

**HANFA**- Croatian Agency for Supervision of Financial Services  
Miramarska cesta 24 b, p.p. 450  
10000 ZAGREB

**HANFA – Official Register of Regulated Information**

**Zagreb Stock exchange**

Ivana Lučića 2a  
10000 ZAGREB

In Poreč, 13.02.2015.  
Reg.no:10-11/15

**Subject: The provisional, unaudited, consolidated and unconsolidated financial statements for 2014 and the fourth quarter of 2014 - delivery**

Valamar Riviera d.d. seated in Poreč, Stancija Kaligari 1, OIB: 36201212847 (hereinafter: Company) in accordance with provisions of Law on Capital Market, hereby delivers for publication provisional, unaudited, consolidated and unconsolidated financial statements of the Company for 2014 with quarterly reports included for the fourth quarter of 2014, and other documents everything in prescribed content

At the same time we announce that the above-mentioned reports will be published on the Company web site [www.riviera-adria.com](http://www.riviera-adria.com) in the prescribed content and delivered to HINA by notification.

Kind regards,

Management board of Valamar Riviera d.d.

Pursuant to the provisions of the Law on Capital Markets, Companies Law and Accounting Law, the Management Board of the Valamar Riviera d.d., with headquarters in Poreč, Stancija Kaligari 1 (hereinafter: the Company) submits the following

**MANAGEMENT BOARD REPORT  
ON THE STATUS OF THE COMPANY  
(Management Report)**

**for the period of the fourth quarter (from 1 Oct 2014 to 31 Dec 2014)**

**and**

**the interim annual unaudited business report (from 1 Jan 2014 to 31 Dec 2014)**

**Major Business Events**

The management boards of the companies Riviera Adria d.d., Valamar grupa d.d. and Valamar Adria holding d.d. signed in June 2014 a contract on the merger of Valamar grupa and Valamar Adria Holding into the Riviera Adria company. The general assemblies of all the three companies approved the respective contract in August 2014. The merger transactions were completed on 30 September 2014 and registered at the Commercial Court in Rijeka. Simultaneously the company registered a change of name from Riviera Adria d.d. to Valamar Riviera d.d..

On 15 December 2014 the merger of the subsidiary Linteum savjetovanje d.o.o., Zagreb into Valamar Riviera d.d. was completed while on 18 December 2014, the process of merging the subsidiary Valamar hoteli i ljetovališta d.o.o., Zagreb into Valamar Riviera d.d. was initiated by concluding the relevant merger contract.

The aforementioned transactions represent a continuation of the statutory reorganisation and legal mergers of the companies within Valamar group. The process initially started back in 2011 by merging tourism companies Zlatni otok d.d. and Rabac d.d. into Riviera Adria d.d. and was continued in 2013 by further merger of the subsidiary company Dubrovnik-Babin kuk d.d. into the mother company Riviera Adria d.d., whereby a leading tourism company in Croatia was created.

The prime goal of this restructuring is to consolidate operational management, the hospitality asset portfolio and the shareholding structure of the Group into one strategic entity for tourism activities, ultimately resulting in operating efficiencies, strengthening of the balance sheet, value creation for more than 22,000 shareholders and more transparent corporate governance as well as easier financial valuation..

The consolidated Valamar Riviera Group operates in Istria and Kvarner and Dubrovnik. It owns the brands Valamar Hotels & Resorts and Camping Adriatic by Valamar and a hospitality property portfolio encompassing 22 hotels, 7 apartment resorts, 2 hostels and 10 campsites; it can accommodate approximately 43 thousand guests daily, which makes it one of the largest tourism companies in Croatia.

The Company Management Board presents the 4<sup>th</sup> quarter and annual interim unaudited business reports for 2014, with the emphasis on viewing the respective reports in the context of the above mentioned statutory changes, and provides the information on the Company and major events.

The Company's financial statements for 2014 include the results of the merged companies Valamar grupa d.d. and Valamar Adria Holding d.d. for the period from 1 October 2014 to 31 December 2014, and those of Linteum savjetovanje d.o.o. for the period from 16 December 2014 to 31 December 2014. All major changes in the financial statements should be observed as a result of the mentioned

merger transactions. We would like to further emphasize that the figures of the current year are not entirely comparable with the figures of the past period also due to the conducted merger of the subsidiary Dubrovnik–Babin kuk d.d. on 31 October 2013.

The 2014 Group financial statements comprise the consolidated business of (1) Valamar Adria holding d.d., Valamar grupa d.d., Linteum savjetovanje d.o.o. and Epima d.o.o. on the stand-alone basis until the time of their respective mergers and thereafter through their universal legal successor (Valamar Riviera), (2) year-round results of Valamar hoteli i ljetovališta d.o.o., Valamar Hotels & Resorts GmbH Frankfurt am Main, Puntizela d.o.o., Bastion upravljanje d.o.o., Citatis d.o.o., Elafiti Babin kuk d.o.o., Palme turizam d.o.o., Magične stijene d.o.o., Pogača Babin kuk d.o.o., Bugenvilia d.o.o., as well as (3) Valamar poslovni razvoj d.o.o. (the latter exclusively for the period from 1 October 2014 to 28 November 2014). Therefore, all major changes in the financial statements should be observed as a result of the said mergers and changes in the organisational and legal structure of the Group. We would like to emphasize that the figures for the current year are not entirely comparable with the figures from the previous period, whereby we point to the possibility of comparing the reported results with the consolidated financial statements for the Valamar grupa d.d. in 2013.

## The Results of the Group

The Valamar Riviera Group (hereinafter in the Report: the Group) is predominantly a hospitality company comprised of companies listed in the previous paragraph. The business of the Group is of a seasonal character; the main volume of the Group's business is realised in the period of the second and third quarter, i.e. in the period of the main tourist season.

In the reporting period, together with all the companies that have been consolidated the Company achieved total revenues in the amount of HRK 1.116 billion, i.e. HRK 30 million or 2.76% more compared to the same period in 2013.

The share of sales revenue in total revenues is 96.22% (96.46% in 2013), International sales revenues account for 88.40% (85.85% in 2013) of total revenues, while those from the domestic market account for 7.82% (10.61% in 2013). The international sales revenues grew 5.80% compared to the same period in 2013, while the domestic ones decreased by 24.22%.

