

VALAMAR RIVIERA

BUSINESS RESULTS
1/1/2017 - 31/12/2017



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

for the fourth quarter of 2017, including
the period from 1 January 2017 to 31 December
2017

Valamar Isabella Island Resort 4*&5*, Poreč



EXECUTIVE SUMMARY

Key financial indicators

(in '000,000 HRK)	2016	2017	2017/2016
Total revenues	1,579.5	1,842.0	16.6%
Sales revenues	1,454.9	1,755.3	20.6%
Board revenues	1,174.7	1,447.9	23.3%
Operating costs	949.9	1,145.2	20.6%
EBITDA	512.6	606.0	18.2%
Adjusted EBITDA	519.0	622.6	20.0%
EBIT	246.7	259.5	5.2%
Adjusted EBIT	253.1	276.1	9.1%
EBT	271.9	238.6	-12.2%
Net profit	342.3	245.1	-28.4%
EBITDA margin	34.4%	34.1%	-30 bp
Adjusted EBITDA margin	34.9%	35.0%	10 bp
Net debt	1,398.1	1,772.4	26.8%
Cash and cash equivalents	274.7	287.8	4.8%
Net debt / Adjusted EBITDA	2.69	2.85	5.8%
Capital investments	428.4	877.7	104.9%
Market capitalization	4,295.1	5,420.3	26.2%
EV	5,693.2	7,192.6	26.3%
DPS	0.60	0.80	33.3%

Key operating indicators

	2016	2017	2017/2016
Accommodation units (capacity)	18,072	20,852	15.4%
Number of beds	48,524	56,662	16.8%
Full occupancy days	126	127	0.4%
Annual occupancy (%)	34%	35%	100 bp
Accommodation units sold ('000)	2,278	2,640	15.9%
Overnights ('000)	5,144	6,173	20.0%
ADR (in HRK)	516	548	6.4%
RevPAR (in HRK)	65,002	69,435	6.8%

Note: Details and explanations can be found on page 9 in "Results of the Group".

EBITDA and EBITDA margin

The Group reported strong adjusted EBITDA growth in 2017, up 20% to HRK 623 million (HRK 519 million in 2016). Adjusted EBITDA growth was driven by higher sales revenues (up 21%; from HRK 1,455 million to HRK 1,755 million) and active management of operating efficiency as seen in the adjusted EBITDA margin of 35.0% (34.9% in 2016). Adjusted EBITDA margin was high in 2017 despite 2017 negative impact of the lower seasonal EUR/HRK exchange rate and the VAT rate for hospitality services going from 13% to 25% as of 1 January 2017.

Revenues

Total revenues were HRK 1,842 million, up 17% in 2017 (HRK 1,580 million in 2016). In total revenues, HRK 1,755 million represented sales revenues (HRK 1,455 million in 2016) while the remaining part was mainly financial income, down HRK 27 million (from HRK 91 million to HRK 64 million) due to the absence of the one-off effect of 2016 income from share portfolio sale. Sales revenues growth was largely driven by higher board revenues, up 23% to HRK 1,448 million (HRK 1,175 million in 2016) and higher revenues of other operating departments (+HRK 17 million; leasing, sport, laundry, tourist agency, etc.).

The Group reported 6,173,142 overnights (+20%) in 2017 while ADR rose by 6%. Board revenue growth was mainly driven by: i) the acquisition of Imperial d.d. (hereinafter: Imperial), ii) large investments to improve competitiveness and the quality of services and products, iii) demand-driven optimization of distribution and prices, iv) better occupancy and strong performance in 1H 2017.

Costs

Operating costs rose by 21% to HRK 1,145 million, mainly due to i) this year's consolidation of Imperial, ii) increased

material costs driven by larger business volumes, iii) the salary increase policy, and iv) new employees hired as construction staff (to carry out the large investments) and resort staff (to ensure service quality in the new Premium/Upscale properties).

Financial result

The Group reported a negative financial result of HRK 21 million (in 2016 the reported profit was HRK 25 million). A weaker financial result is largely due to the absence of the one-off income from share portfolio sales achieved in 2016.

Profit

The Group's net profit fell by HRK 98 million to HRK 244 million in 2017 (HRK 342 million in 2016) due to weaker financial results (-HRK 46 million) and lower tax revenues (-HRK 64 million) mainly due to the lower one-off recognition of deferred tax assets related to the achieved tax incentives prescribed by the Act on Investment Promotion (HRK 54 million in 2017 vs. HRK 125 million in 2016).

Enterprise value

Enterprise value continued to grow (+26%) driven by increased operating business and efficient net debt management.

Investments

The Group's largest investments worth over HRK 900 million were completed and 2017 saw strong market demand for the newly renovated properties. Most of the investments were focused on the projects in Rabac (Family Life Bellevue Resort 4* and Valamar Girandella Resort 4*&5*), the development of premium camping resorts, Imperial's projects and a range of other smaller

EXECUTIVE SUMMARY (CONTINUED)

projects for improving quality, operating efficiency and energy saving.

In line with the previously announced investments worth up to HRK 2 billion until 2020, the Group is planning new large investments worth HRK 705 million in 2018. The investments will strategically reposition the hotel and camping portfolio towards products and services with high added value.

For details, see “2017 Investments” on page 19 and “2018 Investments” on page 21.

Acquisitions

By the end of 2016, Valamar Riviera successfully acquired 54.71% of Imperial's share capital by the end of 2016 and concluded a contract covering the management of Imperial's properties and services. The implementation of the contract started on 4 January 2017 and now Valamar Riviera manages a portfolio of 30 hotels and resorts and 15 camping resorts that can welcome more than 56,000 guests daily.

Imperial's business consolidation accounts for 9 percentage points of growth in total revenues, or 11 percentage points in adjusted EBITDA.

Valamar's press release is available from the Valamar Riviera corporate website (valamar-riviera.com/en/1Y2017).

AWARDS AND RECOGNITIONS

Mr. Željko Kukurin, Management Board President at Valamar Riviera, was voted as Businessperson of the Year in 2017 by the readers of “Večernji list” and “Poslovni dnevnik”. The award recognized Valamar Riviera's contribution to the record-breaking year for Croatia's tourism that saw over 100 million overnights for the first time, and confirmed Valamar's philosophy of excellence in hospitality achieved by responsible and sustainable investments in employees, products and destinations.

Valamar Riviera was awarded the “Zlatna koza-Capra d'oro” (Golden Goat Award) by the Istria Tourist Board for its exceptional contribution to the development of Istrian tourism. It also received the Golden Kuna Award from the Croatian Chamber of Economy as the most successful Istrian company among large enterprises and was nominated for the title of most successful large company in Croatia.

Valamar Riviera received two valuable recognitions given by the Zagreb Stock Exchange in 2017: Share of the Year by public vote for the 6th consecutive time and Top Turnover Share. Moreover, it won another first place award for Best Investor Relations, conferred by the business newspaper “Poslovni dnevnik” and the Zagreb Stock Exchange.

Valamar Riviera has received numerous awards and certificates: TUI Environmental Champion 2017, Best Wi-Fi, Best hotel in TUI family concept, Best practice in TUI standards implementation - TUI; ANWB Top 2017 - ANWB, ADAC Superplatz 2017 - ADAC, Croatia's Best Campsite - Croatian Camping Association; Developer - Euromoney; Travelife GOLD Award - Travelife; Croatia's Leading Business Hotel, Croatia's Leading Hotel, Croatia's Leading Resort, Croatia's Leading Boutique Hotel - World Travel Awards; Camping2be 2017 Award - Camping2be.com; Recommended - Holidaycheck; Certificate of Excellence 2017, Top 25 hotels in Croatia, Top 10 hotels for Families in Croatia - TripAdvisor; Healthy Meal Standard - Healthy Meal Standard; World Luxury Hotel Awards - World Luxury Hotel Awards; Loved by guest 2017 - Hotels.com; ISO 50001, ISO 9001, ISO 14001 - ISO, Codex Alimentarius - HACCP, etc.

OUTLOOK

Valamar Riviera d.d. and PBZ Croatia osiguranje (managing mandatory pension funds), submitted on 15 May 2017 a joint offer for the investment and recapitalization of a bankrupt hospitality company on Hvar Island, Helios Faros d.d. u stečaju (hereinafter: Helios Faros), with 591 keys in its portfolio. In July 2017, the Assembly of bankruptcy creditors of Helios Faros decided to prepare a Bankruptcy plan following the investment and recapitalization offer. However, the Bankruptcy plan still needs to be adopted by the Assembly of bankruptcy creditors and validated by the bankruptcy judge.

On 27 December 2017 Valamar Riviera submitted a binding bid to buy 55.48% of Hoteli Makarska d.d. share capital (HRK 172.7 million), which had been accepted on 12 February 2018 by Croatia's Restructuring and Sale Center-CERP. The agreement covering the purchase and transfer of shares is expected to be concluded in the first quarter of 2018. Valamar Riviera signed a cooperation agreement with Allianz ZB d.o.o. (managing mandatory pension funds) in order to start their joint activity towards Hoteli Makarska that manages a portfolio of 725 keys.

In accordance with our strategic goals for the period up to 2020, we are focusing on investments projects aimed at improving the portfolio properties and services. However, numerous factors reduce the competitiveness of Croatian tourism and hinder further investment potential: VAT and the rate of total contributions to salaries (both among the highest in the Mediterranean), the still unresolved issue of tourism land, skilled labor shortages, the likely introduction of property tax and tourist tax increase.

Following the successful acquisition of the Baška hotel group on Krk Island and the Imperial hotel group on Rab Island, we are considering further expansion by pursuing new partnerships and acquisition opportunities in Croatia and abroad.

