by environmental risks, primarily with regard to customer satisfaction with the whole experience of staying in Valamar's facilities, reflecting as a result in a reduced number of arrivals. Such risks include, for example, sea water pollution (e.g. as a result of tanker average or discharge of chemicals into the sea), but also less intense deterioration of sea quality and shoreline pollution arising from insufficient quality of waste water management and sewage along the Croatian coast of the Adriatic Sea. Likewise, climate changes, such as long drought periods or, on the other hand, long rain periods, can also have a direct impact on how long guests stay in hotels and campsites of the Group and the Company, or can also lead to increased operating costs. This also includes various other natural disasters and adverse climatic events (such as earthquakes, fires, floods), air pollution caused by toxic gas emissions from e.g. industrial plants, etc.

Related-party transactions

Pursuant to the Hotel Management Contract, from 2004 to 27 February 2015, the Company entrusted the management of its hospitality properties to the leading hospitality management company in Croatia, Valamar hoteli i ljetovališta d.o.o. The services concerned included the management of hotels and other tourism facilities and services, the laundry and other centralised tourism functions, such as procurement, technical maintenance, marketing, sales, human resources, IT, etc. The merger of Valamar hoteli i ljetovališta d.o.o. to the Company (described under Significant Business Events) will contribute to a further increase in operational efficiency.

The transactions with related parties within the Group are effected at regular commercial terms and conditions and at market prices. In the period under consideration, revenues resulting from related-party transactions amounted to HRK 26.9 million (in 2014: HRK 3.9 million) for the Company, and HRK 14 thousand (in 2014: HRK 3.9 million) for the Group, while expenses amounted to HRK 26.0 million (in 2014: HRK 105.1 million) for the Company, and HRK 305 thousand (in 2014: HRK 85.8 million) for the Group.

Balances of related-party receivables and liabilities as at 30 June 2015 amounted to: HRK 170.9 million receivables for the Company[23] (at the end of 2014: HRK 192.6 million[23]), and HRK 1 thousand for the Group (at the end of 2014: HRK 4 thousand); and HRK 28 thousand liabilities for the Company (at the end of 2014: HRK 5.1 million), and HRK 159 for the Group (at the end of 2014: HRK 191 thousand).

Branch offices of the Company

On 2 September 2011, the establishment of branch offices was entered in the court register as follows: Branch Office for Tourism RABAC, with registered office in Rabac, Slobode 80, and Branch Office for Tourism ZLATNI OTOK, with registered office in Krk, Vršanska 8. On 4 October 2013, the establishment of the Branch Office for Tourism DUBROVNIK-BABIN KUK, with registered office in Dubrovnik, Dr. Ante Starčevića 45, was registered, and on 1 October 2014, the Branch Office for Business and Management Consulting ZAGREB, with registered office in Zagreb, Miramarska cesta 24.

The Branch Offices Rabac, Zlatni otok and Dubrovnik-Babin kuk, as economic drivers of their local communities, continue to operate at their destinations supporting their development by further investments, tourism development and participation in social and business activities.

[23] For the most part refers to the re-invoiced amount arising from the investment made in the reconstruction and upgrading of the hotel Valamar Lacroma owned by subsidiary Elafiti Babin-kuk d.o.o.

SUSTAINABLE DEVELOPMENT

The tourism industry can have a considerable impact on the environment, while, on the other hand, a well-preserved and attractive environment is the basic tourism resource. Thus, the Company and the Group have been continuously working on improving the environmental protection and sustainable development with the aim of creating recognisable ecologically oriented tourist destinations.

In their facilities, the Company and the Group apply: (1) the environmental management system in compliance with the ISO 14001 standard; (2) the quality management system in compliance with the ISO 9001 standard; and (3) the HACCP system in compliance with the Codex Alimentarius standard. The Sustainable Business Policy has been adopted, with sustainable business reports generated and objectives established on an annual basis. All environmental aspects have been recognised, while environmental objectives and goals have been set taking into account their harmonisation with legal and other requirements related to environmental protection, preservation and rational use of natural resources, pollution prevention as a basic approach to managing environmental aspects, training of employees for incidents, and the need for permanent improvement and continuous care with regard to pollution prevention.

The Waste Management Plan 2014 – 2019 has been adopted, along with the internal Waste Ordinance regulating the types and quantities of waste, locations of plants with technology processes generating waste, the manner of waste treatment and waste collection for the purpose of disposal or use, required records, permanent supervision of waste, persons responsible, and measures to prevent and reduce waste production, with a view to preserving the quality of the environment and preventing soil, water, sea, and air pollution.

Hotel Corinthia 3*, Baška

The selective waste collection system has been introduced, putting the Company and the Group a step ahead of the local community. The plan for the operation and maintenance of water drainage facilities and waste water purification device, as well as the operational plan for intervention measures in the case of extraordinary and sudden water pollution lay down the manner in which the internal drainage system and the waste water treatment device are maintained, measures to prevent spillage of waste water and measures to be taken in the case of extraordinary and sudden environment pollution, as well as persons responsible for the supervision of the drainage and purification system.

In numerous facilities of the Company and the Group, the waste heat of the cooling systems is used for heating hot water intended for consumption. The electricity and water consumption monitoring systems and the energy control management systems have been installed. On numerous campsite and hotel beaches, the Company and the Group are holders of the Blue Flag programme and award, a recognisable tourism label of sea and cost environment protection. By being responsible with regard to nature and environment management, we meet customers' expectations and contribute to the protection of natural resources.

Valamar Isabella Island Resort 4*, Poreč

Energy and natural resources consumption is under constant supervision, the remote lighting management system and the hot water preparation system have been introduced. High energy class products have been installed. Lighting fixtures have been replaced with ecologically friendly lighting, including the use of energy saving fluorescent light bulbs and LED lighting. The air-conditioning system in rooms and common premises has been optimised with presence and window opening sensors. Regular energy checks are being conducted in order to increase energy efficiency.

Irrigation systems are centralised, allowing for the calculation of the optimum water quantity depending on meteorological conditions. Solar energy is used to produce hot water in campsites and apartment resorts owing to a surface area of solar collectors exceeding 2,800 m^2 with an increasing trend. Hotels have had heat pump equipment installed and use waste energy produced by cooling devices. The common hot water production system intended for consumption has been reconstructed in Valamar Dubrovnik President 5*, Valamar Lacroma 4*, Valamar Club Dubrovnik 3*, Argosy 4*, and Tirena 3* hotels, high-temperature heat pump equipment has been installed allowing for simultaneous cooling of hotel premises and heating of water intended for consumption, which has resulted in a multiple increase of the utilisation level, decrease of energy losses, reduction of maintenance costs, and lower energy exploitation costs. The possibility to leak environmentally harmful refrigerant and CO2 emissions has been reduced. With a view to continuing the replacement of fuel oils with environmentally acceptable energy products, in 2015, high-temperature heat pump equipment for hot water production and heating of premises has been installed in Valamar Diamant 4*, Valamar Crystal 4*, and Valamar Rubin 3* hotels. Gas boilers have been installed to heat hotels during winter months. Their advantages are a higher energy utilisation degree and reduced harmful air emissions.

Both laundry rooms operating in Poreč and Dubrovnik as part of the Company and the Group apply up-to-date achievements in the field of environmental protection and safety at work. In the laundry process, only those means are used that in the concentrations applied are not harmful to the environment or safety of employees.

Owing to the implementation of energy efficiency and renewable energy sources projects, the Company and the Group have managed, even though the prices of certain energy products have increased, particularly the unit prices of water and numerous water fees, to achieve significant savings in energy consumption. The liberalisation of the electricity market has opened up possibilities for getting better conditions when contracting electricity supply on the market, an opportunity which the Company and the Group have made a good use of, opting for optimum supply conditions. A similar trend is expected also in the following periods with regard to achieving savings on energy products by implementing the measures concerned.

The Company and Group's facilities are holders of a number of national and international environmental certificates and acknowledgements thanks to their sustainable business operations and respect of the highest environmental protection standards. Owing to the application of world trends and best practices of sustainable business operations in their management, Valamar Dubrovnik President 5*, Valamar Zagreb 4*, and Valamar Bellevue 4* hotels were awarded in May 2015 the "Sustainable Hotel" certificate by the Association of Employers in Croatian Hospitality (UPUHH). Valamar Dubrovnik President 5* was awarded the superior certificate, while Valamar Zagreb 4* and Valamar Bellevue 4* received basic certificates. In total, the "Sustainable Hotel" certificates were awarded to 21 hotels in Croatia which applied for the UPUHH's pilot-project "Environmentally Oriented Practices in Hospitality" initiated in 2014. It was the second generation of hotels that were awarded certificates, where last year, the first certificates for environmentally oriented practices were awarded to Hotel & Casa Valamar Sanfior 4* and Valamar Koralj 3*. All hotels had to meet demanding criteria for "green, sustainable hotels", including environmental protection and the care of employees and the social community.