Sales revenues have increased HRK 26.21 million (2.50%) compared to the same period last year and amount to HRK 1.074 billion, of which HRK 987 million come from international markets, i.e. 91.87% (89.0% in 2013), while HRK 87 million or 8.13% (11.0% in 2013) originate in the domestic market. When making a comparison with last year's sales revenue, we would like to point to the unfavorable circumstance of the increase in the VAT rate for the hospitality and accommodation services as of 1 January 2014 (the VAT rate was increased from 10% to 13%) the impact of which on the Group sales revenues is estimated at approximately HRK 26 million.

In the observed period, the Group has realised 4,284,979 overnights, which is a decrease of 1.3% primarily due to a decreased demand for Istrian destinations. By destinations in which the Group operates, there were 1.9% overnights less in Poreč, 6.4% less in Rabac, 3.5% less in Pula, 3.6% more in Krk and 3.8% more in Dubrovnik, compared to the same period in 2013. The annual accommodation revenue per available unit (RevPAR) amounts to HRK 51,694 with the annual occupancy of 122 days and the average daily rate of HRK 424.

The annual accommodation revenue per available unit (RevPAR) in the 4\* and 5\* hotels amounts to HRK 131,480 with an annual occupancy of 166 days and an average daily rate of HRK 791; in the 2\* and 3\* hotels and apartments including hostels RevPAR was HRK 64,816 with an annual occupancy of 143 days and an average daily rate of HRK 455, while in the campsites it amounted to HRK 20,919 with an annual occupancy of 98 days and the average daily rate of HRK 212.

By destinations in which the Group operates, annual accommodation revenue per available unit (RevPAR) amounts to HRK 42,189 on the Western coast of Istria, HRK 61,261 in Rabac, HRK 34,767 in Krk and HRK 107,835 in Dubrovnik.

The share of other revenues in total revenue of the Group (other business and financial revenues) equals 3.78 % (3.54% in 2013) amounting to HRK 42.23 million, whereby they are increased by

9.85%. The material costs amount to HRK 371.22 million with the share in operating costs of 36.54% (38.42% in 2013), which makes them 4.37% smaller compared to the same period in 2013.

Personnel costs amount to HRK 302.05 million, with a share of 29.73% in operating costs (23.98% in 2013), i.e. they are by 24.68% higher. This increase should be viewed as a result of a wider scope of Group consolidation in 2014 compared to 2013, as initially explained.

Financial expenses amount to HRK 40.60 million and mark a growth of 11.73% with a share of 3.84% in total costs (3.47% in 2013).

In the observed period the Group achieved a gross profit in the amount of HRK 59.79 million, an operating profit of HRK 80 million, net profit of HRK 52.17 million, with EBITDA of HRK 284.25 million.

The gross margin of the Group amounts to 5.46% (3.76% in 2013).

Beside the already mentioned, business results of the Group in the observed period are under the influence both of the one-time expenses for severance payments and administration costs related to statutory and business restructuring (in the amount of HRK 17.63 million), as well as a change in depreciation due to a reduction of the rates on buildings from 5% to 4% and camping plots from 7% to 5% (in the amount of HRK 37.1 million). Increased capital investments of the earlier periods and the change in maintenance approach significantly contributes to the durability of buildings, i.e. prolonged economic life which has an impact on the span and amount of depreciation.

The total assets of the Group on 31 December 2014 amounted to HRK 3.017 billion and are by HRK 266.57 million higher compared to the previous period.

## **The Results of the Company**

We would like to emphasize that the data in the financial statements of the current year are not entirely comparable with the data of the previous year for the previously mentioned reasons of completed statutory reorganisation. The figures for the previous year include the data of the merged subsidiary Dubrovnik-Babin kuk d.d. only for the period from 1 November 2013 to 31 December 2013, while in 2014 the same are included for the entire year. Moreover, the results and the net assets of the merged companies, Valamar grupa d.d., Valamar Adria Holding d.d. and Linteum d.o.o., are included from the day of their respective mergers in the course of 2014 and, therefore, all major changes in the financial statements of the Company should be observed as a result of the said transactions in the current and comparison period.

In the period from 1 January 2014 to 31 December 2014 the Company recorded total revenues in the amount of HRK 1.099 billion, i.e. HRK 257.14 million or 30.53% more compared to the same period in 2013.

The share of sales revenue in total revenues amounts to 96.87% (95.74% in 2013). International sales revenues comprise 88.82% (84.95% in 2013) of total revenues while those from the domestic market account for 8.05% (10.79% in 2013). International sales revenues increased compared to the same period in 2013 by 36.48%, while the domestic ones decreased by 2.59%.

The sales revenues are HRK 258 million (32.07%) higher compared to the same period last year and they amount to HRK 1.065 billion, of which HRK 976.5 million refer to international sales, i.e. 91.69% (88.73% in 2013), while HRK 88.5 million or 8.31% refer to the domestic market (11.27% in 2013). When comparing with last year's sales revenues, we would like to point to the unfavorable circumstance of the increased VAT rate for the hospitality and accommodation services with the application from 1 January 2014 (the tax rate has been increased from 10% to 13%) whose impact on the Company's sales revenue is estimated at approximately HRK 26 million.

In the observed period the Company has realised 4,129,571 overnights, which is a decrease of 1.2% primarily due to a reduced demand for Istrian destinations. By destinations in which the Company operates, there were 1.9% overnights less in Poreč, 6.4% less in Rabac, 3.6% more in Krk and 3.8% more in Dubrovnik, compared to the same period 2013.

The share of the other revenues in the total revenues of the Company (other business revenues and financial revenues) equals to 3.13% (4.26% in 2013); the respective revenues amount to HRK 34.37 million and decreased by 4.18%. Material expenses amount to HRK 391.06 million with a share in the operating costs of 37.64% (35.86% in 2013), which makes them 38.72% higher compared to the same period in 2013.