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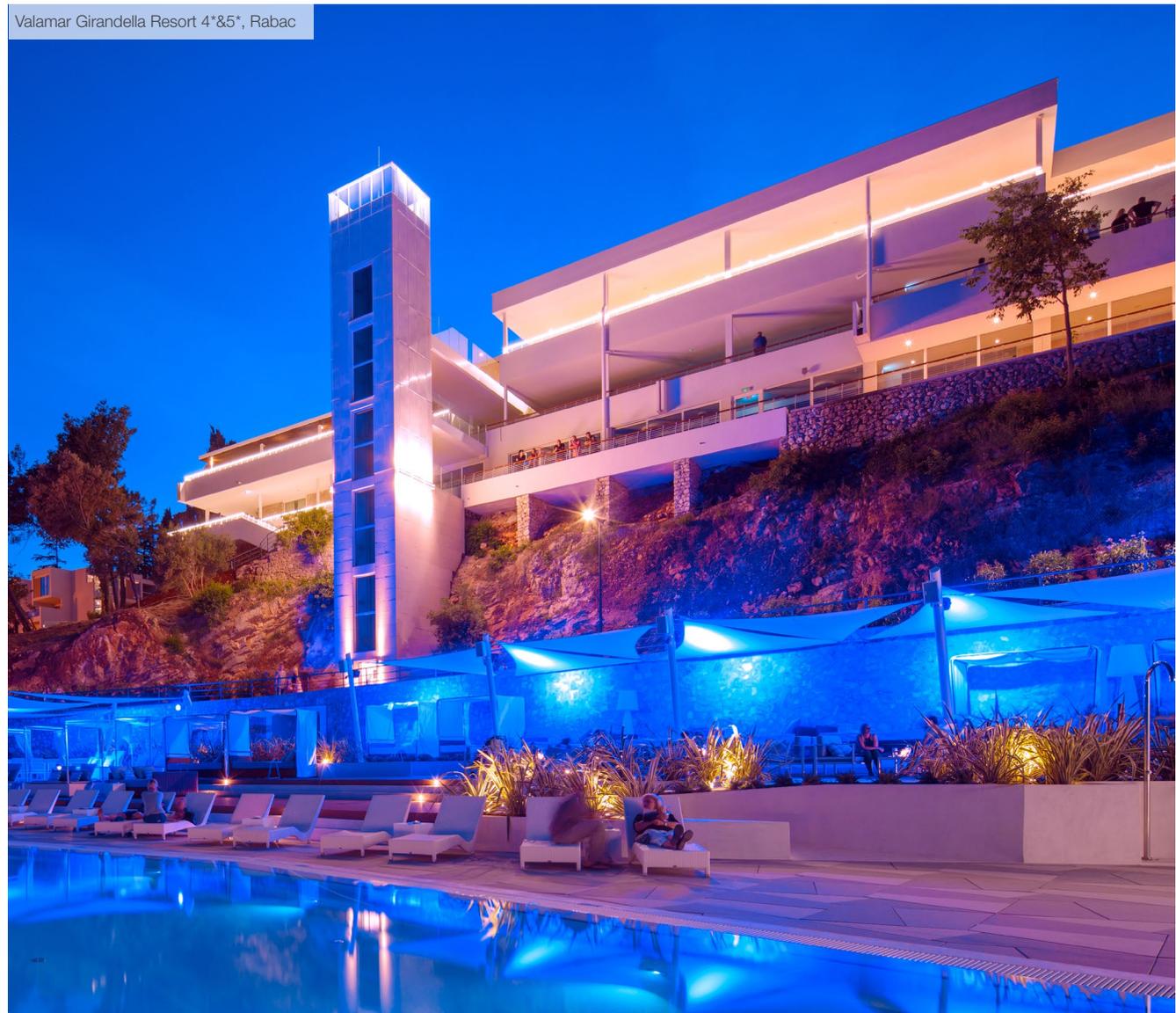
SIGNIFICANT BUSINESS EVENTS

About Valamar Riviera

Valamar Riviera is the leading tourism company and one of the leading tourism groups in Croatia. It is also one of the largest investors in Croatian tourism with over HRK 4 billion invested in the last 14 years. Valamar Riviera owns two brands: Valamar Hotels and Resorts and Camping Adriatic. With last year's acquisition of Imperial, a hotel group on Rab Island, Valamar Riviera Group now operates 30 hotels and resorts and 15 camping resorts in five attractive destinations along the Adriatic coast – from Istria and the islands of Krk and Rab to Dubrovnik. It operates about 12% of Croatia's total categorized tourist accommodation and can welcome over 56,000 guests a day in nearly 21,000 accommodation units. It is the largest tourism group in Croatia by number of keys. Valamar Riviera looks after the interests of all its stakeholders: guests, suppliers and partners, local communities and destinations, around 21,000 shareholders, almost 6,000 people employed during peak season and society at large. Stakeholders' interests are actively promoted through Valamar Riviera's principles of sustainable growth, development and corporate social responsibility. The company aims at growing further through portfolio investments, new acquisitions and partnerships, by developing its destinations and human resources and by increasing operating efficiency.

Acquisition of Imperial

Valamar Riviera concluded a Management contract with Imperial by the end of 2016 regarding the management of Imperial's properties and services. The implementation of the contract started on 4 January 2017. On 27 December 2016, when the takeover bid transaction was completed,



Valamar Riviera acquired 54.71% of Imperial's share capital. Valamar Riviera also concluded a cooperation agreement with Allianz ZB from Zagreb, acting in its own name and on behalf of the mandatory pension funds it manages (category A and B). With this agreement, the two companies established joint activity towards Imperial. Valamar Riviera and Allianz ZB expect to achieve significant synergies in the future development of Imperial's hotel portfolio and Rab as a tourist destination.

General Assembly of Valamar Riviera

The General Assembly of Valamar Riviera was held on 4 May 2017 and decided that:

- The Company's realized profits in 2016 totaling HRK 336,657,721 were distributed as follows: HRK 16,402,312 to legal reserves and HRK 320,255,410 to retained profits.
- The Management Board members were discharged from managing the company business in 2016. The Supervisory Board members were discharged from supervising Valamar Riviera's business management in 2016.
- The established dividend was HRK 0.80 (eighty lipa) per each share. The dividend would be paid out of the retained profit realized in 2013, 2014 and 2015. The total dividend that Valamar Riviera's shareholders received on 29 May 2017 was HRK 99.4 million. 99% of this amount was paid in cash, and the remaining 1% in company shares.
- The appointed Auditor for Valamar Riviera d.d. in 2017 is Ernst & Young d.o.o. from Zagreb, 50 Radnička cesta.
- As the term of office for the Supervisory Board members expired on 6 July 2017, the following were appointed for a new 4-year term: Mr. Gustav Wurmböck, Mr. Franz Lanschützer, Mr. Mladen Markoč, Mr. Georg Eitz, Mr. Hans Dominik Turnovszky, Mr. Vicko Ferić, and Mr. Valter Knapić - employee representative appointed by the Works Council. The newly elected Supervisory Board members started their term of office on 7 July 2017.

- The Assembly decided on the amendment to the Company Statute.

Puntičela d.o.o. merger

In order to improve the operating efficiency and streamline operations, on 6 February 2017 Valamar Riviera initiated the merger of Puntičela d.o.o. (hereinafter: Puntičela). The merger was completed on 31 March 2017 when it was recorded in the court register, after which Valamar Riviera became the universal legal successor of the merged company.

Investment and recapitalization offer for Helios Faros

Valamar Riviera d.d. and PBZ Croatia osiguranje, a pension fund management company acting in its own name and on behalf of the mandatory pension funds it manages (category A and B) submitted on 15 May 2017 a joint offer for the investment and recapitalization of Helios Faros, a bankrupt hospitality company from Stari Grad on Hvar Island. The Assembly of bankruptcy creditors of Helios Faros decided on 20 July 2017 to prepare a Bankruptcy plan, following the investment and recapitalization offer for Helios Faros. In this offer, PBZ Croatia osiguranje and Valamar Riviera presented a restructuring plan as well as a six-year plan worth HRK 650 million for investments in hospitality assets. The total renovation and construction of two premium resorts containing around 600 accommodation units would reposition the Helios Faros portfolio as premium accommodation, thus turning Stari Grad into an attractive and well-known destination. Helios Faros would employ 500 people after the renovation of the Arkada and Lavanda hotels. The Bankruptcy plan would enable Helios Faros to emerge from bankruptcy and continue its business operations in close partnership with the destination, Stari Grad, in order to bring prosperity to the whole island. PBZ Croatia osiguranje and Valamar Riviera see this project as a confirmation of synergies from the joint activity of a large institutional investor and a strategic tourism investor contributing with its expertise and results. Consequently, Valamar Riviera would manage Helios Faros' development and operations through a model



contract related to the management of facilities. However, the Bankruptcy plan still needs to be adopted by the Assembly of bankruptcy creditors and validated by the bankruptcy judge.

Valamar Riviera and Kinderhotels

On 5 June 2017, Valamar Riviera announced the conclusion of a contract with Kinderhotels Europa Management & Marketing GmbH regarding the purchase of the right to use the Kinderhotels brand for a period of 5 years and 5 months. The collaboration between Valamar and Kinderhotels Europa will result in the hotel branding of Valamar Girandella Maro Resort 5* in Rabac. It is planned to be opened in the 2018 season as the third hotel of this kind in Croatia. With this, Valamar became part of the Kinderhotels chain, specialized in family vacations. Kinderhotels Europa is a marketing association that brings together high-quality premium family hotels under the Austrian "Kinderhotels" brand, and it includes 50 European hotels.

2018 investing decisions

The Supervisory Board approved 2018 investments worth HRK 633 million at its meeting held on 1 December 2017. Investments approved by the Supervisory Board of Imperial totaled HRK 72 million. The Group's new total investments worth HRK 705 million are focused on repositioning the portfolio towards products and services with high added value. For details, see "2018 Investments" on page 21. The

investment community was notified on 5 September 2017 that the investment in a new family hotel, Valamar Pinia Family Suites 5*, had been postponed due to an unpredictable fiscal framework for investors in tourism as well as delays in the preparation of required technical data.

Agreement with TUI UK and DER Touristik DE

On 25 September 2017 and 28 September 2017, Valamar Riviera announced the legal transactions concluded with TUI UK and DER Touristik Deutschland GmbH related to the provision of hospitality services. The total estimated annual value of the concluded agreements is HRK 80 million and HRK 70 million, respectively. The partnerships with TUI UK and DER Touristik, two leading tour operators on the European source market, will secure one part of the occupancy at Valamar hotels in the 2018 main season and shoulder season.

Elafiti Babin Kuk d.o.o. merger

In order to improve operating efficiency and streamline operations, the Supervisory Board of Valamar Riviera approved the initiation of the Elafiti Babin Kuk d.o.o. merger on 20 October 2017. Elafiti Babin Kuk d.o.o. is a company where Valamar Riviera holds 100% stake and the merger was completed on 29 December 2017, when it was recorded in the court register. Consequently, Valamar Riviera became the universal legal successor of the merged Elafiti Babin Kuk d.o.o.