This year, 16 of our hotels have received, i.e. renewed their "Travelife Golden Award" certificates. Travelife is an international certification system promoting sustainability in the tourism sector. The "Sustainable Hotel" and "Travelife Golden Award" certificates were preceded by systematic field work, covering the compilation of detailed reports on energy and water consumption, waste disposal, including specific measures to save resources and reduce waste quantities, and care of employees and the local community. The strategic objective of the certificate-awarding project is to introduce an environmentally oriented practice, i.e. to achieve a balance between economic growth, environmental care in the widest sense, and social inclusion in the wider community. In August, Valamar Club Tamaris 4* was granted the TUI Environmental Champions 2015 award. This award is of special value as it include guests' perception of satisfaction with the environmental protection of the hotel. Valamar Riviera, in collaboration with the Faculty of Economics and Business Zagreb, is currently conducting a survey on guests' perception of the ecological orientation of its hotels. As of this year, Valamar Riviera monitors the production of greenhouse gases in each

Valamar Club Tamaris 4*, Poreč

profit centre (PC). Based on calculations resulting from the survey, programmes aimed at further reduction of environmental impact are to be developed.

The 2016 plan includes the procurement of electricity from renewable sources, resulting in a 60 % reduction of greenhouse gases production at an annual level. At the moment, the Poreč and Dubrovnik laundry rooms are being prepared for environmental management system and quality management system certification in compliance with the ISO 9001 standard, respectively ISO 14001 standard. Valamar Riviera d.d. plans to introduce this year and certify next year the energy management system in compliance with the ISO 50001 standard. The purpose of this international standard is to allow organisations to establish systems and processes necessary for the improvement of energy performance, including energy efficiency, use, and consumption. This international standard is implemented with a view to reducing greenhouse gas emissions and other related environmental impacts, as well as energy costs through systematic energy management.

The Company and the Group pay considerable attention to their sustainable business operations, including systematic environmental protection, rational use of resources, care of employees' welfare and prosperity of the community in which they operate, and carry on with hotels certification and continuous investments in sustainable business operations.

SOCIAL RESPONSIBILITY

Responsibility to the stakeholders and the community we operate in is one of the basic Valamar's principles and the basis for a long-term business success.

All of Valamar's business operations take place within the framework of its relation to guests, employees, partners, community, environment, and investors, and thus Valamar strives towards the notion of socially responsible business operations which describes day-to-day business operations of the Company and the Group, i.e. towards integrating the principles of social responsibility in our business activities across all segments and on a day-to-day basis.

The concept of being a responsible company starts with meeting the obligations assumed towards our stakeholders, with no exceptions allowed, such as employees' regular income, timely payments to our partners and suppliers, and high-quality services provided to our guests.

In wider terms, the principles of social responsibility have been pursued in Valamar in several key fields of activity:

- Support to destinations development with a view to increasing the quality of life, education, sports, and culture as the basis for creating and upgrading a tourism which offers authentic and high-quality experiences;
- Preservation of the environment, sea, and coast quality, as well as improved use of renewable energy sources as a priority of the long-term protection of natural attractions and resources as the basic precondition of the holiday tourism;
- Development of knowledge, skills, and education in the tourism sector as the basis for providing excellent service and experience;
- Help and support to the needy in the society and community, placing a special emphasis on children, in order to contribute, as a company and as a society, to developing a spirit and culture of mutual support and community, as

Association for Professional Support and Help to Persons with Special Needs and Their Family Members "Uspon" well as to indicate the potential of the use of existing resources to the benefit of the whole society.

The promotion of the principles of socially responsible business operations also implies continuous corporate communication with all Company's key stakeholders. In August 2015, Valamar Riviera redesigned its magazine "VIV – Vijesti iz Valamara" (VIV – Valamar News), which is to be regularly published in a print and online edition. The VIV magazine is intended for all Valamar's employees, but also for business partners and local communities, and aims at presenting Company's business values, initiatives, activities, successes, plans, and news. In addition to news from Valamar, where special place is given to socially responsible business operations, each issue of the VIV magazine presents business partners and brings interesting interviews and a number of news from destinations.

Support to Destinations Development

Since its establishment, Valamar Riviera has actively participated in various sports and cultural events and projects supporting destinations development, strengthening the tourist offer, increasing the attractiveness and competitiveness of destinations, and contributing to the prolongation of the tourist season. On a long term basis, Valamar Riviera has developed a high-quality collaboration with tourist boards and provided support to strategic destination projects by sponsoring those events that enrich the total tourist offer.

Among major sports events sponsored by Valamar, the most prominent ones are the traditional cycling race Valamar Terra Magica, the running race Valamar Trail in Rabac, the Super Surfers Challenge race in stand up paddle boarding in Poreč, and the Dubrovnik international semi-marathon organised for the first time this year.

The biggest sports event this year was Poreč Major – the most prestigious beach volleyball series, Swatch Beach Volleyball Major Series – which brought to Poreč 128 best players from more than 25 world countries. As the host hotel house, Valamar Riviera is proud to point out its role in this significant world-class sports spectacle combining entertainment, sports, sun, and sea and enabling a spectacular promotion of the Poreč destination and the development of the city itself.

In 2015, Valamar Riviera d.d. has forged a successful collaboration with Samo Jeranko, the world record-holder in free (apnea) diving, who has become this year's ambassador of our Camping Adriatic by Valamar brand. In his career so far, Samo Jeranko has already improved on 10 occasions the national record in different disciplines and is an eleven-time national champion in free diving, which places him among world top ten divers. Samo Jeranko's preparations for the next world championship will take place in the Marina campsite in the vicinity of Rabac, which Valamar Riviera has enriched this year with a new relax infinity swimming pool equipped for the initial training of divers, the first such swimming pool in Croatia.

This year, Valamar has also sponsored the international competition Offshore World Challenge Poreč 2015, the First Big Game Grand Trophy Red Tuna Drifting, taking place in Poreč in September this year. This competition aims at popularising sports and promoting our aquatorium as a permanent Big Game destination of international significance. This sports event was also a qualification tournament for the world championship taking place in Quepos, Costa Rica.

As to cultural manifestations and events, Valamar has a long tradition of supporting a range of valuable projects. Since 1983, when the Poreč Art Colony was established with the aim of networking artists from all over the world and gathering them around common projects, Valamar has been supporting this exceptional art initiative, which so far has gathered more than 200 artists, academic painters. Impressive and unique works of art created by artists in the Art Colony, which Valamar has hosted this year once again, are stored in Valamar Riviera's rich archives, and they aesthetically complement Company's hotel capacities.

For the third year in a row, Valamar has been a host to the "Artist on Vacation" project, which during the summer gathers and presents to the public prominent members of the historical neo-avant-garde and international artists who rely on the aesthetics of the radical artistic practice. The conceptual author of the project is the collector Marinko Sudac, who, together with the Institute for the Research of Avant-garde and the Valamar Riviera company, under the auspices of the Ministry of Culture, seeks to redefine the notion of vacation, artistic creation, and tourism. The project focuses on creating an artistic platform of global significance, in a relaxed summer atmosphere, relying on comparative advantages of Poreč and Valamar Riviera's support. In the last four years, the "Artist on Vacation" project hosted more than 50 most prominent world artists, while an exhibition of their works was organised in the Museum of the Contemporary Art in Zagreb.

Each year, a part of the "Artist on Vacation" project in Valamar is an exclusive exhibition prepared by the Institute for the Research of Avant-garde in collaboration with the Marinko Sudac collection. In July 2015, works of art and documents of the Gorgon group, the most prominent neo-avant-garde group in the region, were presented in the Poreč Villa Polesini. The exhibition is also an introduction to the "Gorgon" monograph, prepared by the Institute for the Research of Avant-garde, about the group consisting of Julije Knifer, Josip Vaništa, Đuro Seder, Marijan Jevšovar, Ivan Kožarić, Miljenko Horvat, Dimitrije Bašičević Mangelos, Matko Meštrović, and Radoslav Putar,

Environmental Conservation

From year to year, Valamar Riviera has been paying more and more attention to sustainable business operations, including systematic environmental conservation, rational use of resources, waste management, and projects related to renewable energy and conservation of natural resources, as described under "Sustainable Development". More than HRK 12 million was invested in energy efficiency projects in the period from 2012 to 2014.