Personnel costs amount to HRK 259.09 million with a share of 24.94% in operating costs (23.0% in 2013), and they are by 43.30% higher. The 2013 personnel costs included Dubrovnik-Babin kuk d.d.'s items solely for the period after the merger, while in 2014 they have been included for the entire year. The figures for the other merged companies in the course of 2014 have been included for the period after the respective mergers.

The financial expenses amount to HRK 33.27 million, which is a growth of 57.98% with a share of 3.10% in total costs (2.61% in 2013).

In the observed period, the Company has generated a gross profit in the amount of HRK 27.28 million, operating profit of HRK 44.56 million, net profit of HRK 23.64 million, with EBITDA of HRK 232.2 million.

The gross margin of the Company amounts to 2.52% (4.30% in 2013).

Beside the already mentioned, the business results of the Company in the observed period are under the influence of one-off expenses for severance pays and administration costs related to the process of statutory and business restructuring (in the amount of HRK 14.69 million) as well as changes in depreciation due to a reduction of the rates on buildings from 5% to 4% and camping plots from 7% to 5% (in the amount of HRK 33.3 million). The increased capital investment of the previous periods and the change of the approach in the maintenance significantly contributes to the durability of the buildings, i.e. prolonged economic life which has an impact on the span and amount of the depreciation.

The total assets of the Company on 31 December 2014 amount to HRK 3.194 billion and are by HRK 234.85 million higher compared to the previous period.

## **Human Resources**

On 31 December 2014 the Company employed 1,611 employees (958 permanently employed and 653 seasonal workers).

The Company has systematically and continuously invested into the development of its human resources.

## **The Risks of the Company and the Group**

The activities that the Company and the Group perform expose them to several financial risks common for the operation of tourism companies in the Republic of Croatia; these are primarily the market risk (it includes the foreign currency risk, the interest rate risk and the price risk), the credit risk and the liquidity risk.

The Company and the Group operate with international markets and are exposed to foreign currency risk; therefore, the movement in the exchange rates of primarily the euro, the Swiss franc and the kuna, can have an impact on the business results and cash flows, especially the volume of business revenue and the loan obligations. The interest rate risk mostly follows from the received long-term loans with variable interest rates. The Company and the Group occasionally engage into interest rate and foreign currency hedging of cash flows through instruments available on the market with the goal of reducing and limiting exposure to respective risks.

For the purpose of managing the price risk, the Company and the Group have continuously implemented activities of analysing price and general market movements.



The Company and the Group manage credit risk, i.e. the risk of loss that occurs due to non-fulfilment of cash obligations toward the Company/Group, in a way that they do business with creditworthy entities and undertake appropriate measures to ensure orderly payment collection.

With regard to the liquidity risk, the Company and the Group maintain a sufficient level of liquidity by monitoring the cash position and matching it with the envisaged cash flows, as well as by ensuring the availability of the financial funds with the adequate amount of contracted credit lines.

### **Corporate Governance Code**

Valamar Riviera d.d., the Company, as well as the Group, has been continuously developing and acting in line with the best corporate governance practice. Valamar is strategically committed to transparent and sustainable business practices as well as to strong relations with destinations in which it operates as supported by its policies, key articles and prudent business practices. With the aim of further strengthening and establishing high standards of corporate governance, the Company has adopted a Corporate Governance Code in 2008. The management abides by the provisions of the adopted Code entirely. By listing the shares on the Official market of the Zagreb Stock Exchange, the Company is to apply the Corporate Governance Code of ZSE and fulfil all the obligations ensuing from it.

The major direct shareholders pursuant to the data from the Central Depository and Clearing Company are listed in the table under "Other information".

There is also a time limit related to the use of voting rights at the general assembly pursuant to the provisions of the Companies Law –shareholders are required to file their participation within the term stipulated by the law.

There is no case in which the financial right stemming from securities would be separate from holding the securities.

Within the Company, there are no securities with special rights of control nor are there any voting right limitations.

The rules on the appointment and recall of the members of the Management and the members of the Supervisory Board are established by the Articles of Association, in accordance with the provisions of the Companies Law.

The Management of the Company is authorised to acquire own shares pursuant to the decision of the General Assembly of 17 November 2014, and before that decision pursuant to the decision of the General Assembly of 8 July 2010.

The rules on changing the Articles of Association of the Company have been established by the Companies Law and there are no additional limitations in the Articles of Association of the Company.

The authorisations of the members of the Management are also fully in accordance with the provisions of the Companies Law.

The corporate bodies of the Company are the following:

The Management Board: Mr. Franz Lanschützer, President of the Management and members: Mr. Nikola Koncul, Mr. Tihomir Nikolaš, Mr. Marko Čížmek, Ms. Ivana Budin Arhanić.

The Supervisory Board: Mr. Gustav Wurmböck (President of the Supervisory Board), Mr. Mladen Markoč (vice-president), Mr. Georg Eltz, Ms. Gudrun Kuffner, Mr. Hans Dominik Turnovsky, Mr. Vicko Ferić, Ms. Mariza Jugovac.

The Audit Committee: Mr. Georg Eltz, Mr. Vicko Ferić, Mr. Gustav Wurmböck, Mr. Mladen Markoč and Mr. Dubravko Kušeta who performs his duties envisaged by the Audit Law.

The Compensation and Award Committee: Mr. Gustav Wurmböck, Mr. Mladen Markoč and Mr. Hans Dominik Turnovsky.

The Investment Committee: Mr. Gustav Wurmböck, Mr. Georg Eltz, Mr. Hans Dominik Turnovsky, Mr. Vicko Ferić and Ms. Gudrun Kuffner.

The Management and the Supervisory Board primarily act through meetings and by making correspondent decisions, in accordance with regulation and Company bylaws.

## Transactions with Related Parties

The transactions with related companies within the Group take place according to regular commercial terms and conditions and based on market prices. A total of HRK 2.71 million in revenues from transactions with related parties has been recorded for the Company in 2014 (HRK 9.86 million in 2013) and HRK 28,000 for the Group (HRK 2.59 million in 2013) with expenses of HRK 131.11 million for the Company (HRK 84.38 million in 2013) and HRK 83,000 for the Group (HRK 101.54 million in 2013).