Bid to buy Hoteli Makarska shares

On 27 December 2017 Valamar Riviera submitted a binding bid to buy a 55.48% stake (621,086 shares) in Hoteli Makarska, a peer company from Makarska with 725 keys in its portfolio. Valamar Riviera concluded a cooperation agreement with Allianz ZB d.o.o., a pension fund company from Zagreb, which acts in its own name and on behalf of the mandatory pension funds it manages, in order to start their joint activity towards Hoteli Makarska. On 12 February 2018 the Restructuring and Sale Center announced that the Company's bid in the amount of HRK 172.7 million had been

accepted. The agreement covering the purchase and transfer of shares is expected to be concluded in the first quarter of 2018.

Changes in the percentage of voting rights

On 26 January 2018 Valamar Riviera received the notification of EPIC, Goldscheider und Wurmböck Unternehmensberatungsgesellschaft m.b.H., a company with registered office in Vienna, 8 Plösslgasse, Republic of Austria, regarding the changes in the percentage of voting rights. The change in the percentage of voting rights, i.e. fall below the voting rights threshold, was due to the transfer of shares pursuant to the demerger agreement and status change –demerger of EPIC, Goldscheider und Wurmböck Unternehmensberatungsgesellschaft m.b.H., as demerging company and EPIC Hospitality Holding GmbH with registered office in Vienna, 8 Plösslgasse, Republic of Austria, as transferee company. As evidenced by the received notifications, the shareholder structure of the transferee company is indirectly identical to the shareholder structure of the demerging company. Consequently, no changes occurred in the controlling persons, since the shareholders in EPIC Hospitality Holding GmbH are indirectly the same persons and hold the same stakes as the shareholders in EPIC, Goldscheider und Wurmböck Unternehmensberatungsgesellschaft m.b.

Pursuant to this, on the same day Valamar Riviera received the notification of EPIC Hospitality Holding GmbH informing on the acquisition of 55,594,884 shares of the Company (44.11% of the share capital).

Quarterly audited financial statements

The Company's Management Board presents the quarterly financial statements for the fourth quarter of 2017 (the period 1 January 2017 – 31 December 2017 is also included). These statements must be viewed in the context of the said mergers and acquisitions, and they provide information on the state of the Company and Group, as well as significant events.

The Company balance sheet for the reviewed period as at 31



December 2017 includes the merged Puntizela d.o.o. for the period following the merger, i.e. as from 1 April 2017, and the merged Elafiti Babin-kuk d.o.o. for the period following the merger, i.e. as of 29 December 2017. Please note that 2017 data cannot be entirely compared to the previous period, as the latter did not include Puntizela d.o.o. and Elafiti Babin Kuk d.o.o.

The Group balance sheet for the reviewed period, as at 31 December 2017, and the previous period as at 31 December 2016 includes Imperial d.d.

The Company income statement for the reviewed period includes the merged companies: Hoteli Baška d.d. for the period following the merger i.e. as of 1 April 2016, Bastion upravljanje d.o.o. for the period following the merger i.e. as of 1 July 2016, and Puntizela d.o.o. for the period following the merger, i.e. as of 1 April 2017 and Elafiti Babin Kuk d.o.o. for the period following the merger, i.e. as of 29 December 2017. Please note that 2017 data are not fully comparable to previous period data, as the latter do not include, until the time of the merger, the said merged companies.

The Group income statement for the reviewed period includes the following companies: Elafiti Babin Kuk d.o.o., Magične stijene d.o.o., Palme turizam d.o.o., Pogača Babin Kuk d.o.o., Bugenvilia d.o.o., and Imperial d.d. Thus, 2017 data are not fully comparable to previous period data, as the latter do not include Imperial d.d.

RESULTS OF THE GROUP

Key financial indicators¹

	2016	2017	2016/2017
Total revenues	1,579,499,901	1,842,036,109	16.6%
Sales revenues	1,454,867,739	1,755,286,721	20.6%
Board revenues (accommodation and board revenues) ²	1,174,716,569	1,447,866,807	23.3%
Operating costs ³	949,930,753	1,145,185,720	20.6%
EBITDA ⁴	512,583,688	606,042,467	18.2%
Extraordinary operations result and one-off items ⁵	-6,376,909	-16,566,528	-159.8%
Adjusted EBITDA ⁶	518,960,597	622,608,995	20.0%
EBIT	246,704,521	259,502,687	5.2%
Adjusted EBIT ⁶	253,081,430	276,069,214	9.1%
EBT	271,909,189	238,643,759	-12.2%
Net profit	342,313,778	245,087,385	-28.4%
EBT margin	18.3%	13.4%	-490 bp
EBITDA margin	34.4%	34.1%	-30 bp
Adjusted EBITDA margin ⁶	34.9%	35.0%	10 bp
	31/12/2016	31/12/2017	2016/2017
Net debt ⁷	1,398,102,734	1,772,353,634	26.8%
Net debt / Adjusted EBITDA	2.69	2.85	5.8%
Cash and cash equivalents	274,650,648	287,836,954	4.8%
Capital investments (more details in chapter "2017 Investments")	428,440,048	877,743,649	104.9%
ROE ⁸	14.4%	9.7%	-470 bp
Adjusted ROCE ⁹	6.7%	6.4%	-30 bp
Market capitalization ¹⁰	4,295,057,872	5,420,289,760	26.2%
EV ¹¹	5,693,160,606	7,192,643,394	26.3%
EPS ¹²	2.76	1.96	-29.1%
DPS ¹³	0.60	0.80	33.3%

¹ Classified according to the Quarterly Financial Statement (TFI POD-RDG). EBIT, EBITDA and their adjusted values and respective margins 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 costs include material costs, staff costs, other costs, and other operating costs reduced by extraordinary expenses and one-off items.

⁴ EBITDA (eng. earnings before interest, taxes, depreciation and amortization) is calculated as: operating income - total operating costs + depreciation and amortisation + value adjustments.

⁵ Adjustments were made for (i) extraordinary income (in the amount of HRK 11.0 million in 2017, and HRK 21.5 million in 2016), (ii) extraordinary expenses (in the amount of HRK 26.5 million in 2017, and HRK 23.6 million in 2016), and (iii) termination benefit costs (in the amount of HRK 1.0 million in 2017, and HRK 4.3 million in 2016).

⁶ Adjusted by the result of extraordinary operations and one-off items.

⁷ 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.

⁸ ROE refers to return on equity; calculated as: profit for the period / (capital and reserves).

⁹ 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 - cash and cash equivalents - long-term and short-term investments in securities - loans given, deposits, etc.).

¹⁰ The number of shares as at 31 December 2017 net of treasury shares amounts to 124,233,091, while per 31 December 2016 amounts to 124,170,508.

¹¹ EV refers to enterprise value; calculated as market capitalization + net debt.

¹² EPS refers to earnings per share calculated on the basis of net profit. Weighted average number of shares as at 31 December 2017: 124,207,204. Weighted average number of shares as at 31 December 2016: 124,235,079.

¹³ DPS refers to dividends per share.

¹⁴ 2016 key business indicators of Valamar Riviera Group do not include data of Imperial.

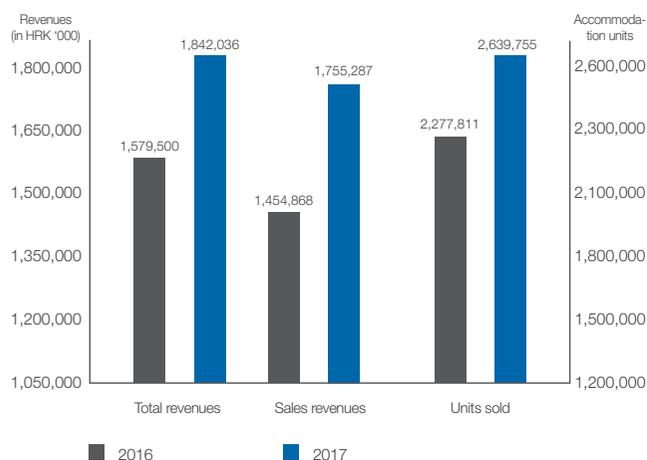
¹⁵ Average daily rate is recorded on the basis of board revenues (accommodation and board's food and beverage revenues).

¹⁶ Revenue per accommodation unit is recorded on the basis of cumulative board revenues (accommodation and board's food and beverage revenues).

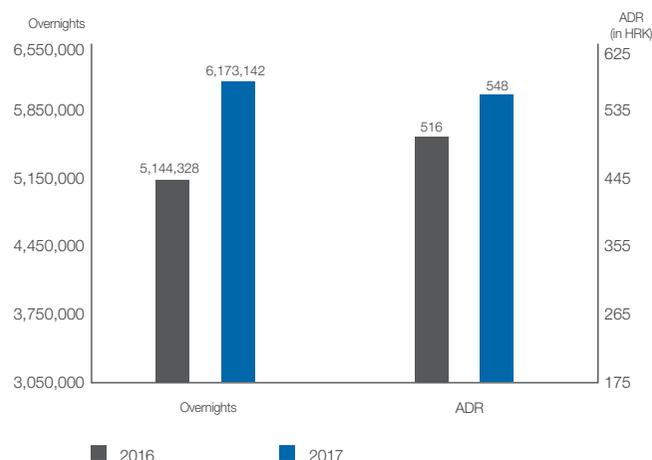
Key business indicators¹⁴

	2016	2017	2016/2017
Number of accommodation units (capacity)	18,072	20,852	15.4%
Number of beds	48,524	56,662	16.8%
Full occupancy days	126	127	0.4%
Annual occupancy (%)	34%	35%	100 bp
Accommodation units sold	2,277,815	2,639,755	15.9%
Overnights	5,144,328	6,173,142	20.0%
ADR ¹⁵ (in HRK)	516	548	6.3%
RevPAR ¹⁶ (in HRK)	65,002	69,415	6.8%

Revenues and accommodation units sold



Overnights and ADR



Total revenues

Total revenues were HRK 1,842.0 million in 2017, and their strong growth (+16.6% or +HRK 262.5 million) resulted from the following:

i) Sales revenues rose by 20.6% (+HRK 300.4 million) to HRK 1,755.3 million, mainly driven by board revenues (+23.3% or +HRK 273.2 million) and the revenues of other operating departments: leasing, sport, laundry, tourist agency, etc. (+HRK 16.8 million).