The Company and Group's commitment to the highest environmental standards when investing in business facilities is also linked with the support provided to impactful environmental initiatives in the wider local community. Through the "We love the Adriatic Sea" programme, Valamar Riviera donated in total HRK 105,000 for projects designed to protect the Adriatic Sea and coast, taking into account the importance of the project in the field of maritime environmental protection for the wider social community, raising of the wider public's awareness of the importance of maritime environmental preservation, previous results in the field of activity, as well as the long-term positive impact on the conservation and protection of the Adriatic Sea and coast. In 2015, donations were granted to the following projects:

1) "Adriatic Debris Hotspots – Žarišta morskog otpada" – Adriatic Maritime Institute, Zagreb;
2) "New Technologies in Researching Marine Mammals in the Adriatic Sea – Application of Unmanned Aerial Vehicles" – Blue World Institute of Marine Research and Conservation, Vis branch office;
3) "Let Blue Stay Blue – A Short Documentary on the Problem of Marine Waste" – Sunce Association for Nature, Environment and Sustainable Development, Split;
4) "Cleaning Our Natural Beaches on the Island of Silba" – Association for the Protection of Environment and Cultural Heritage of the Island of Silba, Silba.

Furthermore, Valamar Riviera has assumed a long-term commitment to protect the biodiversity of the Adriatic Sea and Adriatic dolphins. As part of the meetINblue project, implemented in collaboration with the Blue World Institute, for each event organised for 100 or more persons in Valamar Riviera's conference facilities at any destination it operates in, the Company commits funds to adopt a dolphin from the Adriatic Sea, i.e. to protect Adriatic dolphins and their habitats.

In collaboration with local communities, the Company and the Group have been continuously working on raising the quality of tourism products by developing beaches, promenades, and cycling tracks at all destinations they operate in. The Blue Flag set this summer on the Borik beach in front of the Valamar hotels Pical 3*, Valamar Zagreb Hotel 4*, and Valamar Pinia Hotel 3* in Poreč was Valamar Riviera's 11th Blue Flag on the beaches it takes care of. Blue Flag is an international symbol of quality for conserved environment, clean sea and beach, well-developed beaches, and high service quality.

Development of Knowledge and Skills in Tourism

With a view to providing excellent service and experience in tourism, continues investments in the development of knowledge, skills, and education are necessary. Valamar Riviera pays particular attention to developing professional and high-quality staff through standardised educational programmes representing a set of best practices, internal knowledge, and professional experience and conducted at the Valamar academy, but also in collaboration with vocational schools and higher education institutions (more details in this report are provided under "Responsibility to Employees").

Help and Support to the Needy in the Society

Valamar Riviera contributes to developing a spirit and culture of mutuality, and directly supports different local community-led associations and initiatives to the benefit of the whole society.

Within the "A Thousand Days at the Adriatic Sea" national programme, during the 2015 pre-season and post-season, Valamar Riviera provided for, free of charge, around 1400 overnights in some of Valamar hotels, apartment resorts, or campsites, in the territory from Istria and island of Krk to Dubrovnik, for more than 350 children and their attendants from 17 different institutions, homes, and associations. These are children without proper parental care, children of low family income, children with special needs, and children with health difficulties to whom the vacation at the seaside will benefit in their treatment or recovery. In awarding donations for 2015, special advantage was given to children groups who had never spent vacations at the seaside. Donations within the "A Thousand Days at the Adriatic Sea" programme were granted to the following associations and institutions:

- SOS Children's Village Croatia, Zagreb;
- Support Association for the Mentally Challenged Bjelovar;
- Support Association for Persons with Mental Retardation Slavonski Brod;
- Education Centre Velika Gorica;
- Ecological Research Society PAKS, Kašina;
- Association of Foster Parents and Foster Homes "Nada", Ivanec;
- Association of Parents of Vitally Endangered Children "Hummingbirds", Zagreb;
- "Women of the Kosovo Valley" Association, Knin;
- Association of Persons with Disabilities of the Town of Opatija, Opatija;
- Association for Professional Support and Help to Persons with Special Needs and Their Family Members "Uspon", Zagreb;
- Society for the Improvement of the Quality of Living of Impoverished and Abandoned Children "Little Dragon", Zagreb;
- "Mate Lovrak" Primary School, Petrinja;
- Relief Organisation of the Order of Malta in Croatia, Zagreb;
- "Sanus" – Club of Parents of Children Suffering from and Treated for Malign Diseases, Split;
- Centre for Missing and Exploited Children, Osijek;
- Caritas of the Sisak Diocese – "St. Vinko Paulski" Home, Oborovo-Sisak;
- European House of Vukovar EDVU, Vukovar.

This summer, Valamar Riviera started providing support to the retired Riviera employees, who, this year, established their branch with the Poreč Pensioners' Club Galija. The Galija Club has thousands of members, 150 of them being former Riviera employees. The Management Board of Valamar Riviera organised the first common visit of pensioners to the new Valamar Isabella Island Resort 4* on the island of Sveti Nikola. In the future, Valamar will continue developing this collaboration, turning such visits and similar activities into a new opportunity for pensioners to spend time together and exchange knowledge and experience.

Responsibility to employees

As one of the largest employers in Croatia (on 30 September 2015, the Company employed 3,190 workers, 978 of them permanent and 2,212 seasonal), the Company and the Group systematically and continuously invest in human resources development by applying top quality practices and an integral strategic approach to human resources management (transparent hiring process, clear objectives, employees' performance measurement and rewarding of performance, opportunities for employees' career development, investment in employees' development, and encouraging two-way communication through various channels), accounting for an investment of almost HRK 900,000 from the beginning of 2015 to September.

Valamar's approach to the salary policy is a responsible one, resulting in an average gross salary across the Company 8% above the industry average salary in 2014[24]. In collaboration with our social partners, a new 3% salary increase was agreed for 2015, implemented in two steps, the first one on 1 November 2014, and the second one on 1 June 2015.

Two years ago, Valamar launched the "Uplifting Service" project with a view to raising the excellence level by transforming the hospitality culture in order to be recognisable as the best host in the Adriatic, resulting in the creation of the Valamar vision "Lasting memories every day for every guest". In 2014, this project was implemented in all Valamar hotels, campsites, and apartment resorts from Istria and the island of Krk to Dubrovnik, including the Valamar booking centre. This awarded Valamar's project encourages employees to mutual recognition and strengthening of togetherness and team spirit, thus resulting in an increase in employees' satisfaction. The excellence level has been continuously increased by means of activities aimed at transforming Valamar's hospitality culture through everyday

24 Acording to the data of Croatian Berau of Statistics, Statistical report no. 3 2015

training to improve professional skills and communication at all levels, all with the common goal of creating lasting memories. In 2015, another training programme was designed to manage our guests' complaints, so that in spring the complete management of Valamar facilities participated in specialised Uplifting Service training courses.

Continuous care of employees' satisfaction, motivation, incentives, and professional training is covered by other very important programmes as well, such as "Valamar Academy" and "Umbrella Education Programme". The Valamar Academy has been established for the purpose of career planning and encouraging internal promotions of high-quality employees. Its goal is to develop future hotel directors, heads of hotel operations departments, as well as sales, marketing, and revenue management specialists in line with their individual development programmes, who will be able to take over managerial positions in 2-3 years. After successfully attending the Valamar Academy, the total number of internal promotions includes 103 employees, 27 of them directors, heads, and associates of profit centres, 69 department heads, and 7 specialists and managers in sales, marketing, and revenue management. In 2015, all programmes of the Valamar Academy have 20 participants. Along with a successful development of employees, the Valamar Academy programme has also resulted in an increase in employees' satisfaction with the corporate culture and climate, as well as with their long-term engagement. Moreover, it has had an impact on the Company's positive image of a desirable employer, resulting in an increase of open job applications and internship applications. On the other hand, the Umbrella Education Programme sets the goal of promoting life-long learning in the hospitality industry. In applying bottom-up and top-down approaches in the definition of educational needs, its focus is on the professional training and skill sets required for personal development for the purpose of providing guests with high-quality services and products. Some of the topics covered by the Umbrella Education Programme are: (1) professional training on hotel operations (sommeliers, barmen, open kitchen / cooking in front of guests, decorations, home economics…); (2) cross-selling; (3) complaint management; (4) foreign languages; and (5) train the trainer. This year, we plan to have more than 30,000 hours of education and internal training courses in the Company, covering more than 700 different topics of key importance for strengthening the competences of our employees and improving service quality.