On 31 December 2014 the claims and liabilities toward related parties amounted to: receivables for the Company HRK 192.57 million (HRK 216.5 million at the end of 2013), HRK 5,000 for the Group (HRK 354,000 at the end of 2013) with HRK 5.03 million liabilities for the Company (HRK 3.25 million at the end of 2013) and HRK 83,000 for the Group (HRK 3.12 million at the end of 2013).

The envisaged merger of the subsidiary Valamar hoteli i ljetovališta d.o.o. (described in the chapter on Major Events) will result in a major reduction for the Company in transactions with related companies in the course of 2015.

## The Company Branches

On 2 September 2011 the establishment of branches has been entered in the court register of the Commercial Court in Pazin as follows: the Tourism Branch RABAC, with headquarters in Rabac, Slobode 80 and Tourism Branch ZLATNI OTOK, with headquarters in Krk, Vršanska 8. On 4 November 2013 the foundation of the Tourism Branch DUBROVNIK-BABIN KUK, with headquarters in Dubrovnik, Dr. Ante Starčevića 45 was registered, while on 1 October 2014 the Branch for Business and Management Consulting ZAGREB with headquarters in Zagreb, Miramarska cesta 24 was registered.

The branches Rabac, Zlatni otok and Dubrovnik-Babin kuk, as economic pillars of their local communities, continue to operate in their destinations supporting their development with further investments, tourism development and social and business activities.

## Sustainable Development

Regardless of the fact that the hospitality business in general is not considered as an activity that could significantly endanger the environment, the Company has been continuously working on the improvement of environmental protection and sustainable development with the goal of creating recognisable ecologically oriented tourist destinations. In the accommodation properties of the Company the following is applied: environmental management system according to the norm ISO 14001:2004, quality management system according to the norm ISO 9001 and HACCP system according to the Codex Alimentarius norm.

In numerous properties of the Company, the remaining heat of the cooling system is used for heating hot water for consumption. The systems for supervision of electricity and water consumption, as well as the systems of managing peak input power have been installed. On numerous beaches of the campsites and hotels, the Company manages the Blue Flags, a recognisable ecological symbol of a clean environment. Through responsible management of nature and the environment Valamar fulfils the expectations of guests and contributes to the protection of natural resources.

The Company has won the first Croatian award for the development of a green economy “**Greenovation 2013**” for its “Green Lanterna” project, presented as the best total programme of

efficient use of resources in tourism facilities by the Association for Energy Zagreb and the company Energo Media Servis d.o.o.

Valamar Sanfior from Rabac and Valamar Koralj from Krk hotels were awarded the “**Sustainable Hotel**” certificate by the Association of Employers in Hotel Industry of Croatia, whereby their environmentally oriented practices are confirmed in environmental protection, sustainability management, energy efficiency, personnel education, savings in water and energy consumption, controlled CO<sub>2</sub> emission etc.

### Social Responsibility

In addition to the quality of relations with its employees, the environment, the wider social and economic context, Valamar Riviera d.d. confirms its status of a socially responsible company with good relations toward the local and national community. Namely, as a socially responsible company, Valamar Riviera d.d. every year donates and assists numerous educational institutions, humanitarian and other associations as well as a variety of sports clubs.

In 2014 we provided more than a thousand overnights in our properties for children without proper parental care, of low family income, with health difficulties and special needs through the donation programme “A Thousand Days at the Adriatic Sea”, awarded to a total of 12 associations and schools throughout Croatia.

Our orientation to the highest ecological standards during investment into tourism properties is related also to supporting impactful environmental protection initiatives in the wider local community through the “We love the Adriatic Sea” donation programme. With approved donations in 2014 we have directed funds into concrete projects intended for the protection of the Adriatic coast and the sea contributing to sustainable development, raising awareness on the importance of conservation of the maritime environment, promotion of the cooperation of local communities and the academic community, with measurable results and a long-term positive impact on environmental protection.

In the field of culture one of the most significant initiatives is the organisation of the 31<sup>st</sup> Riviera painting colony, which continues the tradition started some thirty years back. Equal emphasis is given to the new project “Artist on Vacation”, started in 2013 and continued in 2014 which takes place in the premises of hotel Valamar Club Tamaris in the organisation of the Institute for Research of the Avant-garde and the Marinko Sudac Collection, under the auspices of the Ministry of Culture of the Republic of Croatia. In the second year of cooperation with Valamar, the project has been crowned with a large exhibition of international artists of the Avant-garde in the Zagreb Museum of the Contemporary Art.

Of the large, already traditional sports events that Valamar Riviera also supports, we would like to emphasize the Istrian Riviera tennis tournament, as well as the international cycling race Istra Valamar Terra Magica.

We have also been active in supporting the numerous oenological, gastronomic and similar fairs so that for years now we have been supporting the Vinistra and Promohotel fairs that are held every year in Poreč.

With this type of action Valamar Riviera d.d. has established itself as a partner to the communities it conducts the business in and with this example it also encourages other businesses and partners, to similarly promote social responsibility and give support to education, sports, culture, environmental protection and other initiatives promoting values without which the achieved business results would not be sustainable.

### Major Events

On 21 August 2014 the General Assembly of the Company was held where the annual financial statements for 2013 were presented; decisions were made on the use of profit, relieving of duty the Management Board and the Supervisory Board, appointing KPMG Croatia d.o.o. as the auditor in 2014, approval of the Contract on the merger with Valamar Adria holding d.d. and Valamar grupa d.d. to the Riviera Adria d.d., increase of subscribed capital (in order to execute the mergers), increase of subscribed capital from the Company's reserves, changing the Articles of Association of Riviera Adria



d.d. (within this change the name of the company was also changed into Valamar Riviera d.d.), the election of the Supervisory Board members and setting their respective remuneration. The number of the members of the Supervisory Board was increased from five to seven and four new members of the Supervisory Board were elected for a term starting from the day of entering the Decision on the changes in the Articles of Association in the court register until the expiration of the term of the other members. The Supervisory Board is consisting of: Mr. Gustav Wurmböck, President, Mr. Mladen Markoč, vice-president and members: Mr. Georg Eltz, Ms. Gudrun Kuffner, Mr. Hans Dominik Turnovsky, Mr. Vicko Ferić and Ms. Mariza Jugovac.