ADR rose by 6.4% to HRK 548, the total number of accommodation units sold was 2,639,755 (+15.9%) thanks to the active management of revenues, sales channels and marketing segments. Board revenues hit HRK 1,447,9 million (+HRK 273,2 million). All marketing segments grew in January and February, except for M.I.C.E.¹⁷. March saw smaller

business volumes due to Easter holidays occurring in April. However, this was offset in April when all marketing segments received great feedback. May was affected by the later occurrence of holidays in the German and Austrian source market, and the positive effects were carried over into June. Apart from the holiday factor, June saw a strong demand for Valamar Riviera's portfolio products and services, thus driving an optimum price yield, especially in destination Poreč. The growth in board revenues in high season (July-September) was mainly driven by ADR increase. The direct sales channel presented the highest growth rates, especially in northern destinations, as focus was shifted from the less profitable OTA¹⁸ channel. Shoulder season (October-December) saw higher group and allotment numbers especially during holidays in the German and Austrian market, and an increase in the number of US guests in Dubrovnik. The market feedback during the

Christmas/ New Year period was as strong as usual. Domestic sales revenues rose by 26.1% over 2016 results to HRK 150.1 million and represented 8.1% of total revenues (7.5% in 2016). International sales revenues rose by HRK 269.4 million to HRK 1,605.2 million and represented 87.1% of total revenues (84.6% in 2016).

ii) Financial income fell by 30.0% (-HRK 27.2 million) to HRK 63.6 million due to the absence of 2016 one-time income effect driven by share portfolio sale.

iii) The consolidation of Imperial contributed to the Group's total revenues with 9 percentage points.

Other operating and financial income represented 4.7% of total revenues (7.9% in 2016).

¹⁷ Meetings, incentives, conferencing, exhibitions.

¹⁸ Online travel agencies.

Total operating expenses of Valamar Riviera Group¹⁹

(in HRK)	2016	2017	2017/2016
Operating costs ²⁰	949,930,753	1,145,185,720	20.6%
Total operating expenses	1,241,906,080	1,518,893,175	22.3%
Material costs	450,374,430	519,753,525	15.4%
Staff costs	371,316,789	480,161,466	29.3%
Depreciation and amortisation	265,188,188	346,413,599	30.6%
Other costs	128,500,052	143,755,460	11.9%
Provisions and value adjustments	2,545,384	9,612,565	277.6%
Other operating expenses	23,981,236	19,196,560	-20.0%

Total operating expenses

Total operating expenses grew by 22.3% (+HRK 277.0 million) to HRK 1,518.9 million. If Imperial's data are excluded for comparability's sake, total operating expenses grew by 11%. The breakdown of total operating expenses is the following:

i) Material costs represented 34.2% of total operating expenses (36.3% in 2016) and rose by 15.4% (+HRK 69.4 million) to HRK 519.8 million, mainly due to Imperial's consolidation and increased raw material costs (especially direct food and beverage costs, as well as costs of energy and water consumption) driven by larger business volumes.

ii) Staff costs represented 31.6% of total operating expenses (29.9% in 2016) and rose by 29.3% (+HRK 108.8 million) to HRK 480.2 million, mainly due to the efforts invested in securing competitive salaries, benefits and work conditions well as the hiring of construction site staff (to carry out the large investments) and resort staff (to ensure high service quality in the new Premium/ Upscale properties). In 2017 these efforts resulted in Valamar guaranteeing a minimal monthly net salary of HRK 4,000, and an increase in the base salary and coefficients that resulted in a 19% increase in the volume of total salaries. Consequently, following an agreement with trade unions, the base salary for nearly two thousand Valamar employees increased (2% in June 2016, 2% in December 2016 and 1.5% in June 2017; and 0.5% increment for years of service as of 1 January 2017) as well as the Tariff coefficients (2.5%) for

nearly 50 key and scarce occupations (maids, cleaners, chefs, waiters and other)

iii) Amortization cost represented 22.8% of total operating expenses (21.4% in 2016) and rose by 30.6% (+HRK 81.3 million) to HRK 346.4 million, mainly due to the consolidation of Imperial and the previous investments.

iv) Other costs represented 9.5% of total operating expenses (10.3% in 2016) and rose by 11.9% (+HRK 15.3 million) to HRK 143.8 million, mainly due to Imperial's consolidation.

v) Provisions and value adjustments represented 0.6% of total operating expenses (0.2% in 2016) and rose by 277.6% (+HRK 7.1 million) to HRK 9.6 million, mainly due to Imperial's consolidation, provisions for litigations in progress and the value adjustment of non-core assets of Magične stijene d.o.o.

vi) Other operating expenses represented 1.3% of total operating expenses (1.9% in 2016) and fell by 20.0% (-HRK 4.8 million) to HRK 19.2 million due to operating expenses of previous years.

Operating costs²⁰

Operating costs rose by 20.6% to HRK 1,145.2 million mainly due to i) this year's consolidation of Imperial, ii) increased raw material costs driven by larger business volumes and iii)

increased staff costs (as previously explained). If Imperial's consolidation is excluded for comparability's sake, operating costs grew by 12% and remained under control through active cost management.

EBITDA

Adjusted EBITDA²¹ jumped by 20.0% (+HRK 103.5 million) to HRK 622.6 million, as a result of the largest investments so far that were focused on improving competitiveness and the quality of services and products, the Imperial hotel group acquisition, active operating efficiency management and demand driven-optimization of distribution and prices. Imperial's consolidation carried 11 percentage points in the growth. Unadjusted EBITDA rose by 18.2% (+HRK 93.5 million) to HRK 606.0 million as a result of better performance. Please note that the strong growth in adjusted and unadjusted EBITDA is influenced by the 2017 negative impact of the lower seasonal EUR/HRK exchange rate and the VAT rate for hospitality services going from 13% to 25% as of 1 January 2017.

Profit

The Group's net profit fell by HRK 97.2 million to HRK 245.1 million in 2017 due to weaker financial results (-HRK 46.0 million; for details see next page) and lower tax revenue (-HRK 64.0 million) mainly due to the lower one-off recognition of deferred tax assets²². EBT margin fell by 490 basis points to 13% (18% in 2016).

¹⁹ Classified according to the Quarterly Financial Statement (TFI POD-RDG).

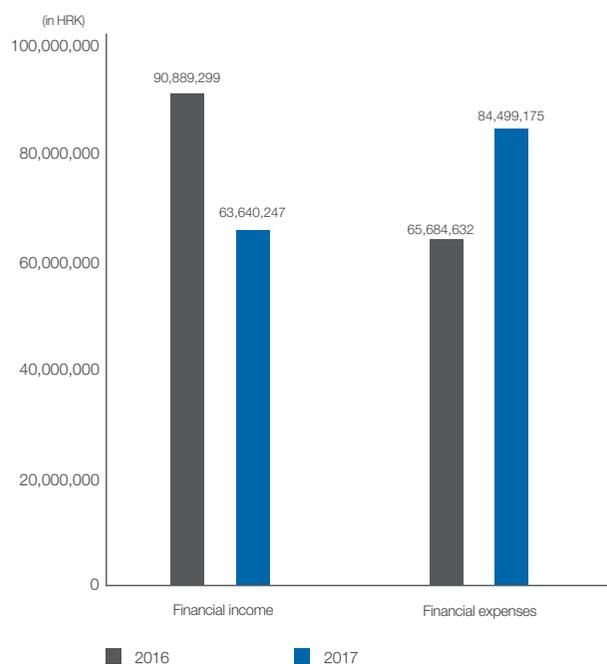
²⁰ Operating costs include material costs, staff costs, other costs, and other operating costs reduced by extraordinary expenses and one-off items.

²¹ Adjustments were made for (i) extraordinary income (in the amount of HRK 11.0

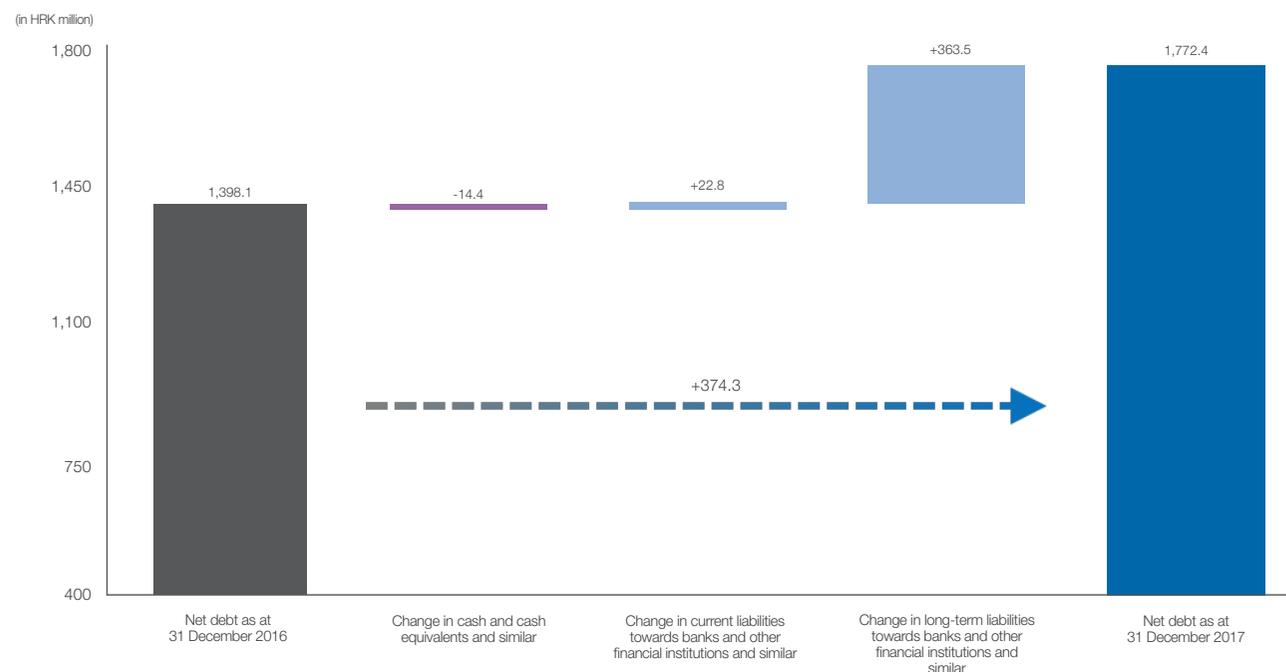
million in 2017, and HRK 21.5 million in 2016), (ii) extraordinary expenses (in the amount of HRK 26.5 million in 2017, and HRK 23.6 million in 2016), and (iii) termination benefit costs (in the amount of HRK 1.0 million in 2017, and HRK 4.3 million in 2016).