Within the framework of the Company and Group's strategy of being a responsible and desirable partner, we collaborate with the Croatian Employment Service in order to implement all measures applicable to us as an employer with seasonal business operations. The following measures of the active employment policy have been intensively applied: more than 350 workers are employed as "permanent seasonal workers" and 6 workers are hired within the "professional training without employment establishment" programme, 7 new trainees have been employed (5 in hotel operations and 2 in sales), while for 24 workers we use tax reliefs arising from the "guarantee for youth" measure.

With a view to upgrading the current corporate climate system in accordance with the Company's values, improving communication to employees and the material and non-material incentives and benefits system, and creating a training and education plan, the Company and the Group review the corporate culture and climate. Weaknesses and strengths of the corporate culture and climate are identified on the basis of an analysis of the total satisfaction status, which is based on seven criteria (work organisation, management, education, attitude towards the employer, career opportunities, salary, work and life balance), and of an analysis of the total satisfaction status according to employee groups. In 2015, the Company sent 3,666 surveys in total with an 85% response rate, i.e. 3,099 surveys were answered. Results in 2015 are flat to 2014, i.e. there are not changes in the mean rate of the total satisfaction status.

In addition to systematic and continuous investments in human resources development, the Company also invests in the health of its employees by providing, since 2008, for medical examinations of permanent employees, which are being successively introduced to all destinations. In 2015, 61% of permanent employees underwent medical examinations, which they rated 4.7 (out of 5) and for which funds were committed to an amount of HRK 350,000. The advantages noted by employees in this respect refer to the possibility of medical examination free of charge and considerable savings.

The Company and the Group will continue taking care of their employees' satisfaction, motivation, incentives, and professional training in order to continuously improve the quality of services we provide and to increase the competitive strength of our tourism products.

Shares

In the period from 1 January 2015 to 30 September 2015, the Company acquired 638,213 treasury shares on the regulated market, at the total purchase cost of HRK 13,233,241.01, which makes 0.5064% of the registered capital, and released, for the purpose of rewarding its senior managers in accordance with performance management projects, 24,889 shares to the amount of HRK 504,748.92, which makes 0.0197% of the registered capital. On 30 September 2015, the Company held in total 1,094,140 treasury shares, or 0.8681% of the registered capital.

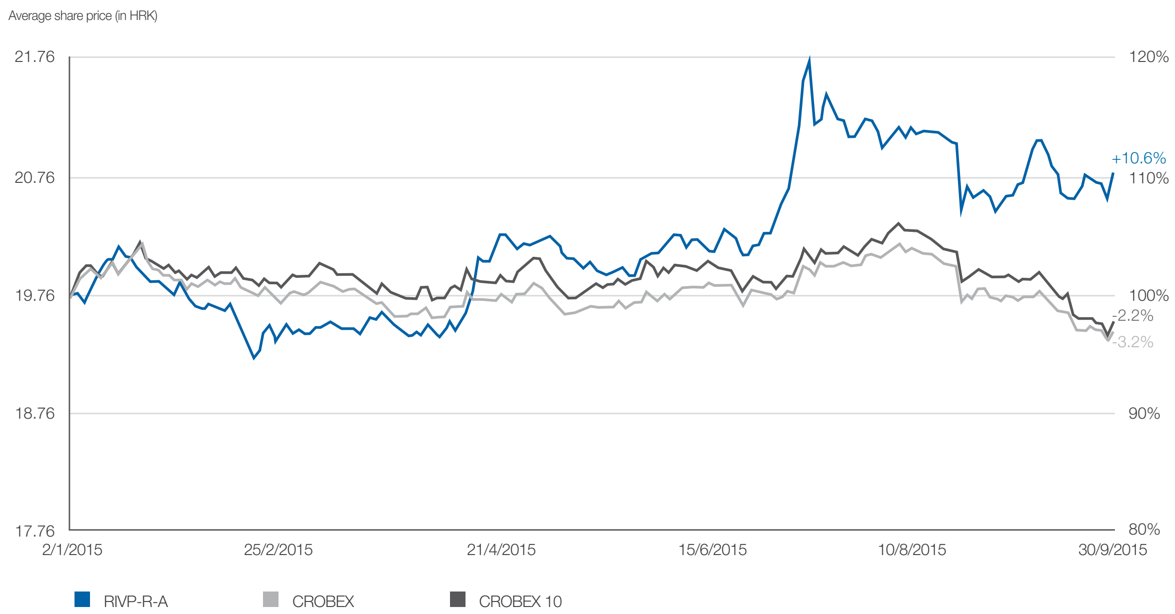
In the period from 1 January 2015 to 30 September 2015, the highest recorded share price on the regulated market was HRK 24.15, while the lowest was HRK 18.55. In the period under consideration, the Company's share price increased by 10.6%, exceeding both CROBEX and CROBEX 10 indices development, which fell by 3.2%, respectively 2.2%. With the average trading turnover of 755 thousand a day[25], the Valamar Riviera's share is among the 3 most frequently traded shares on the Zagreb Stock Exchange. Apart from the Zagreb Stock Exchange indices, the share makes a component part of the Vienna Stock Exchange indices.

On 19 June 2016, Valamar Riviera d.d., Zagrebačka banka d.d., and Interkapital vrijednosni papiri d.o.o. concluded Contracts for the performance of specialist tasks referring to ordinary shares of the Company listed in the Official Market of Zagrebačka burza d.d. The specialists started performing specialist trading tasks pursuant to the Contracts concerned on 1 July 2015 with an average support to Valamar Riviera's share trading turnover of 45.6%[26].

The Company actively holds meetings and conference calls with domestic and foreign investors (almost 70 meetings and conference calls were held in the period from 1 January 2015 to 30 September 2015) in order to provide support to high-level transparency, to the creation of additional liquidity, to the increase of share value, and to the involvement of investors who can contribute to further growth of the Company's value for the benefit of all stakeholders, all with a view to making the Valamar Riviera's share recognisable as the leading Croatian tourism share.

[25] Block transactions are excluded from the calculation.
[26] Block transactions are excluded from the calculation. The data refers to the period 1/7 - 30/9/2015.

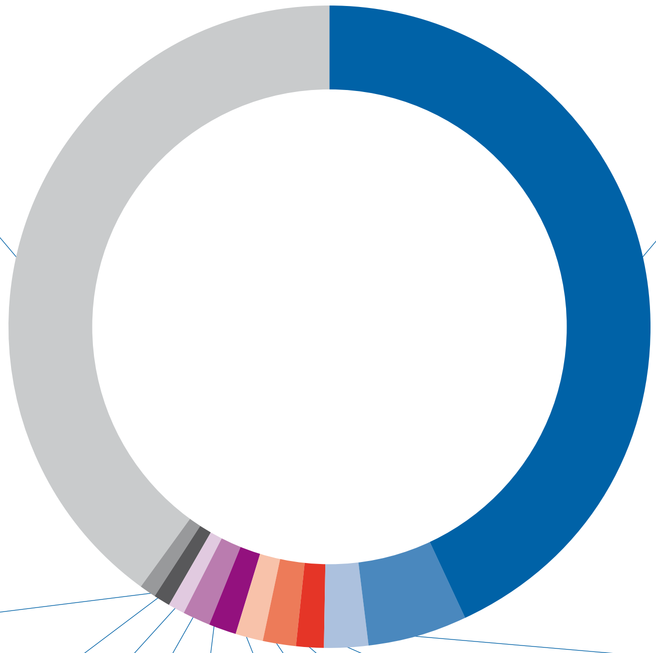
Performance of Valamar Riviera's share and CROBEX and CROBEX 10 indices



Analytical coverage of Valamar Riviera is provided by:
1) Alta invest d.d., Ljubljana;
2) ERSTE bank d.d., Zagreb;
3) Hypo Alpe-Adria-Bank d.d., Zagreb;
4) Interkapital vrijednosni papiri d.o.o., Zagreb;
5) UniCredit Group - Zagrebačka banka d.d., Zagreb.

Other Information

Overview of major shareholders as at 30 September 2015:



In the course of the third quarter of 2015 (from 1 January 2015 to 30 September 2015), the Company's Management Board performed the actions provided for by law and the Articles of Association with respect to the management and representation of the Company, and planned a business policy that was implemented with prudent care. The Company's Management Board will continue to undertake all the necessary measures in order to ensure sustainability and business growth. The quarterly separate and consolidated financial statements for the third quarter of 2015 (from 1 January 2015 to 30 September 2015) were adopted by the Management Board on 21 October 2015.

The Company's Management Board expresses its gratitude to all shareholders, business partners, and guests for their support and trust, and particularly to all employees for their contribution.