On 30 September 2014 the Commercial Court in Rijeka recorded the merger of the companies Valamar Adria holding d.d. and Valamar grupa d.d. into the company Riviera Adria d.d.. At the same time, the name of the company Riviera Adria d.d. was changed into the new name Valamar Riviera d.d., and entries were made on the increased subscribed capital to the total amount of HRK 1,672,021,210.00 divided into 126,027,542 ordinary shares without par value, as well as on the changed Articles of Association of the Company.

Following the decision of the Supervisory Board of Valamar Riviera d.d., as of 30 September 2014, the Management Board consisted of: Mr. Franz Lanschützer (President of the Management Board), Mr. Edi Černjul (vice-president of the Management Board until the end of 2014), Mr. Nikola Koncul (vice-president of the Management Board until the end of April 2015), Mr. Tihomir Nikolaš, Mr. Marko Čižmek and Ms. Ivana Budin Arhanić.

As of 1 January 2015 the Management Board of the Company consists of: Mr. Franz Lanschützer, President of the Management Board and the members: Mr. Nikola Koncul, Mr. Tihomir Nikolaš, Mr. Marko Čižmek and Ms. Ivana Budin Arhanić.

With the decision of the Supervisory Board, Mr. Željko Kukurin was appointed to the position of the President of the Management Board as of 1 July 2015.

On 17 November 2014 the General Assembly of the Company was held where decisions were made on listing the Company shares at the Official market of the Zagreb Stock Exchange, the authority to acquire own shares and the dividend pay-out.

On 3 December 2014, pursuant to the decision of the General Assembly, the shareholders were paid a dividend in the amount of HRK 0.50 per share through the Central Depository and Clearing Company.

On 12 December 2014 the Croatian Financial Services Supervisory Agency approved the Listing prospectus for 126,027,542 ordinary shares to the regulated market of the Zagreb Stock Exchange (ZSE), while the ZSE with its Decision of 15 December 2014 approved the listing of all 126,027,542 shares of the Company, bearing the ticker RIVP-R-A, ISIN: HRRIVPRA0000, to its Official market segment.

According to the relevant decisions of the ZSE, on 16 December 2014 the trading with Company's shares in MTP – Fortis ended, and with 17 December 2014 started the trading of shares at the Official market.

On 15 December 2014 the Commercial Court in Rijeka registered the merger of the company Linteum savjetovanje d.o.o., Zagreb into the company Valamar Riviera d.d.

On 18 December 2014 Valamar Riviera d.d. and Valamar hoteli i ljetovališta d.o.o., Zagreb, concluded a merger contract by which the latter would be merged into Valamar Riviera d.d.. This transaction is under way, with final legal effect only upon registration of the merger in the court register by Valamar Riviera (which is expected at the end of February 2015).

### **Major Events after the End of the Business Year**

On 19 January 2015 Zagreb Stock Exchange announced that the shares of the Company met the conditions for an accelerated entry into the following indices: CROBEX, CROBEXtr, CROBEX10, CROBEXplus and CROBEXturst; RIVP-R-A became a part of them as of 27 January 2015.

The appreciation of the exchange rate of the Swiss franc in January 2015 will have a negative impact on the indebtedness of the Company and the evaluation of credit obligations (at the end of 2014 the Company had CHF 27.3 million in loans which gradually mature until 2018).

At the end of January 2015, Mr. Tihomir Nikolaš announced his departure from the position of the member of the Management Board by 8 June 2015.

### **Hotel Management and Investments**

Pursuant to the Hotel Management Contract, as of 2004 the Company entrusted the management of hospitality properties to the company Valamar hoteli i ljetovališta d.o.o..

In the season 2014 major investments in the amount of cca HRK 370 million have been made into the Company's properties, out of which the majority in Valamar Dubrovnik President and Argosy hotels in Dubrovnik and the Zagreb hotel in Poreč. All three hotels have raised the quality of offer and services and got new categorization stars so that Valamar Dubrovnik President (292 rooms) became the first five star hotel in the Valamar portfolio. Hotels Valamar Zagreb (230 rooms) and Valamar Argosy (308 rooms) became four star hotels. Furthermore, the investment in the Company's first hostel Papalinn (128 beds) in Poreč has also been completed.

For the season 2015, Valamar Riviera is to invest approximately HRK 330 million into hospitality properties, products and services.

The most important project is worth HRK 250 million: the luxury family Valamar Isabella Island Resort 4\* on the island of Sveti Nikola planned for opening in May 2015. Other projects include HRK 80 million investment into hotels, apartments and campings in Istria and Krk, out of which HRK 25 million refers to the investment in the awarded Lanterna camping (in destination Poreč). Other major camping investments include improvements at camping Marina (destination Rabac) and campings Krk and Ježevac (destination Krk) referring primarily to infrastructure and landscaping as well as purchasing new mobile homes.

In the upcoming period we plan to continue with the existing investment policy, focusing on the improved competitiveness of our tourism products on strategic markets and generally further increasing the quality of our properties and services.

**Other Information**

Overview of the major shareholders on 31 December 2014:

<b>Owner:</b>	<b>Number of shares:</b>	<b>% of ownership:</b>
1. Epic, Goldscheider und Wurmböck M.B.H. Plosslgasse 8, 1040 Vienna, Republic of Austria	54,267,510	43.06%
2. Raiffeisenbank Austria d.d./Satis d.o.o./custody acc. Magazinska 69, 10000 Zagreb	3,774,534	3.00%
3. Enitor d.o.o. Miramarska 24, 10000 Zagreb	2,720,950	2.16%
4. Satis d.o.o. Miramarska 24, 10000 Zagreb	2,572,539	2.04%
5. Zagrebačka banka d.d./State street bank and trust Company, Boston/custody acc. Savska 60/IV, 10000 Zagreb	2,105,649	1.67%
6. Bakić Nenad	2,000,000	1.59%
7. Bilbija Igor	1,869,626	1.48%
8. Hrvatska poštanska banka d.d./Kapitalni fond d.d./custody acc., Jurišićeva 4, 10000 Zagreb	1,846,184	1.46%
9. PBZ d.d./The Bank of New York/ custody acc. Radnička cesta 50, 10000 Zagreb	1,431,496	1.14%
10. Hypo Alpe-Adria-Bank d.d./SZIF d.d./custody acc. Slavonska avenija 6, 10000 Zagreb	1,198,462	0.95%
11. Other small shareholders + treasury shares	52,240,592	41.45%
<b>TOTAL</b>	<b>126,027,542</b>	<b>100 %</b>

In the period from 1 January 2014 to 16 December 2014 the highest recorded RIVP-R-A price at the MTP-Fortis trade platform was HRK 24.67, while the lowest was HRK 12.99.