²² In 2017 deferred tax assets was recognized mainly due to tax incentives prescribed by the Act on Investment Promotion and Investment Improvement which amounted to HRK 54.1 million, in respect to HRK 124.7 million in 2016.

Financial income and expenses



Net debt²³



Financial result

The Group achieved a negative financial result of HRK 20.9 million in 2017 (in 2016 it achieved a positive financial result of HRK 25.2 million). The financial result decreased by HRK 46.1 million mainly due to a i) HRK 35.0 million decrease in income from share portfolio sale resulting from the absence of last year's one-off income effect, ii) HRK 5.0 million decrease in net forex gains related to long-term loans (in 2017 total forex gains were HRK 31.6 million, and total forex losses were HRK 25.5 million), and iii) the net effect of a HRK 6.3 million increase in financial expenses related to long-term loan interest.

Financial income

Financial income fell by HRK 27.2 million over 2016 results to HRK 63.6 million. The most significant decrease was reported in other financial income due to the aforesaid absence of the one-off income effect of HRK 35.0 million driven from 2016 share portfolio sale. Forex gains related to long-term loans increased by HRK 10.8 million to HRK 31.6 million. Financial income related to interest fell by HRK 3.6 million to HRK 0.7 million as a result of reduced free cash flow and lower interest rates in 2017 vs. 2016.

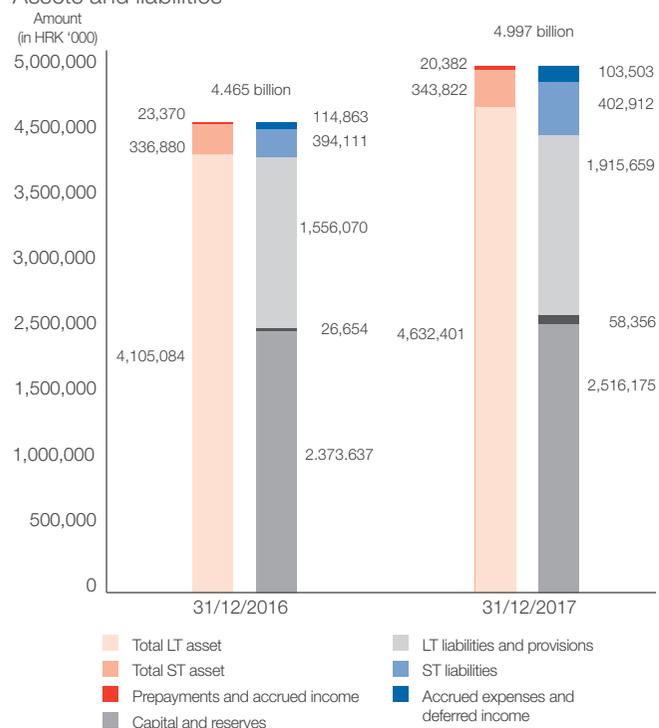
Financial expenses

Financial expenses rose by HRK 18.8 million over 2016 to HRK 84.5 million. Forex loss related to long-term loan rose by HRK 15.8 million to HRK 25.5 million. Financial expenses related to interest rose by HRK 6.3 million to HRK 40.1 million driven by higher financial leverage used for 2017 investments. Unrealized expenses from financial assets fell by HRK 1.5 million to HRK 6.8 million, driven by higher interest rates that had a positive impact on IRS fair value.

²³ 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.

Assets and liabilities



Assets and liabilities

As at 31 December 2017 the total value of the Group's assets increased by 11.9% vs 31 December 2016 and totaled HRK 4,996.6 million.

Total share capital and reserves grew by 6.0% to HRK 2,516.2 million as a result of i) HRK 243.6 million of realized profit in 2017 vs HRK 342.3 million of realized profit as at 31 December 2016 and ii) HRK 263.1 million of retained profit vs HRK 36.6 million of retained profit in 2016.

Profitability indicators of Valamar Riviera Group

	2016	2017	2017/2016
EBITDA margin	34.4%	34.1%	-30 bp
Adjusted EBITDA margin	34.9%	35.0%	10 bp
EBIT margin	16.6%	14.6%	-200 bp
Adjusted EBIT margin	17.0%	15.5%	-150 bp
EBT margin	19.3%	13.4%	-590 bp
Net profit margin	23.0%	13.8%	-920 bp
ROA	7.7%	4.9%	-280 bp
ROE	14.4%	9.7%	-470 bp
Adjusted ROCE	6.7%	6.4%	-30 bp

Valuation of Valamar Riviera Group

	31/12/2016	31/12/2017	2017/2016
Average share price per (in HRK)	34.59	43.63	26.1%
Market capitalization (in HRK)	4,295,057,872	5,420,289,760	26.2%
EV (in HRK)	5,693,160,606	7,192,643,394	26.3%
EPS (in HRK)	2.76	1.96	-29.0%
DPS (in HRK)	0.60	0.80	33.3%
EV / Sales revenues	3.9x	4.1x	5.1%
EV / EBITDA	11.1x	11.9x	6.9%
EV / Adjusted EBITDA	11.0x	11.6x	5.0%
EV / EBIT	23.1x	27.7x	20.0%
EV / Adjusted EBIT	22.5x	26.1x	15.8%

Total long-term liabilities rose from HRK 1,556.1 million to HRK 1,915.7 million due to loans contracted to finance this year's investments.

Total short-term liabilities were HRK 402.9 million and rose by 2.2 % vs 31 December 2016 as a result of i) lower trade payables (down by HRK 21.9 million) given the smaller range of 2017/18 investments (for details, see page 21), ii) the current repayment of 2018 long-term debt (up by HRK 22.8 million), iii) higher liabilities related to advance

payments from customers (up by HRK 8.0 million), and iv) liabilities related to employees (up by HRK 1.8 million due to a larger consolidation scope and the increased number of employees vs 31 December 2016).

Cash and cash equivalents were HRK 287.8 million as at 31 December 2017 and rose by 4.8%, indicating a further strong cash potential from business activities. Together with external financing, they are able to secure a smooth continuation of future investments and potential acquisitions.

Key operating indicators of Valamar Riviera Group per segments²⁴

HOTELS AND RESORTS	Total			Premium			Upscale			Midscale			Economy		
	2016	2017	2017/ 2016	2016	2017	2017/ 2016	2016	2017	2017/ 2016	2016	2017	2017/ 2016	2016	2017	2017/ 2016
Number of accommodation units	7,927	8,982	13.3%	1,037	1,269	22.4%	1,422	1,980	39.2%	3,112	3,493	12.2%	2,356	2,240	-4.9%
Full occupancy days	158	162	2.5%	194	174	-10.5%	159	158	-0.7%	159	163	2.3%	139	156	12.2%
Annual occupancy rate (%)	43%	44%	2.7%	53%	48%	-10.2%	43%	43%	-0.4%	44%	45%	2.6%	38%	43%	12.5%
Accommodation units sold	1,250,791	1,452,014	16.1%	201,003	220,226	9.6%	226,086	312,618	38.3%	495,689	569,159	14.8%	328,013	350,011	6.7%
Overnights	2,668,550	3,115,692	16.8%	386,163	463,667	20.1%	500,925	729,117	45.6%	1,056,601	1,193,419	12.9%	724,861	729,489	0.6%
ADR ¹⁵	735	764	3.9%	1,118	1,257	12.4%	984	1,009	2.5%	682	672	-1.4%	410	385	-6.1%
Board revenues (in HRK)	919,726,790	1,109,581,848	20.6%	224,678,769	276,758,965	23.2%	222,521,004	315,357,057	41.7%	338,024,283	382,724,084	13.2%	134,502,733	134,741,742	0.2%
RevPAR ¹⁶ (in HRK)	116,025	123,534	6.5%	216,662	218,092	0.7%	156,485	159,271	1.8%	108,620	109,569	0.9%	57,089	60,153	5.4%
Adjusted EBITDA ²⁵ (in HRK)	560,211,649	643,485,966	14.9%	144,730,691	170,535,626	17.8%	138,900,914	212,065,021	52.7%	195,987,797	195,305,919	-0.3%	80,592,247	65,579,399	-18.6%

Board revenues of hotels and resorts rose by 20.6% (+HRK 189.9 million) to HRK 1,109.6 million. Their growth was driven by the strong demand for the new Premium and Upscale properties, the Imperial hotel group acquisition, demand-driven optimization of the marketing mix and prices and the successful realization of group stays (leisure and events). Please note that the growth was partly due to the performance of the hotels and resorts on Rab Island. If excluded, the total board revenues of hotels and resorts grew by 10%.

Premium hotels and resorts

Premium hotels and resorts reported HRK 276.8 million in board revenues that were up by 23.2% (+HRK 52.1 million) driven by ADR (HRK 1,257, +12.4%) and 220,226 accommodation units sold (+9.6%). The properties that influenced most of the growth were the newly-opened Valamar Girandella Resort 4*&5* that achieved an 80% growth in board revenues with fewer operating days, and Valamar Isabella Island Resort 4*&5* that reported strong growth in direct sales and 15% ADR growth. Last year's

Daimler AG – Mercedes-Benz M.I.C.E. event did not take place, but this was compensated by allotments and growth in all other sales channels, ADR optimization and M.I.C.E. events in the shoulder season at Valamar Dubrovnik President 5* and Valamar Lacroma 4*.

Upscale hotels and resorts

Upscale hotels and resorts reported HRK 315.4 million in board revenues that were up by 41.7% (+HRK 92.8 million) driven by ADR (HRK 1,009, +2.5%) and 312,618 accommodation units sold (+38.3%). The properties that influenced most of the growth were i) the new Bellevue Family Life Resort 4* (with fewer operating days, this Upscale property achieved a near 65% growth in board revenues) and ii) this year's consolidation of the hotels and resorts on Rab Island with their 10% contribution to board revenues. The strong growth reported by Valamar Zagreb 4* was driven by ADR increase in peak season and larger business volumes in the shoulder season, especially through allotments and groups. Valamar Hotel & Casa Sanfior 4* reported strong growth mainly due to a very good group placement in the shoulder season and

excellent direct sales results. The Tamaris Resort reported board revenue growth mainly driven by two events, "X-Jam Croatia" and "Lighthouse Festival Croatia". Valamar Argosy 4* reported board revenue growth driven by the allotment and group sales channels.