Management Board of the Company

Casa Valamar Sanfior 4*, Rabac

Responsibility for the quarterly financial statements

In Poreč, 16 October 2015

In accordance with provisions of Law on Capital Market, Marko Čižmek, Management board member responsible for finance, treasury and IT business as well as relations with institutional investors and Ljubica Grbac director of department of finance and accounting, procurator and person responsible for finance and accounting, together as persons responsible for the preparation of quarterly reports of company VALAMAR RIVIERA d.d. seated in Poreč, Stancija Kaligari 1, OIB 36201212847 (hereinafter: Company), hereby make the following

STATEMENT

According to our best knowledge

- The shortened set of consolidated and unconsolidated financial reports for the third quarter of 2015 are prepared in accordance with applicable standards of financial reporting and represent a true and fair view of the assets and obligations, profit and loss, financial position and Company's business as well as the companies included in the consolidation

- Interim report of the Company's Management board for the period between 1st of January and 30th of September 2015 contains the true presentation of development, results and position of the Company and companies included in the consolidation, with description of significant risks and uncertainties which the Company and companies included in the consolidation are exposed to.

Marko Čižmek
Management board member

VALAMAR RIVIERA d.d.
POREČ (5)

Ljubica Grbac
director of Department of Finance and Accounting

Reporting period: from 1.1.2015 to 30.9.2015

Quarterly financial report TFI-POD

Tax number (MB):	3474771		
Company registration number (MBS):	040020883		
Personal identification number (OIB):	36201212847		
Issuing company:	Valamar Riviera d.d.		
Postal code and place	52440	Poreč	
Street and house number:	Stancija Kaligari 1		
E-mail address:	uprava@riviera.hr		
Internet address:	www.valamar-riviera.com		
Municipality/city code and name:	348	Poreč	
County code and name:	18	Istarska	Number of employees: (period end) 3.464
			NKD code: 5510
Consolidated report:	YES		

Companies of the consolidation subject (according to IFRS):	Seat:	MB:
Valamar hoteli i ljetovališta d.o.o.	Zagreb	01537369
Hoteli Baška d.d.	Baška	03035140
Mirta Bašćanska d.o.o.	Baška	01841017
Vala Bašćanska d.o.o.	Baška	02086131
Baškaturist d.o.o.	Baška	03849236
Puntižela d.o.o.	Pula	03203379
Bastion upravljanje d.o.o.	Zagreb	01877453
Citatis d.o.o.	Zagreb	02626969
Elafiti Babin kuk d.o.o.	Dubrovnik	01273094
Magične stijene d.o.o.	Dubrovnik	02315211
Palme turizam d.o.o.	Dubrovnik	02006103
Pogača Babin Kuk d.o.o.	Dubrovnik	02236346
Bugenvilia d.o.o.	Dubrovnik	02006120

Bookkeeping service:			
Contact person:	Sopta Anka (only surname and name)		
Telephone:	052/408 188	Telefaks:	052/408 110
E-mail address:	anka.sopta@riviera.hr		
Family name and name:	Kukurin Željko, Čižmek Marko (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

VALAMAR RIVIERA d.d.
POREČ (5)

L.S.

(signature of the person authorized to represent the company)

Balance Sheet (as of 30.9.2015)
Company: Valamar Riviera d.d.

Position	AOP	Previous period	Current period
1	2	3	4
ASSETS			
A) RECEIVABELS FOR SUBSCRIBED NOT PAID CAPITAL	**001**		
B) NON-CURRENT ASSETS (003+010+020+029+033)	**002**	**2.751.488.491**	**3.245.836.214**
I. INTANGIBLE ASSETS (004 to 009)	**003**	**15.086.357**	**15.945.478**
1. Expenditure for development	004		
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	8.512.338	5.622.448
3. Goodwill	006	6.567.609	6.567.609
4. Advances for purchase of intangible assets	007		
5. Intangible assets in progress	008	6.410	2.590.486
6. Other intangible assets	009		1.164.935
II. PROPERTY, PLANT AND EQUIPMENT (011 to 019)	**010**	**2.608.821.021**	**3.095.498.627**
1. Land	011	584.990.827	659.271.504
2. Buildings	012	1.632.961.854	1.832.165.093
3. Plant and equipement	013	165.833.466	177.582.931
4. Tools, working inventory and transportation assets	014	51.856.611	61.916.980
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	20.807.049	17.896.162
7. Tangible assets in progress	017	107.706.274	303.674.852
8. Other tangible assets	018	21.732.890	20.429.025
9. Investment in real-estate	019	22.932.050	22.562.080
III. NON-CURRENT FINANCIAL ASSETS (021 to 028)	**020**	**43.432.067**	**47.058.364**
1. Share in related parties	021	1.339.638	1.599.155
2. Loans to related parties	022		
3. Participating interests (shares)	023	140.000	140.000
4. Loans to companies with participating interest	024		
5. Investments in securities	025	41.952.429	44.889.590
6. Loans, deposits, etc.	026		429.619
7. Other non-current financial assets	027		
8. Equity-accounted investments	028		
IV. RECEIVABLES (030 to 032)	**029**	**732.724**	**674.736**
1. Receivables from related parties	030		
2. Receivables arising from sales on credit	031	372.432	315.840
3. Other receivables	032	360.292	358.896
V. DEFERRED TAX ASSET	**033**	**83.416.322**	**86.659.009**
C) CURRENT ASSETS (035+043+050+058)	**034**	**238.600.677**	**431.843.725**
I. INVENTORIES (036 to 042)	**035**	**7.278.488**	**7.465.737**
1. Raw materials and supplies	036	6.329.111	5.675.518
2. Production in progress	037		
3. Finished products	038		
4. Merchandise	039	204.383	1.045.225
5. Advances for inventories	040		
6. Long term assets held for sale	041	744.994	744.994
7. Biological assets	042		
II. RECEIVABLES (044 to 049)	**043**	**34.888.703**	**131.429.821**
1. Receivables from related parties	044		1.419
2. Receivables from end-customers	045	19.301.006	110.281.209
3. Receivables from participating parties	046		253
4. Receivables from employees and members of the company	047	345.834	2.671.643
5. Receivables from government and other institutions	048	10.641.936	11.320.487
6. Other receivables	049	4.599.927	7.154.810
III. CURRENT FINANCIAL ASSETS (051 to 057)	**050**	**1.231.982**	**299.425**
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	1.091.162	
6. Loans, deposits, etc.	056	140.820	27.280
7. Other financial assets	057		272.145
IV. CASH AND CASH EQUIVALENTS	**058**	**195.201.504**	**292.648.742**
D) PREPAYMENTS AND ACCRUED INCOME	**059**	**25.415.099**	**72.538.231**
E) TOTAL ASSETS (001+002+034+059)	**060**	**3.015.504.267**	**3.750.218.170**
F) OFF BALANCE SHEET ITEMS	**061**	**54.834.429**	**54.747.623**

Balance Sheet (as of 30.9.2015) (continued)
Company: Valamar Riviera d.d.

Position	AOP	Previous period	Current period
1	2	3	4
EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	**062**	**1.883.736.622**	**2.154.827.956**
I. SUBSCRIBED SHARE CAPITAL	**063**	**1.672.021.210**	**1.672.021.210**
II. CAPITAL RESERVES	**064**	**-18.596.391**	**-104.443**
III.RESERVES FROM PROFIT (066+067-068+069+070)	**065**	**94.257.647**	**70.179.343**
1. Legal reserves	066	60.724.657	61.906.040
2. Reserve for own shares	067	24.344.407	34.344.407
3. Treasury shares and shares (deductible items)	068	13.303.107	26.071.104
4. Statutory reserves	069		
5. Other reserves	070	22.491.690	
IV. REVALUATION RESERVES	**071**	**29.413.744**	**30.808.363**
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	**072**	**55.168.035**	**30.197.964**
1. Retained earnings	073	55.168.035	30.197.964
2. Loss carried forward	074		
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	**075**	**51.381.272**	**344.223.805**
1. Net profit for the period	076	51.381.272	344.223.805
2. Net loss for the period	077		
VII. MINORITY INTEREST	**078**	**91.105**	**7.501.714**
B) PROVISIONS (080 to 082)	**079**	**266.430**	**0**
1. Provisions for pensions, severance pay and similar liabilities	080		
2. Provisions for tax liabilities	081	55.574	
3. Other provisions	082	210.856	
C) NON-CURRENT LIABILITIES (084 to 092)	**083**	**828.398.720**	**1.284.297.819**
1. Liabilites to related parties	084		
2. Liabilities for loans, deposits, etc.	085		
3. Liabilities to banks and other financial institutions	086	822.163.177	1.257.918.546
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	3.937.690	3.641.741
9. Deferred tax liabilities	092	2.297.853	22.737.532
D) CURRENT LIABILITIES (094 to 105)	**093**	**219.471.425**	**225.239.735**
1. Liabilites to related parties	094	108.119	159
2. Liabilities for loans, deposits, etc.	095		10.000.000
3. Liabilities to banks and other financial institutions	096	103.814.699	26.167.155
4. Liabilities for advances	097	12.627.056	59.034.227
5. Trade payables	098	77.024.650	67.983.849
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to emloyees	101	15.929.103	24.809.598
9. Taxes, contributions and similar liabilities	102	9.009.700	32.604.144
10. Liabilities arising from share in the result	103	12.418	43.046
11. Liabilities arising from non-current assets held for sale	104		
12. Other current liabilities	105	945.680	4.597.557
E) ACCRUED EXPENSES AND DEFERRED INCOME	**106**	**83.631.070**	**85.852.660**
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	**107**	**3.015.504.267**	**3.750.218.170**
G) OFF BALANCE SHEET ITEMS	**108**	**54.834.429**	**54.747.623**
ADDITION TO BALANCE SHEET (only for consolidated financial statements)			
ISSUED CAPITAL AND RESERVES			
1. Attributable to majority owners	109	1.883.645.517	2.147.326.242
2. Attributable to minority interest	110	91.105	7.501.714