In the period from 17 December 2014 to 31 December 2014 the highest Company's share price realised at the Zagreb Stock Exchange Official market was HRK 20.50, while the lowest was HRK 19.42.

In the period from 30 October 2014 to 31 December 2014 the Company acquired 438,421 own shares at the total purchasing costs of HRK 8,543,990.73, which makes 0.3478% of the subscribed capital.

On 31 December 2014 the Company had 480,816 treasury shares, which makes 0.3815% of the subscribed capital.

In the course of 2014 the Management Board performed the actions envisaged by law and the Articles of Association with regard to the management and representation of the Company and planned a business policy that was implemented with prudent care. Moreover, it supervised operations through permanent controls.

The Company Management will continue to undertake all the necessary measures in order to ensure sustainability and business growth under current circumstances.

The quarterly and interim annual unaudited, unconsolidated and consolidated financial statements have been adopted by the Management Board on 10 February 2015.

The Management Board

**Annex 1.**

Reporting period

1.1.2014

to

31.12.2014

**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.riviera-adria.com

Municipality/city code and name: 348 Poreč

County code and name: 18 Istarska

Number of employees: 1.611

(period end)

Consolidated report: NO

NKD code: 5510

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: Lanschützer Franz, Čizmek Marko

(person authorized to represent the company)

VALAMAR RIVIERA d.d.  
POREČ (5)

L.S.

(signature of the person authorized to represent the company)



**Balance Sheet**  
as of 31.12.2014.

Company: Valamar Riviera d.d.			
Position	AOP	Previous period	Current period
1	2	3	4
<b>ASSETS</b>			
A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL	001		
B) NON-CURRENT ASSETS (003+010+020+029+033)	002	2.454.013.171	2.934.679.336
I. INTANGIBLE ASSETS (004 do 009)	003	8.616.401	8.212.641
1. Expenditure for development	004		
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	1.603.091	8.206.231
3. Goodwill	006		
4. Advances for purchase of intangible assets	007		
5. Intangible assets in progress	008	7.013.310	6.410
6. Other intangible assets	009		
II. PROPERTY, PLANT AND EQUIPMENT (011 do 019)	010	2.070.126.787	2.281.624.821
1. Land	011	516.606.646	518.328.470
2. Buildings	012	1.267.279.974	1.376.727.573
3. Plant and equipment	013	128.258.857	164.960.077
4. Tools, working inventory and transportation assets	014	37.147.176	51.708.485
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	27.469.078	20.168.936
7. Tangible assets in progress	017	75.624.552	107.593.195
8. Other tangible assets	018	17.740.504	22.367.881
9. Investment in real-estate	019		19.770.205
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	350.577.272	440.999.450
1. Share in related parties	021	348.722.988	401.967.938
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	1.714.284	38.891.512
6. Loans, deposits, etc.	026		
7. Other non-current financial assets	027		
8. Equity-accounted investments	028		
IV. RECEIVABLES (030 do 032)	029	802.256	163.186.378
1. Receivables from related parties	030		162.453.654
2. Receivables arising from sales on credit	031	420.555	372.432
3. Other receivables	032	381.701	360.292
V. DEFERRED TAX ASSET	033	23.890.455	40.656.046
C) CURRENT ASSETS (035+043+050+058)	034	485.836.413	235.975.514
I. INVENTORIES (036 do 042)	035	7.168.797	7.123.768
1. Raw materials and supplies	036	5.341.093	6.328.636
2. Production in progress	037		
3. Finished products	038	740.909	
4. Merchandise	039	126.904	50.137
5. Advances for inventories	040	959.891	
6. Long term assets held for sale	041		744.994
7. Biological assets	042		
II. RECEIVABLES (044 do 049)	043	253.319.297	60.893.123
1. Receivables from related parties	044		28.734.473
2. Receivables from end-customers	045	224.681.325	18.062.032
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	265.137	288.683
5. Receivables from government and other institutions	048	23.950.101	10.047.092
6. Other receivables	049	4.422.734	3.760.842
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	2.592.620	1.749.747
1. Share in related parties	051		
2. Loans to related parties	052	481.050	517.300
3. Participating interests (shares)	053		
4. Loans to companies with participating interest	054		
5. Investments in securities	055	1.105.625	1.091.162
6. Loans, deposits, etc.	056	1.005.945	141.285
7. Other financial assets	057		
IV. CASH AND CASH EQUIVALENTS	058	222.755.699	166.208.876
D) PREPAYMENTS AND ACCRUED INCOME	059	20.123.849	24.166.342
E) TOTAL ASSETS (001+002+034+059)	060	2.959.973.433	3.194.821.192
F) OFF BALANCE SHEET ITEMS	061	54.898.457	54.802.077