Midscale hotels and resorts

Midscale hotels and resorts reported HRK 382.7 million in board revenues that were up by 13.2% (+HRK 44.7 million) driven by ADR (HRK 672, -1.4%) and 569,159 accommodation units sold (+14.8%). In 2017 the Midscale segment was negatively affected by Bellevue Family Life Resort 4* going from Midscale to Upscale. However, this was offset by the positive effect of this year's consolidation of Imperial Midscale hotels and resorts (18% contribution to board revenues). All Midscale hotels and resorts reported growth, with most of the comparable growth generated by the hotels: i) Valamar Diamant 4*, Valamar Crystal 4* and Valamar Rubin 3* (successful replacement of OTA sales with direct sales), ii) Miramar 3* and Allegro 3* (increase in allotments and direct sales in peak season and groups in the post season period), iii) Corinthia 3* (more operating days,

²⁴ According to the classification under the USALI international standard for reporting According to the classification under the USALI international standard for reporting in hotel industry (Uniform System of Accounts for the Lodging Industry). Business operations of Imperial's properties on the Island of Rab

are not included in 2016. Puntizela - Pula business is included in destination Poreč. A detailed comparison of the new portfolio segmentation can be found on page 17.

²⁵ When calculating adjusted EBITDA, internal allocation of revenues and expenses as well as inter-segment revenues and expenses are excluded from the

calculation. Adjusted EBITDA of other segments amounts to HRK -270.0 million in 2017, i.e. HRK -229.6 million in 2016. Other segments include business of central operations, laundry, sport, central kitchen, strategic rentals, etc.

successful group placement in the preseason period and excellent individual sales in peak season) and iv) Valamar Club Dubrovnik 3* (sales channel optimization with focus on the allotment and group channels).

Economy hotels and resorts

Economy hotels and resorts reported HRK 134.7 million in board revenues that were up by 0.2% (+HRK 0.2 million), driven by ADR (HRK 385, -6.1%) and 729,489 accommodation units sold (+0.6%). The Economy segment was negatively affected by the newly- renovated Valamar Girandella Resort 4*&5* going from Economy to Premium. However, this was offset by the

positive effect of this year's consolidation of destination Rab (carrying 9% of the growth) and other comparable segment growth. Most of it was generated by i) Lanterna Apartments 2* (increased demand, "X-Jam Croatia" and „Lighthouse Festival Croatia“), ii) Tirena 3* (excellent allotment and group channel results).

CAMPING RESORTS	Total			Premium			Upscale			Midscale			Economy		
	2016	2017	2017/ 2016	2016	2017	2017/ 2016	2016	2017	2017/ 2016	2016	2017	2017/ 2016	2016	2017	2017/ 2016
Number of accommodation units	10,145	11,870	17.0%	511	3,466	578.3%	4,437	1,434	-67.7%	3,387	5,150	52.1%	1,810	1,820	0.5%
Full occupancy days	101	100	-1.2%	132	112	-15.3%	106	117	11.0%	98	93	-5.5%	87	83	-3.7%
Annual occupancy rate (%)	28%	27%	-0.9%	36%	31%	-15.1%	29%	32%	11.3%	27%	25%	-5.3%	24%	23%	-3.5%
Accommodation units sold	1,027,020	1,187,741	15.6%	67,694	388,757	474.3%	469,121	168,264	-64.1%	333,531	479,060	43.6%	156,674	151,660	-3.2%
Overnights	2,475,778	3,057,450	23.5%	197,491	1,135,715	475.1%	1,198,905	398,631	-66.8%	721,187	1,153,982	60.0%	358,195	369,122	3.1%
ADR ¹⁵	248	285	14.7%	361	343	-5.0%	280	316	13.0%	209	252	20.4%	189	206	8.9%
Board revenues (in HRK)	254,989,779	338,284,959	32.7%	24,448,224	133,352,887	445.5%	131,206,913	53,156,811	-59.5%	69,686,153	120,533,212	73.0%	29,648,489	31,242,049	5.4%
RevPAR ¹⁶ (in HRK)	25,134	28,499	13.4%	47,844	38,475	-19.6%	29,571	37,069	25.4%	20,575	23,405	13.8%	16,380	17,166	4.8%
Adjusted EBITDA ²⁵ (in HRK)	188,350,077	249,094,437	32.3%	17,245,497	101,669,058	489.5%	102,671,633	41,528,065	-59.6%	46,834,312	86,505,421	84.7%	21,598,635	19,391,893	-10.2%

Camping resorts reported high board revenues totaling HRK 338.3 million. Campsites reported strong overall performance due to increased demand for this year's investments in campsites, especially mobile homes. ADR optimization for mobile homes, more overnights and this year's consolidation of Imperial camping resorts resulted in a strong 32.7% growth in board revenues (+HRK 83.3 million). This year's consolidation of Rab camping resorts affected board revenues by 15%.

Premium camping resorts

Premium camping resorts reported HRK 133.4 million in board revenues that were up by 445.5% (+HRK 108.9 million) driven by ADR (HRK 343, -5.0%) and 388,757 accommodation units sold (+474.3%). The Premium segment was positively affected by Camping Resort Lanterna 4* going from Upscale to Premium. Camping Resort Lanterna 4* reported an 18% growth in board revenues due to the great feedback received by marketing activities related to the placement of this year's investments in new products and amenities. The rest of the

growth was mainly driven by the excellent performance of Camping Resort Krk 5*.

Upscale camping resorts

Upscale camping resorts reported HRK 53.2 million in board revenues that were down by 59.5% as a result of Camping Resort Lanterna 4* going from Upscale to Premium. Excluding 2016 performance of Camping Resort Lanterna 4*, the Upscale segment reported a strong 25.3% growth in board revenues. Camping Marina 4* and Ježevac 4* reported high growth in

board revenues thanks to the investments in new mobile homes. Better results at Camping Bunculuka 4* were driven by ADR increase.

Midscale camping resorts

All Midscale campsites reported growth in board revenues that totaled HRK 120.5 million. Board revenues rose by 73.0%

(+HRK 50.8 million) driven by ADR (HRK 252, +20.4%) and 479,060 accommodation units sold (+43.6%). Most of the growth was driven by the consolidation of Rab campsites. The remaining 18% in the growth was generated by the following campsites: i) Stara Baška 3* and Zablaće 3* (investments in new mobile homes), and ii) Solaris 3*, Orsera 3* and Solitudo 3* (increased business volumes).

Economy camping resorts

Economy campsites reported HRK 31.2 million in board revenues that were up by 5.4% (+HRK 1.6 million) driven by ADR (HRK 206, +8.9%) and 151,660 accommodation units sold (-3.2%). These results were positively influenced by investments in Camping Brioni 2* and stronger performance reported by Istra 2* and Tunarica 2*.

Key operating indicators of Valamar Riviera Group per destinations²⁴

DESTINATION	Poreč			Rabac			Krk Island			Rab Island			Dubrovnik		
	2016	2017	2017/ 2016	2016	2017	2017/ 2016	2016	2017	2017/ 2016	2016	2017	2017/ 2016	2016	2017	2017/ 2016
Number of accommodation units	10,632	10,584	-0.5%	2,065	1,971	-4.6%	3,414	3,577	4.8%	/	2,759	/	1,961	1,961	0.0%
Full occupancy days	116	121	4.3%	136	156	14.7%	128	126	-0.9%	/	96	/	166	170	2.2%
Annual occupancy rate (%)	32%	33%	4.6%	37%	43%	15.0%	35%	35%	-0.6%	/	26%	/	45%	47%	2.4%
Accommodation units sold	1,234,693	1,282,228	3.8%	281,750	308,369	9.4%	435,348	451,987	3.8%	/	264,114	/	326,020	333,057	2.2%
Overnights	2,881,737	3,075,877	6.7%	642,552	673,169	4.8%	1,010,914	1,063,850	5.2%	/	716,510	/	609,125	643,736	5.7%
ADR ¹⁵	465	487	4.8%	538	635	18.1%	384	432	12.3%	/	499	/	864	901	4.3%
Board revenues (in HRK)	574,077,286	624,793,941	8.8%	151,518,687	195,916,080	29.3%	167,341,883	195,074,956	16.6%	/	131,842,656	/	281,778,713	300,239,175	6.6%
RevPAR ¹⁶ (in HRK)	53,995	59,032	9.3%	73,375	99,399	35.5%	49,016	54,536	11.3%	/	47,786	/	143,691	153,105	6.6%
Adjusted EBITDA ²⁵ (in HRK)	368,687,622	393,293,569	6.7%	85,462,089	95,161,189	11.3%	109,627,842	129,928,462	18.5%	/	80,715,171	/	184,784,174	193,482,014	4.7%

Destination Poreč

Destination Poreč reported HRK 624.8 million in board revenues that were up by 8.8% (+HRK 50.7 million) driven by ADR (HRK 487, +4.8%) and 1,282,228 accommodation units sold (+3.8%). The properties that influenced most of the board revenues growth were Valamar Isabella Island Resort 4*&5*, Apartments Lanterna 2*, Camping Resort Lanterna 4*, Valamar Zagreb 4*, Valamar Diamant 4*, Valamar Crystal 4* and Valamar Rubin 3*.

Destination Rabac

Board revenues were HRK 195.9 million, driven by ADR (HRK 635, +18.1%) and 308,369 accommodation units sold

(+9.4%). The 18.1% growth in board revenues (+HRK 44.4 million) was mainly due to a strong demand for Valamar Girandella Resort 4*&5* and Bellevue Family Life Resort 4* that were repositioned after a series of investments, as well as the following properties: Hotel & Casa Valamar Sanfior 4*, Allegro hotel 3*, Miramar hotel 3* and Camping Marina 4*.

Krk Island

Board revenues were HRK 195.1 million, driven by ADR (HRK 432, +12.3%) and 451,987 accommodation units sold (+3.8%). The campsites on Krk Island (especially Ježevac 4* and Zablaće 3*) and Corinthia hotel 3* were the main contributors to total growth.

Rab Island

This year's consolidation of hotels and resorts and camping resorts on Rab Island contributed with HRK 131.8 million. Destination Rab reported a 14% increase in board revenues over 2016 results.

Destination Dubrovnik

Destination Dubrovnik reported HRK 300.2 million in board revenues that were mainly driven by ADR going up by 4.3% to HRK 901. "Global Training Experience by Daimler AG – Mercedes-Benz" M.I.C.E. event was not held in 2017, destination Dubrovnik generated HRK 18.5 million more in board revenues.