Income statement (period 1.1.2015. to 30.9.2015.)
Company: Valamar Riviera d.d.

Position	AOP	Previous period		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
I. OPERATING INCOME (112 to 113)	**111**	**1.018.541.185**	**701.631.252**	**1.222.932.767**	**867.522.782**
1. Sales revenues	112	1.009.164.635	697.302.429	1.204.362.692	861.540.787
2. Other operating revenues	113	9.376.551	4.328.824	18.570.075	5.981.995
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	**114**	**785.171.926**	**344.962.379**	**845.691.525**	**405.276.572**
1. Change in inventories of work in progress	115				
2. Material expenses (117 to 119)	116	309.166.986	168.154.154	332.950.244	185.798.997
a) Costs of raw materials	117	165.828.090	92.252.135	185.163.228	104.518.436
b) Cost of goods sold	118	1.084.237	805.065	1.370.244	978.622
c) Other material expenses	119	142.254.659	75.096.954	146.416.772	80.301.939
3. Employee benefits expenses (121 to 123)	120	193.833.730	91.450.156	238.514.510	112.020.256
a) Net salaries	121	117.022.152	54.954.002	143.213.320	67.771.590
b) Tax and contributions from salary expenses	122	49.104.646	23.272.855	61.406.239	28.359.200
c) Contributions on salary	123	27.706.932	13.223.299	33.894.951	15.889.466
4. Depreciation and amortisation	124	150.433.440	33.595.949	177.949.360	63.151.934
5. Other expenses	125	125.921.586	50.204.427	87.024.041	39.620.050
6. Write down of assets (127+128)	126	223.377	189.116	711.709	475.902
a) non-current assets (except financial assets)	127				
b) current assets (except financial assets)	128	223.377	189.116	711.709	475.902
7. Provisions	129		0		
8. Other operating costs	130	5.592.807	1.368.577	8.541.661	4.209.433
III. FINANCIAL INCOME (132 to 136)	**131**	**6.850.282**	**2.986.801**	**30.340.779**	**13.372.108**
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	2.971.584	1.421.987	24.916.991	12.222.959
3. Income from investments in associates and joint ventures	134				
4. Unrealised gains (income) from financial assets	135	2.487.585	1.075.752	4.059.944	706.426
5. Other financial income	136	1.391.112	489.061	1.363.844	442.723
IV. FINANCIAL EXPENSES (138 to 141)	**137**	**18.592.893**	**6.001.435**	**62.688.864**	**21.462.847**
1. Interest, foreign exchange differences, dividends and similar expenses from related parties	138				
2. Interest, foreign exchange differences, dividends and similar expenses from third parties	139	17.781.624	5.817.163	57.808.168	18.611.680
3. Unrealised losses (expenses) from financial assets	140			4.450.709	2.778.931
4. Other financial expenses	141	811.269	184.272	429.987	72.236
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+142+144)	**146**	**1.025.391.467**	**704.618.053**	**1.253.273.546**	**880.894.890**
X. TOTAL EXPENSES (114+137+143+145)	**147**	**803.764.819**	**350.963.814**	**908.380.389**	**426.739.419**
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	**148**	**221.626.648**	**353.654.239**	**344.893.157**	**454.155.471**
1. Profit before taxes (146-147)	149	221.626.648	353.654.239	344.893.157	454.155.471
2. Loss before taxes (147-146)	150	0	0	0	0
XII. TAXATION	**151**			**-637.338**	
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	**152**	**221.626.648**	**353.654.239**	**345.530.495**	**454.155.471**
1. Profit for the period (149-151)	153	221.626.648	353.654.239	345.530.495	454.155.471
2. Loss for the period (151-148)	154	0	0	0	0

Income statement (period 1.1.2015. to 30.9.2015.) (continued)
Company: Valamar Riviera d.d.

Position	AOP	Previous period		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	155	221.626.648	353.654.239	344.223.805	452.847.677
2. Attributable to minority interest	156			1.306.690	1.307.794
STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)					
I. PROFIT OR LOSS FOR THE PERIOD (=152)	**157**	**221.626.648**	**353.654.239**	**345.530.495**	**454.155.471**
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 to 165)	**158**	**-87.000**	**0**	**6.809.998**	**6.809.998**
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	-87.000		6.809.998	6.809.998
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**	**-17.400**		**1.361.999**	**1.361.999**
IV. NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD (158-166)	**167**	**-69.600**	**0**	**5.447.999**	**5.447.999**
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	**168**	**221.557.048**	**353.654.239**	**350.978.494**	**459.603.470**
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	221.557.048	353.654.239	349.671.804	458.295.676
2. Attributable to minority interest	170			1.306.690	1.307.794

Cash flow statement - indirect method (period 1.1.2015. to 30.9.2015.)
Company: Valamar Riviera d.d.

Position	AOP	Previous period	Current period
1	2	3	4
CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	001	221.626.648	344.223.805
2. Depreciation and amortisation	002	150.433.440	177.949.360
3. Increase of current liabilities	003	68.444.683	83.415.854
4. Decrease of current receivables	004	23.640.425	
5. Decrease of inventories	005	692.810	
6. Other cash flow increases	006	7.926.787	22.423.309
I. Total increase of cash flow from operating activities	**007**	**472.764.793**	**628.012.328**
1. Decrease of current liabilities	008	5.539.567	
2. Increase of current receivables	009	98.655.244	96.570.296
3. Increase of inventories	010	1.212.620	187.248
4. Other cash flow decreases	011	49.691.495	46.457.006
II. Total decrease of cash flow from operating activities	**012**	**155.098.926**	**143.214.550**
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	**013**	**317.665.867**	**484.797.778**
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		
2. Proceeds from sale of non-current financial assets	016		
3. Interest received	017		
4. Dividend received	018		
5. Other proceeds from investing activities	019		
III. Total cash inflows from investing activities	**020**	**0**	**0**
1. Purchase of non-current assets	021	306.624.245	665.486.088
2. Purchase of non-current financial assets	022		
3. Other cash outflows from investing activities	023		6.868.984
IV. Total cash outflows from investing activities	**024**	**306.624.245**	**672.355.072**
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	**025**	**0**	**0**
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	**026**	**306.624.245**	**672.355.072**
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issue of equity securities and debt securities	027		7.410.609
2. Proceeds from loans and borrowings	028	191.106.383	358.107.825
3. Other proceeds from financing activities	029	301.401	1.320.509
V. Total cash inflows from financing activities	**030**	**191.407.784**	**366.838.943**
1. Repayment of loans and bonds	031	98.908.748	
2. Dividends paid	032		68.922.466
3. Repayment of finance lease	033		
4. Purchase of treasury shares	034	1.558.334	12.767.997
5. Other cash outflows from financing activities	035	77.611.349	143.948
VI. Total cash outflows from financing activities	**036**	**178.078.431**	**81.834.411**
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	**037**	**13.329.353**	**285.004.532**
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	**038**	**0**	**0**
Total increases of cash flows	039	330.995.220	97.447.238
Total decreases of cash flows	040	306.624.245	0
Cash and cash equivalents at the beginning of period	041	223.105.134	195.201.504
Increase of cash and cash equivalents	042	24.370.975	97.447.238
Decrease of cash and cash equivalents	043		
Cash and cash equivalents at the end of period	044	247.476.109	292.648.742

STATEMENT OF CHANGES IN EQUITY (period 1.1.2015. to 30.9.2015.)
Company: Valamar Riviera d.d.