<b>EQUITY AND LIABILITIES</b>			
<b>A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b>	<b>062</b>	1.952.787.258	2.079.338.255
I. SUBSCRIBED SHARE CAPITAL	<b>063</b>	1.117.663.400	1.672.021.209
II. CAPITAL RESERVES	<b>064</b>	478.208.416	-8.395.862
III. RESERVES FROM PROFIT (066+067-068+069+070)	<b>065</b>	122.288.060	98.724.307
1. Legal reserves	<b>066</b>	57.792.194	60.724.657
2. Reserve for own shares	<b>067</b>	52.225.816	24.344.407
3. Treasury shares and shares (deductible items)	<b>068</b>	45.316.122	8.836.448
4. Statutory reserves	<b>069</b>		
5. Other reserves	<b>070</b>	57.586.172	22.491.690
IV. REVALUATION RESERVES	<b>071</b>	79.152	29.750.702
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	<b>072</b>	175.898.960	263.592.748
1. Retained earnings	<b>073</b>	175.898.960	263.592.748
2. Loss carried forward	<b>074</b>		
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	<b>075</b>	58.649.270	23.645.152
1. Net profit for the period	<b>076</b>	58.649.270	23.645.152
2. Net loss for the period	<b>077</b>		
VII. MINORITY INTEREST	<b>078</b>		
<b>B) PROVISIONS (080 do 082)</b>	<b>079</b>	358.217	0
1. Provisions for pensions, severance pay and similar liabilities	<b>080</b>		
2. Provisions for tax liabilities	<b>081</b>		
3. Other provisions	<b>082</b>	358.217	
<b>C) NON-CURRENT LIABILITIES (084 do 092)</b>	<b>083</b>	701.341.675	819.916.935
1. Liabilities to related parties	<b>084</b>		
2. Liabilities for loans, deposits, etc.	<b>085</b>		
3. Liabilities to banks and other financial institutions	<b>086</b>	697.170.626	813.681.392
4. Liabilities for advances	<b>087</b>		
5. Trade payables	<b>088</b>		
6. Commitments on securities	<b>089</b>		
7. Liabilities to companies with participating interest	<b>090</b>		
8. Other non-current liabilities	<b>091</b>	4.151.260	3.937.690
9. Deferred tax liabilities	<b>092</b>	19.789	2.297.853
<b>D) CURRENT LIABILITIES (094 do 105)</b>	<b>093</b>	238.709.026	217.526.458
1. Liabilities to related parties	<b>094</b>		1.040.930
2. Liabilities for loans, deposits, etc.	<b>095</b>		
3. Liabilities to banks and other financial institutions	<b>096</b>	129.967.302	102.566.944
4. Liabilities for advances	<b>097</b>	7.489.924	12.602.157
5. Trade payables	<b>098</b>	77.797.646	79.956.729
6. Commitments on securities	<b>099</b>		
7. Liabilities to companies with participating interest	<b>100</b>		
8. Liabilities to employees	<b>101</b>	11.959.342	14.673.785
9. Taxes, contributions and similar liabilities	<b>102</b>	8.629.871	5.790.531
10. Liabilities arising from share in the result	<b>103</b>		
11. Liabilities arising from non-current assets held for sale	<b>104</b>		
12. Other current liabilities	<b>105</b>	2.864.941	895.383
<b>E) ACCRUED EXPENSES AND DEFERRED INCOME</b>	<b>106</b>	66.777.257	78.039.543
<b>F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	2.959.973.433	3.194.821.192
<b>G) OFF BALANCE SHEET ITEMS</b>	<b>108</b>	54.898.457	54.802.077
<b>ADDITION TO BALANCE SHEET (only for consolidated financial statements)</b>			
<b>ISSUED CAPITAL AND RESERVES</b>			
1. Attributable to majority owners	<b>109</b>		
2. Attributable to minority interest	<b>110</b>	0	0



Income statement					
period 01.01.2014. to 31.12.2014.					
Company: Valamar Riviera d.d.					
Position	AOP	Previous period	Previous period	Current period	Current period
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
I. OPERATING INCOME (112 do 113)	111	817.061.940	38.451.993	1.083.433.150	65.195.049
1. Sales revenues	112	806.404.438	35.368.360	1.065.052.873	55.976.411
2. Other operating revenues	113	10.657.502	3.083.633	18.380.277	9.218.638
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	786.081.023	191.710.701	1.038.872.090	243.338.360
1. Change in inventories of work in progress	115				
2. Material expenses (117 do 119)	116	281.905.978	45.212.488	391.059.890	60.977.968
a) Costs of raw materials	117	138.742.200	16.177.649	184.560.788	19.459.084
b) Cost of goods sold	118	779.270	25.721	1.137.090	52.853
c) Other material expenses	119	142.384.507	29.009.117	205.362.011	41.466.030
3. Employee benefits expenses (121 do 123)	120	180.797.546	46.724.753	259.089.555	65.255.825
a) Net salaries	121	110.449.083	28.093.513	154.962.804	37.940.652
b) Tax and contributions from salary expenses	122	46.774.284	12.487.238	66.912.074	17.807.428
c) Contributions on salary	123	23.574.178	6.144.002	37.214.677	9.507.745
4. Depreciation and amortisation	124	172.005.207	49.498.073	186.440.866	46.344.483
5. Other expenses	125	129.893.534	32.037.809	167.064.044	41.358.233
6. Write down of assets (127+128)	126	4.874.870	4.695.408	1.195.654	972.277
a) non-current assets (except financial assets)	127				
b) current assets (except financial assets)	128	4.874.870	4.695.408	1.195.654	972.277
7. Provisions	129	263.618	263.618	10.225.325	10.225.325
8. Other operating costs	130	16.340.271	13.278.552	23.796.756	18.204.249
III. FINANCIAL INCOME (132 do 136)	131	25.217.778	12.746.846	15.993.864	9.144.103
1. Interest, foreign exchange differences, dividends and similar income from related parties	132	5.501.594	1.441.721		
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	16.394.852	10.286.724	11.081.848	8.110.784
3. Income from investments in associates and joint ventures	134				
4. Unrealised gains (income) from financial assets	135	1.579.154	955.217	3.169.080	681.495
5. Other financial income	136	1.742.178	63.184	1.742.935	351.823
IV. FINANCIAL EXPENSES (138 do 141)	137	21.059.389	11.753.148	33.270.258	16.990.495
1. Interest, foreign exchange differences, dividends and similar income from related parties	138	821.270	595.589	1.030.254	1.030.254
2. Interest, foreign exchange differences, dividends and similar income from third parties	139	18.321.304	10.303.344	29.460.012	13.991.518
3. Unrealised losses (expenses) from financial assets	140	630.061	462.520	1.345.894	1.345.894
4. Other financial expenses	141	1.286.753	391.694	1.434.099	622.830
V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES	142				
VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES	143				
VII. EXTRAORDINARY - OTHER INCOME	144				
VIII. EXTRAORDINARY - OTHER EXPENSES	145				
IX. TOTAL INCOME (111+131+144)	146	842.279.718	51.198.839	1.099.427.014	74.339.152
X. TOTAL EXPENSES (114+137+143+145)	147	807.140.412	203.463.849	1.072.142.349	260.328.856
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	35.139.307	-152.265.009	27.284.665	-185.989.704
1. Profit before taxes (146-147)	149	35.139.307	0	27.284.665	0
2. Loss before taxes (147-146)	150	0	152.265.009	0	185.989.704
XII. TAXATION	151	-23.524.649	-23.524.649	3.639.513	3.639.513
XII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	58.663.956	-128.740.360	23.645.152	-189.629.217
1. Profit for the period (149-151)	153	58.663.956	0	23.645.152	0
2. Loss for the period (151-148)	154	0	128.740.360	0	189.629.217
ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	155				
2. Attributable to minority interest	156				
STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)					
I. PROFIT OR LOSS FOR THE PERIOD (=152)	157	58.663.956	-128.740.360	23.645.152	-189.629.217
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 165)	158	0	0	-720.061	-720.061
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			-720.061	-720.061
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			-144.012	-144.012
IV. NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD (158 TO 166)	167	0	0	-576.049	-576.049
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	58.663.956	-128.740.360	23.069.103	-190.205.266
ADDITION TO STATEMENT OF OTHER COMPREHENSIVE INCOME (only for consolidated financial statements)					
VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	169				
2. Attributable to minority interest	170				