Over the years Valamar Riviera has consolidated its portfolio in order to clearly differentiate, develop and reposition its hospitality products. A precise definition of market segments, innovative development of service concepts, brand management, increase in profitability and ROI optimization demanded a revision of the portfolio segments.

Last year's acquisition of Imperial added 5 new hotels and resorts and 2 camping resorts to Valamar Riviera's portfolio. The additional 2,759 keys contributed to the growth of the Group's business volume and profitability in 2017. The Group's total accommodation capacity in 2017 was 20,852 keys.

Hotels and Resorts Overview²⁶

	Categorization		Segment		Destination
	2016	2017	2016	2017	
Valamar Dubrovnik President Hotel	****	****	Premium	Premium	Dubrovnik
Valamar Isabella Island Resort	**** / ****	**** / ****	Premium	Premium	Poreč
Valamar Lacroma Hotel	****+	****+	Premium	Premium	Dubrovnik
Valamar Club Tamaris	****	****	Upscale	Upscale	Poreč
Valamar Riviera Hotel & Residence	****	****	Upscale	Upscale	Poreč
Valamar Zagreb Hotel	****	****	Upscale	Upscale	Poreč
Hotel & Casa Valamar Sanifor	****	****	Upscale	Upscale	Rabac
Valamar Argosy Hotel	****	****	Upscale	Upscale	Dubrovnik
Hotel Padova	****	****	Upscale	Upscale	Rab Island
Valamar Diamant Hotel & Residence	****	****	Midscale	Midscale	Poreč
Valamar Crystal Hotel	****	****	Midscale	Midscale	Poreč
Valamar Pinia Hotel & Residence	***	***	Midscale	Midscale	Poreč
Valamar Rubin Hotel	***	***	Midscale	Midscale	Poreč
Bellevue Family Life Resort	****	****	Midscale	Upscale	Rabac
Allegro Hotel	***	***	Midscale	Midscale	Rabac
Miramar Hotel	***	***	Midscale	Midscale	Rabac
Hotel Corinthia	***	***	Midscale	Midscale	Krk Island
Zvonimir Hotel, Atrium & Villa Adria	**** / ****	**** / ****	Midscale	Midscale	Krk Island
Valamar Koralj Romantic Hotel	***	***	Midscale	Midscale	Krk Island
Valamar Club Dubrovnik	***	***	Midscale	Midscale	Dubrovnik
Grand Hotel Imperial	****	****	Midscale	Midscale	Rab Island
Hotel & Ville Carolina	****	****	Midscale	Midscale	Rab Island
Tourist Village San Marino	***	***	Midscale	Midscale	Rab Island
Naturist Resort Solaris	***	***	Economy	Economy	Poreč
Pical Hotel	***	**	Economy	Economy	Poreč
Tirena Hotel	***	***	Economy	Economy	Dubrovnik
Valamar Girandella Resort	**	****/****	Economy	Premium	Rabac
Lanterna Apartments	**	**	Economy	Economy	Poreč
Hotel Eva & Apartments Suha Punta	**	**	Economy	Economy	Rab Island
Marina Hotel & Mediteran Residence	**	**	Economy	Economy	Rabac

Camping Resorts Overview²⁶

	Categorization		Segment		Destination
	2016	2017	2016	2017	
Camping Krk	****	****	Premium	Premium	Krk Island
Camping Ježevac	****	****	Upscale	Upscale	Krk Island
Camping Lanterna	****	****	Upscale	Premium	Poreč
Camping Marina	****	****	Upscale	Upscale	Rabac
Naturist Camping Bunculuka	****	****	Upscale	Upscale	Krk Island
Camping Orsera	***	***	Midscale	Midscale	Poreč
Naturist Resort Solaris	***	***	Midscale	Midscale	Poreč
Camping Zablaće	***	***	Midscale	Midscale	Krk Island
Camping Škrila	***	***	Midscale	Midscale	Krk Island
Camping Solitudo	***	***	Midscale	Midscale	Dubrovnik
Camping & Residence San Marino	***	***	Midscale	Midscale	Rab Island
Camping Padova 3	***	***	Midscale	Midscale	Rab Island
Naturist Camping Istra	**	**	Economy	Economy	Poreč
Camping Brioni	**	**	Economy	Economy	Pula - Puntizela
Camping Tunarica	**	**	Economy	Economy	Rabac

²⁶ Business operations of Imperial's properties are not included in 2016.

RESULTS OF THE COMPANY

Please note that the data provided in the current year's financial statements are not fully comparable to prior year's data because of the said mergers. Current period items and prior period items until the time of the merger i.e. until 31 March 2017 did not include Puntizela d.o.o. Similarly, prior period items until the time of the merger i.e. i) until 31 March 2016 did not include the merged Hoteli Baška d.d. and ii) until 30 June 2016 did not include the merged Bastion upravljanje d.o.o. All significant changes in the Company's financial statements should also be viewed in the context of the said transactions in the previous period.

Total revenues in 2017 rose by HRK 136.9 million (+9%) to HRK 1,696.0 million. Sales revenues were HRK 1,616.7 million and represented 95% of total revenues (92% in 2016). They rose by HRK 176.2 million (+12%) over 2016 results. Sales revenues between parties within the Group were HRK 13.9 million (HRK 0.6 million in 2016) and mainly represented Imperial's management fee. Sales revenues outside the Group were HRK 1,602.8 million (HRK 1,439.8 million in 2016). Domestic sales revenues were HRK 137.9 million, up by 17% over 2016 results and represented 8% of total revenues (8% in 2016). International sales revenues were HRK 1,478.7 million, up by 12% over 2016 results and represented 87% of total revenues (85% in 2016). Other operating and financial income represented 5% of total revenues (8% in 2016). Other operating revenues fell by 35%, to HRK 19.7 million and represented 1% of total revenues (2% in 2016).

Material costs were HRK 511.8 million, representing 37% of operating expenses (38% in 2016) and rose by HRK 37.6 million due to higher raw material costs (direct food and beverage costs and costs of energy sources and water) driven by larger business volumes. Staff costs rose by HRK



78.4 million over 2016 results to HRK 443.8 million, representing 32% of operating expenses (30% in 2016). Growth was driven by i) Hoteli Baška and Puntizela mergers and staff carryover, ii) salary increase policy (June 2016: 2%, December 2016: 2%, June 2017: 1.5%, and 0.5% increment for years of service as of 1 January 2017), and iii) the hiring of construction site staff (to carry out the large investments) and resort staff (to ensure high service quality in the new Premium/Upscale properties).

Amortization cost rose by 17% given the previous large investments and the mergers of Hoteli Baška and Puntizela. Amortization was HRK 283.5 million (HRK 243.2 million in 2016) and represented 20% of operating expenses (20% in 2016). Other costs rose by 6% to HRK 133.8 million. Provisions and value adjustments were HRK 5.2 million. Other operating expenses were HRK 18.2 million and fell by HRK 3 million.

Financial income in 2017 was HRK 59.6 million and fell by HRK 28.6 million compared to 2016. Other financial income had the most significant decrease of HRK 35.0 million, resulting from the absence of last year's one-time income driven by share portfolio sale. Interest and other financial income jumped by HRK 11.7 million mainly driven by forex gains related to long-term loans due to HRK appreciation in 1H 2017. Interest



income fell by HRK 3.7 million to HRK 0.5 million as a result of reduced free cash flow and market yield in 2017 vs 2016.

Financial expenses were HRK 82.1 million, up by HRK 21.3 million over 2016 results and mainly driven by forex loss of HRK 13.9 million related to long-term loans due to HRK depreciation in 2H 2017. Due to land revaluation in a subsidiary (Magične stijene d.o.o.) the value of the Company's stake decreased by HRK 5.6 million as a one-time effect of the value adjustment. Financial expenses related to interest rose by HRK 4.8 million due to financial leverage used for 2017 investments.

Operating profit rose by HRK 2.5 million to HRK 240.2 million. Profit before tax was HRK 217.7 million (HRK 265.1 million in 2016). The Company's gross margin was 13% (18% in 2016). Net profit fell by HRK 104.7 million to HRK 232.0 million in 2017 (HRK 336.7 million in 2016), resulting from weaker financial results (-HRK 49.9 million) and this year's lower (-HRK 57.3 million) one-time recognition of deferred tax assets that will burden gross profit in the forthcoming years of utilization.

Total company assets as at 31 December 2017 were HRK 4,632 million and rose by 11.7% vs 31 December 2016.