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed share capital	001	1.672.021.210	1.672.021.210
2. Capital reserves	002	-18.596.391	-104.443
3. Reserves from profit	003	94.257.647	70.179.343
4. Retained earnings or loss carried forward	004	55.168.035	30.197.964
5. Net profit or loss for the period	005	51.381.272	344.223.805
6. Revaluation of tangible assets	006		
7. Revaluation of intangible assets	007		
8. Revaluation of available for sale assets	008	29.413.744	30.808.363
9. Other revaluation	009		
10. Total equity and reserves (AOP 001 to 009)	**010**	**1.883.645.517**	**2.147.326.242**
11. Foreign exchange differences ffrom 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	1.883.645.517	2.147.326.242
17 b. Attributable to minority interest	019	91.105	7.501.714

Reporting period: from 1.1.2015 to 30.9.2015

Quarterly financial report TFI-POD

Tax number (MB):	3474771		
Company registration number (MBS):	040020883		
Personal identification number (OIB):	36201212847		
Issuing company:	Valamar Riviera d.d.		
Postal code and place	52440	Poreč	
Street and house number:	Stancija Kaligari 1		
E-mail address:	uprava@riviera.hr		
Internet address:	www.valamar-riviera.com		
Municipality/city code and name:	348	Poreč	
County code and name:	18	Istarska	Number of employees: (period end) 3.190
			NKD code: 5510
Consolidated report:	NO		
Companies of the consolidation subject (according to IFRS):	Seat:		MB:

Bookkeeping service:			
Contact person:	Sopta Anka (only surname and name)		
Telephone:	052/408 188	Telefaks:	052/408 110
E-mail address:	anka.sopta@riviera.hr		
Family name and name:	Kukurin Željko, Čižmek Marko (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

VALAMAR RIVIERA d.d.
POREČ (5)

L.S.

(signature of the person authorized to represent the company)

Balance Sheet (as of 30.9.2015)
Company: Valamar Riviera d.d.

Position	AOP	Previous period	Current period
1	2	3	4
ASSETS			
A) RECEIVABELS FOR SUBSCRIBED NOT PAID CAPITAL	**001**		
B) NON-CURRENT ASSETS (003+010+020+029+033)	**002**	**2.934.693.969**	**3.234.807.858**
I. INTANGIBLE ASSETS (004 to 009)	**003**	**8.156.685**	**8.246.082**
1. Expenditure for development	004		
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	8.150.275	5.655.597
3. Goodwill	006		
4. Advances for purchase of intangible assets	007		
5. Intangible assets in progress	008	6.410	2.590.485
6. Other intangible assets	009		
II. PROPERTY, PLANT AND EQUIPMENT (011 to 019)	**010**	**2.281.695.410**	**2.402.999.084**
1. Land	011	518.328.470	519.597.293
2. Buildings	012	1.379.186.088	1.306.190.334
3. Plant and equipement	013	164.971.179	163.362.115
4. Tools, working inventory and transportation assets	014	50.212.919	60.872.951
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	20.168.936	17.626.162
7. Tangible assets in progress	017	107.593.195	295.843.984
8. Other tangible assets	018	21.726.121	20.259.445
9. Investment in real-estate	019	19.508.502	19.246.800
III. NON-CURRENT FINANCIAL ASSETS (021 to 028)	**020**	**440.999.450**	**619.140.918**
1. Share in related parties	021	401.967.938	578.297.184
2. Loans to related parties	022		
3. Participating interests (shares)	023	140.000	140.000
4. Loans to companies with participating interest	024		
5. Investments in securities	025	38.891.512	40.703.734
6. Loans, deposits, etc.	026		
7. Other non-current financial assets	027		
8. Equity-accounted investments	028		
IV. RECEIVABLES (030 to 032)	**029**	**163.186.378**	**163.128.390**
1. Receivables from related parties	030	162.453.654	162.453.654
2. Receivables arising from sales on credit	031	372.432	315.840
3. Other receivables	032	360.292	358.896
V. DEFERRED TAX ASSET	**033**	**40.656.046**	**41.293.384**
C) CURRENT ASSETS (035+043+050+058)	**034**	**236.076.707**	**384.926.689**
I. INVENTORIES (036 to 042)	**035**	**7.124.242**	**6.644.392**
1. Raw materials and supplies	036	6.329.111	5.592.222
2. Production in progress	037		
3. Finished products	038		
4. Merchandise	039	50.137	307.176
5. Advances for inventories	040		
6. Long term assets held for sale	041	744.994	744.994
7. Biological assets	042		
II. RECEIVABLES (044 to 049)	**043**	**61.014.573**	**120.468.554**
1. Receivables from related parties	044	28.734.473	8.480.756
2. Receivables from end-customers	045	18.155.016	102.049.165
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	324.333	2.558.815
5. Receivables from government and other institutions	048	10.039.908	1.666.469
6. Other receivables	049	3.760.843	5.713.349
III. CURRENT FINANCIAL ASSETS (051 to 057)	**050**	**1.749.282**	**318.725**
1. Share in related parties	051		
2. Loans to related parties	052	517.300	19.300
3. Participating interests (shares)	053		
4. Loans to companies with participating interest	054		
5. Investments in securities	055	1.091.162	
6. Loans, deposits, etc.	056	140.820	27.280
7. Other financial assets	057		272.145
IV. CASH AND CASH EQUIVALENTS	**058**	**166.188.610**	**257.495.018**
D) PREPAYMENTS AND ACCRUED INCOME	**059**	**23.979.421**	**68.526.491**
E) TOTAL ASSETS (001+002+034+059)	**060**	**3.194.750.097**	**3.688.261.038**
F) OFF BALANCE SHEET ITEMS	**061**	**54.802.077**	**54.747.623**

Balance Sheet (as of 30.9.2015) (continued)
Company: Valamar Riviera d.d.

Position	AOP	Previous period	Current period
1	2	3	4
EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	**062**	**2.079.320.752**	**2.311.885.624**
I. SUBSCRIBED SHARE CAPITAL	**063**	**1.672.021.210**	**1.672.021.210**
II. CAPITAL RESERVES	**064**	**-8.395.862**	**39.505**
III.RESERVES FROM PROFIT (066+067-068+069+070)	**065**	**98.724.306**	**74.646.002**
1. Legal reserves	066	60.724.657	61.906.040
2. Reserve for own shares	067	24.344.407	34.344.407
3. Treasury shares and shares (deductible items)	068	8.836.448	21.604.445
4. Statutory reserves	069		
5. Other reserves	070	22.491.690	
IV. REVALUATION RESERVES	**071**	**29.750.702**	**31.200.479**
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	**072**	**263.592.748**	**211.961.240**
1. Retained earnings	073	263.592.748	221.212.375
2. Loss carried forward	074		9.251.135
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	**075**	**23.627.648**	**322.017.188**
1. Net profit for the period	076	23.627.648	322.017.188
2. Net loss for the period	077		
VII. MINORITY INTEREST	**078**		
B) PROVISIONS (080 to 082)	**079**	**0**	**0**
1. Provisions for pensions, severance pay and similar liabilities	080		
2. Provisions for tax liabilities	081		
3. Other provisions	082		
C) NON-CURRENT LIABILITIES (084 to 092)	**083**	**819.921.751**	**1.098.516.828**
1. Liabilites to related parties	084		
2. Liabilities for loans, deposits, etc.	085		
3. Liabilities to banks and other financial institutions	086	813.686.208	1.092.214.790
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	3.937.690	3.641.741
9. Deferred tax liabilities	092	2.297.853	2.660.297
D) CURRENT LIABILITIES (094 to 105)	**093**	**217.599.944**	**197.557.858**
1. Liabilites to related parties	094	1.040.930	27.974
2. Liabilities for loans, deposits, etc.	095		
3. Liabilities to banks and other financial institutions	096	102.569.327	25.857.007
4. Liabilities for advances	097	12.574.155	56.481.255
5. Trade payables	098	80.051.034	62.835.353
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to emloyees	101	14.673.785	23.115.361
9. Taxes, contributions and similar liabilities	102	5.790.568	24.626.602
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	900.145	4.614.306
E) ACCRUED EXPENSES AND DEFERRED INCOME	**106**	**77.907.649**	**80.300.728**
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	**107**	**3.194.750.097**	**3.688.261.038**
G) OFF BALANCE SHEET ITEMS	**108**	**54.802.077**	**54.747.623**
ADDITION TO BALANCE SHEET (only for consolidated financial statements)			
ISSUED CAPITAL AND RESERVES			
1. Attributable to majority owners	109		
2. Attributable to minority interest	110	0	0

Income statement (period 1.1.2015. to 30.9.2015.)
Company: Valamar Riviera d.d.