**Cash flow statement - indirect method**  
**period 01.01.2014. to 31.12.2014.**

Company: Valamar Riviera d.d.

Position	AOP	Previous period	Current period
1	2	3	4
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	001	35.139.307	23.645.152
2. Depreciation and amortisation	002	172.005.207	186.440.866
3. Increase of current liabilities	003	93.140.504	17.480.076
4. Decrease of current receivables	004		193.269.047
5. Decrease of inventories	005		45.029
6. Other cash flow increases	006		
<b>I. Total increase of cash flow from operating activities</b>	<b>007</b>	<b>300.285.018</b>	<b>420.880.170</b>
1. Decrease of current liabilities	008		
2. Increase of current receivables	009	222.952.177	
3. Increase of inventories	010	2.615.844	
4. Other cash flow decreases	011	4.455.573	166.426.616
<b>II. Total decrease of cash flow from operating activities</b>	<b>012</b>	<b>230.023.594</b>	<b>166.426.616</b>
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>013</b>	<b>70.261.424</b>	<b>254.453.554</b>
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>014</b>	<b>0</b>	<b>0</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
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		
<b>III. Total cash inflows from investing activities</b>	<b>020</b>	<b>0</b>	<b>0</b>
1. Purchase of non-current assets	021	705.677.771	397.535.140
2. Purchase of non-current financial assets	022	33.951.614	90.422.177
3. Other cash outflows from investing activities	023		
<b>IV. Total cash outflows from investing activities</b>	<b>024</b>	<b>739.629.385</b>	<b>487.957.317</b>
<b>B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>025</b>	<b>0</b>	<b>0</b>
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>026</b>	<b>739.629.385</b>	<b>487.957.317</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1. Proceeds from issue of equity securities and debt securities	027		204.357.809
2. Proceeds from loans and borrowings	028		89.110.408
3. Other proceeds from financing activities	029	526.029.703	79.275.190
<b>V. Total cash inflows from financing activities</b>	<b>030</b>	<b>526.029.703</b>	<b>372.743.407</b>
1. Repayment of loans and bonds	031		
2. Dividends paid	032		62.975.890
3. Repayment of finance lease	033		
4. Purchase of treasury shares	034	512.218	
5. Other cash outflows from financing activities	035	-175.272.502	132.810.577
<b>VI. Total cash outflows from financing activities</b>	<b>036</b>	<b>-174.760.284</b>	<b>195.786.467</b>
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>037</b>	<b>700.789.987</b>	<b>176.956.940</b>
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>038</b>	<b>0</b>	<b>0</b>
Total increases of cash flows	039	771.051.411	431.410.494
Total decreases of cash flows	040	739.629.385	487.957.317
Cash and cash equivalents at the beginning of period	041	191.333.673	222.755.699
Increase of cash and cash equivalents	042	31.422.026	
Decrease of cash and cash equivalents	043		56.546.823
Cash and cash equivalents at the end of period	044	222.755.699	166.208.876



# STATEMENT OF CHANGES IN EQUITY

period 1.1.2014 to 31.12.2014

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed share capital	001	1.117.663.400	1.672.021.209
2. Capital reserves	002	478.208.416	-8.395.862
3. Reserves from profit	003	122.288.060	98.724.307
4. Retained earnings or loss carried forward	004	175.898.960	263.592.748
5. Net profit or loss for the period	005	58.649.270	23.645.152
6. Revaluation of tangible assets	006		29.750.702
7. Revaluation of intangible assets	007		
8. Revaluation of available for sale assets	008	79.152	
9. Other revaluation	009		
10. Total equity and reserves (AOP 001 to 009)	010	1.952.787.258	2.079.338.255
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		



In Poreč, 10.2.2015.


In accordance with provisions of Law on Capital Market, Marko Čížmek, Management board member responsible for finance, controlling and IT business and Ljubica Grbac director of Department of Finance and Accounting, person responsible for finance and accounting, together as persons responsible for the preparation of quarterly and annual reports of company VALAMAR RIVIERA d.d. from Poreč, Stancija Kaligari 1, OIB 36201212847 (hereinafter: Company), hereby make the following

## STATEMENT

According to our best knowledge

- The set of provisional, unaudited, consolidated and unconsolidated financial statements for 2014 includes the quarterly reports for the fourth quarter of 2014, prepared in accordance with applicable standards of financial reporting gives a true and fair view of the assets and liabilities, profit and loss, financial position and operations of the Company and the companies included in consolidation
- Report of the Company's Management board for the period from 1st January to 31st December 2014 including the period from 1st October to 31st December 2014 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 consolidation are exposed

Marko Čížmek  
Management board member



Ljubica Grbac  
director of Department of Finance and  
Accounting



VALAMAR RIVIERA d.d.  
POREČ (2)