Position	AOP	Previous period		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
I. OPERATING INCOME (112 to 113)	**111**	**1.018.238.100**	**701.429.103**	**1.138.070.146**	**785.508.942**
1. Sales revenues	112	1.009.076.462	697.248.586	1.121.544.736	781.520.197
2. Other operating revenues	113	9.161.639	4.180.518	16.525.410	3.988.745
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	**114**	**795.533.731**	**350.376.392**	**813.405.270**	**373.914.184**
1. Change in inventories of work in progress	115				
2. Material expenses (117 to 119)	116	330.081.922	175.334.396	342.866.342	180.818.535
a) Costs of raw materials	117	165.101.704	92.252.020	177.433.748	97.318.441
b) Cost of goods sold	118	1.084.237	805.065	1.366.167	978.622
c) Other material expenses	119	163.895.981	82.277.311	164.066.427	82.521.472
3. Employee benefits expenses (121 to 123)	120	193.833.730	91.450.156	225.247.725	103.567.784
a) Net salaries	121	117.022.152	54.954.002	135.531.519	62.677.534
b) Tax and contributions from salary expenses	122	49.104.646	23.272.855	57.489.763	26.122.567
c) Contributions on salary	123	27.706.932	13.223.299	32.226.443	14.767.683
4. Depreciation and amortisation	124	140.096.383	31.861.456	160.891.728	53.752.557
5. Other expenses	125	125.705.811	50.172.690	80.855.686	34.569.465
6. Write down of assets (127+128)	126	223.377	189.116	711.709	475.902
a) non-current assets (except financial assets)	127				
b) current assets (except financial assets)	128	223.377	189.116	711.709	475.902
7. Provisions	129				
8. Other operating costs	130	5.592.507	1.368.577	2.832.080	729.941
III. FINANCIAL INCOME (132 to 136)	**131**	**6.849.761**	**2.986.554**	**55.925.940**	**15.305.944**
1. Interest, foreign exchange differences, dividends and similar income from related parties	132		0	26.181.223	2.143.519
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	2.971.064	1.421.741	24.320.929	12.013.275
3. Income from investments in associates and joint ventures	134				
4. Unrealised gains (income) from financial assets	135	2.487.585	1.075.752	4.059.944	706.427
5. Other financial income	136	1.391.112	489.061	1.363.844	442.723
IV. FINANCIAL EXPENSES (138 to 141)	**137**	**16.279.763**	**5.254.349**	**58.573.629**	**18.708.111**
1. Interest, foreign exchange differences, dividends and similar expenses from related parties	138		0		
2. Interest, foreign exchange differences, dividends and similar expenses from third parties	139	15.468.494	5.070.077	53.692.933	15.856.944
3. Unrealised losses (expenses) from financial assets	140		0	4.450.709	2.778.931
4. Other financial expenses	141	811.269	184.272	429.987	72.236
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+142+144)	**146**	**1.025.087.862**	**704.415.658**	**1.193.996.086**	**800.814.886**
X. TOTAL EXPENSES (114+137+143+145)	**147**	**811.813.494**	**355.630.741**	**871.978.899**	**392.622.295**
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	**148**	**213.274.368**	**348.784.917**	**322.017.187**	**408.192.591**
1. Profit before taxes (146-147)	149	213.274.368	348.784.917	322.017.187	408.192.591
2. Loss before taxes (147-146)	150	0	0	0	0
XII. TAXATION	**151**				
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	**152**	**213.274.368**	**348.784.917**	**322.017.187**	**408.192.591**
1. Profit for the period (149-151)	153	213.274.368	348.784.917	322.017.187	408.192.591
2. Loss for the period (151-148)	154	0	0	0	0

Income statement (period 1.1.2015. to 30.9.2015.) (continued)
Company: Valamar Riviera d.d.

Position	AOP	Previous period		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	155	213.274.368	348.784.917	322.017.187	408.192.591
2. Attributable to minority interest	156				
STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)					
I. PROFIT OR LOSS FOR THE PERIOD (=152)	**157**	**213.274.368**	**348.784.917**	**322.017.187**	**408.192.591**
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 to 165)	**158**	**-87.000**	**0**	**1.812.222**	**1.812.222**
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	-87.000		1.812.222	1.812.222
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 associ atied companies	164				
7. Actuarial gains/losses from defined benefit plans	165				
III. TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**166**	**-17.400**	**0**	**362.444**	**362.444**
IV. NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD (158-166)	**167**	**-69.600**		**1.449.778**	**1.449.778**
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	**168**	**213.204.768**	**348.784.917**	**323.466.965**	**409.642.369**
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 1.1.2015. to 30.9.2015.)
Company: Valamar Riviera d.d.

Position	AOP	Previous period	Current period
1	2	3	4
CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	001	213.274.368	322.017.188
2. Depreciation and amortisation	002	140.096.383	160.891.728
3. Increase of current liabilities	003	73.746.820	56.206.620
4. Decrease of current receivables	004	51.563.575	
5. Decrease of inventories	005		479.851
6. Other cash flow increases	006		57.989
I. Total increase of cash flow from operating activities	**007**	**478.681.146**	**539.653.376**
1. Decrease of current liabilities	008		
2. Increase of current receivables	009		59.450.857
3. Increase of inventories	010	519.667	
4. Other cash flow decreases	011	236.792.926	40.656.941
II. Total decrease of cash flow from operating activities	**012**	**237.312.593**	**100.107.798**
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	**013**	**241.368.553**	**439.545.578**
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		
2. Proceeds from sale of non-current financial assets	016		
3. Interest received	017		
4. Dividend received	018		
5. Other proceeds from investing activities	019		
III. Total cash inflows from investing activities	**020**	**0**	**0**
1. Purchase of non-current assets	021	306.624.246	282.284.800
2. Purchase of non-current financial assets	022		
3. Other cash outflows from investing activities	023		178.778.806
IV. Total cash outflows from investing activities	**024**	**306.624.246**	**461.063.606**
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	**025**	**0**	**0**
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	**026**	**306.624.246**	**461.063.606**
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issue of equity securities and debt securities	027	284.000	
2. Proceeds from loans and borrowings	028		201.816.261
3. Other proceeds from financing activities	029	191.106.383	1.449.778
V. Total cash inflows from financing activities	**030**	**191.390.383**	**203.266.039**
1. Repayment of loans and bonds	031	98.908.747	
2. Dividends paid	032		68.922.466
3. Repayment of finance lease	033		
4. Purchase of treasury shares	034	1.627.934	12.268.002
5. Other cash outflows from financing activities	035	1.299.315	9.251.135
VI. Total cash outflows from financing activities	**036**	**101.835.996**	**90.441.603**
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	**037**	**89.554.387**	**112.824.436**
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	**038**	**0**	**0**
Total increases of cash flows	039	330.922.940	91.306.408
Total decreases of cash flows	040	306.624.246	0
Cash and cash equivalents at the beginning of period	041	222.755.699	166.188.610
Increase of cash and cash equivalents	042	24.298.694	91.306.408
Decrease of cash and cash equivalents	043		
Cash and cash equivalents at the end of period	044	247.054.393	257.495.018

STATEMENT OF CHANGES IN EQUITY (period 1.1.2015. to 30.9.2015.)
Company: Valamar Riviera d.d.

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed share capital	001	1.672.021.210	1.672.021.210
2. Capital reserves	002	-8.395.862	39.505
3. Reserves from profit	003	98.724.306	74.646.002
4. Retained earnings or loss carried forward	004	263.592.748	211.961.240
5. Net profit or loss for the period	005	23.627.648	322.017.188
6. Revaluation of tangible assets	006		
7. Revaluation of intangible assets	007		
8. Revaluation of available for sale assets	008	29.750.702	31.200.479
9. Other revaluation	009		
10. Total equity and reserves (AOP 001 to 009)	**010**	**2.079.320.752**	**2.311.885.624**
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		
17 b. Attributable to minority interest	019		

Valamar Riviera d.d.
Stancija Kaligari 1
52440 Poreč, Hrvatska
T +385 (52) 408 002
F +385 (52) 451 608
E info@riviera.hr
W www.valamar.com

Investor relations
Stancija Kaligari 1
52440 Poreč, Hrvatska
T +385 (52) 408 159
F +385 (52) 451 608
E ir@valamar.com
W www.valamar-riviera.com