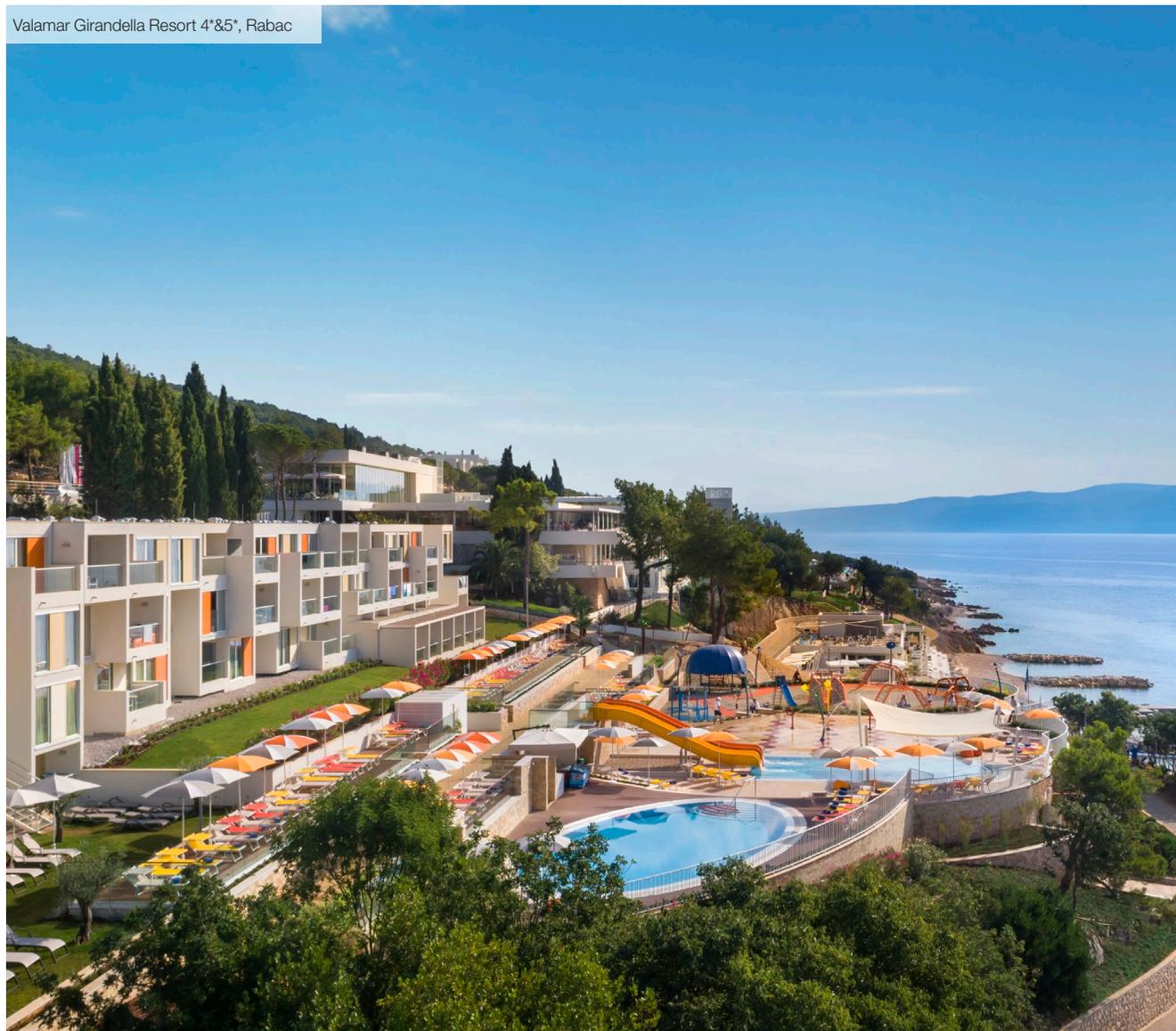
2017 INVESTMENTS

Investments worth HRK 877.7 million were capitalized in the existing portfolio of non-current tangible assets in 2017, of which HRK 174.2 million represented assets under construction.

The total value of 2016/2017 investments exceeded HRK 900 million²⁷ and represented the largest series of portfolio investments so far. HRK 494 million were earmarked for improving products and services in Rabac (Family Life Bellevue Resort 4* and Valamar Girandella Resort 4*&5*). Besides hotels and resorts, a number of investments worth HRK 186 million was focused on campsites. The most significant were the investments in Camping Resort Lanterna and two campsites, Zblaće and Ježevac. Investment maintenance was HRK 68 million, while other individual investments totaled HRK 138 million. Imperial's investments totaled nearly HRK 21 million.

Two luxury resorts in Rabac, a brand new Family Life Bellevue Resort 4* (the first TUI Family Life hotel in Croatia) and a fully renovated Valamar Girandella Resort 4*&5* welcomed its guests in the 2017 season. The large investment project in Rabac included the total reconstruction of the two resorts totaling 764 keys, the construction of 17 restaurants and bars, and 13 pools with total water surface of more than 2,000 m². The new features included a brand-new Maro club and various children playgrounds, two entertainment centers, a wellness facility, indoor and outdoor fitness facilities, a bike center and other sports amenities. Almost 600 staff members attended to over 2,700 guests daily. The investments included various improvements of beaches and promenades as well as a total landscape redesign. Croatian contractors and suppliers were hired to carry out most of the construction work and about 50% of them were local, Istrian entrepreneurs. These investments repositioned Rabac as a leading high-end

Valamar Girandella Resort 4*&5*, Rabac



²⁷ A portion already recorded in 2016.

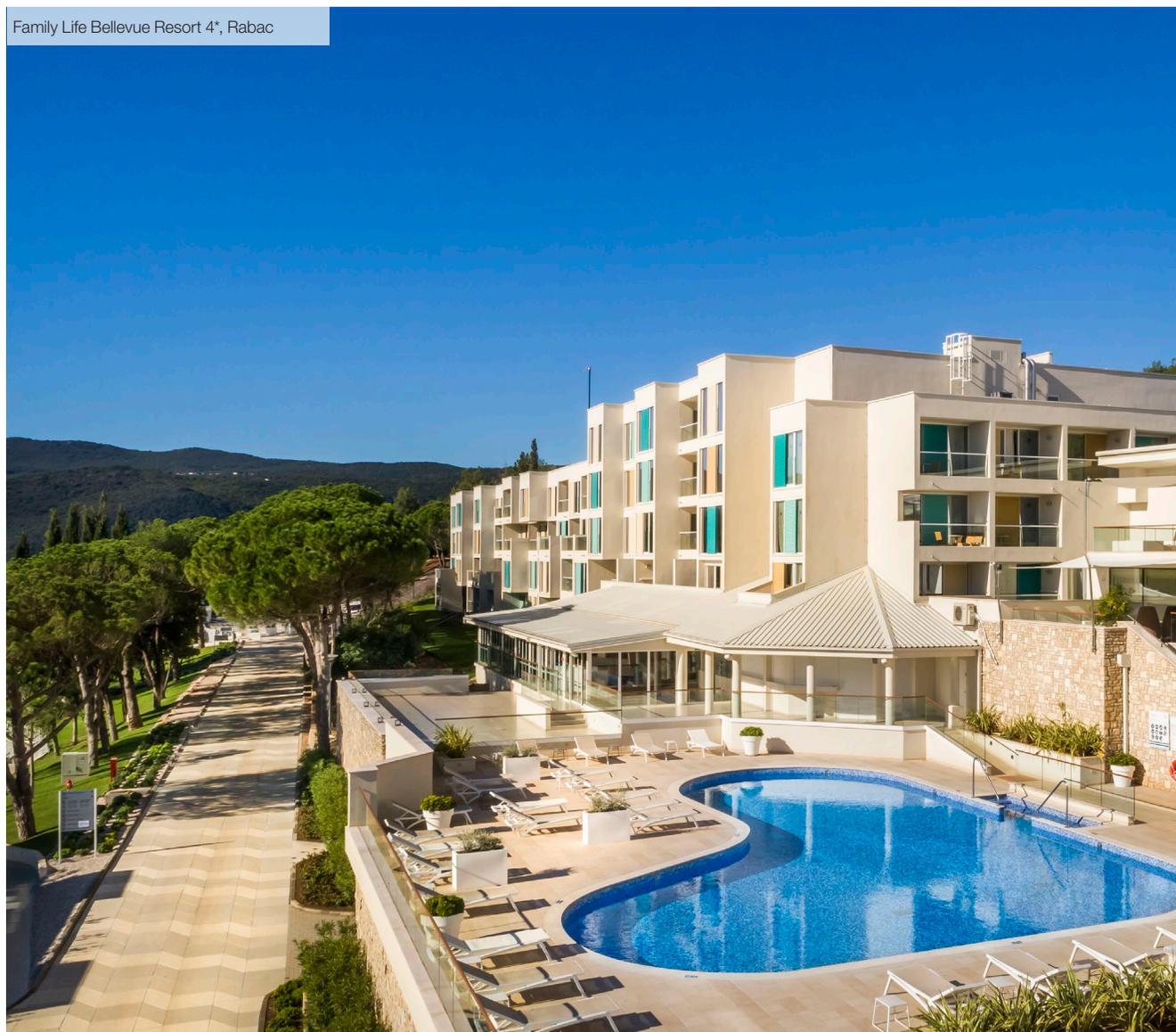
leisure destination. The 3-year strategic partnerships with the leading European tour operators – TUI and DER Touristik Köln (seasons: 2017, 2018 and 2019) helped secure occupancy. Consequently, more than 100,000 guests are expected to visit Rabac in the next three years, thus improving the promotion of Istrian tourism. Moreover, new opportunities for season prolongation will emerge as the number of guests from air travel markets grows.

Besides key investments in Rabac, Valamar Riviera continued investing in the concept of Premium camping. HRK 98 million were focused on upgrades in Camping Resort Lanterna 4*, one of the best European campsites. The reception area with the shops and catering establishments underwent renovation, and the campsite now features new high quality mobile homes and amenities for children. HRK 66 million were invested in upgrading accommodation and services on Krk Island and new high- quality mobile homes for two campsites, Ježevac 4* and Zablaće 3*. In order to improve the quality of other campsites on Krk Island, in Istria and Dubrovnik, a range of investments was focused on improving accommodation, beach amenities, restaurants and bars.

Imperial completed its investments totaling nearly HRK 21 million in 2017. Most of it was invested in a new premium zone and luxury mobile homes at San Marino campsite 3*. Significant investments were made in improving the business communication network and preparing the necessary project documentation for the forthcoming investments.

Moreover, several other projects to create new and upgrade existing features were completed and they will considerably improve the quality and experience at all destinations. They included beaches, Wi-Fi coverage expansion, business digitalization, technological processes and energy efficiency.

Family Life Bellevue Resort 4*, Rabac



2018 INVESTMENTS

In line with the previously announced investments of up to HRK 2 billion until 2020, Valamar Riviera Group is carrying out new large investments worth roughly HRK 705 million²⁸ in 2018. The planned investments represent the continuation of Valamar Riviera's strategy to reposition the portfolio towards products and services with high added value. With the planned completion of Valamar Girandella Resort 4*&5*, Rabac will be repositioned as leading leisure destination for high-end guests. HRK 116 million have been earmarked for the opening of first Kinderhotel in Valamar's portfolio-Valamar Girandella Maro Resort Hotel 5* in Rabac. Kinderhotels Europa is a marketing association that brings together high-quality premium family hotels under the Austrian "Kinderhotels" brand. Valamar Girandella Maro Resort Hotel 5* is a premium hotel offering 149 keys, with services and design tailored according to the needs of families with children of various age groups. The concept of the lobby, restaurant and pool complex as well as the interior design of hotel accommodation is centered around the idea of family holidays.

Nearly one third of total investments will focus on Istra Camping Resort in Funtana, Camping Resort Lanterna in Poreč and two campsites on Krk Island, Camping Ježevac and Camping Zblaće. The first phase of repositioning Istra Camping Resort as premium accommodation is planned for 2018. The investments include improvements in the communal infrastructure, one part of the camping pitches and the construction of a new sanitary block. The investments planned in Camping Resort Lanterna 4* will focus on improving accommodation and quality. In the forthcoming season, the resort will feature a new premium mobile home zone designed according to the "Maro" brand standards and two new swimming pools. "Maro" is a Valamar brand that is family-oriented and includes child-friendly services



and facilities. Moreover, the glamping zone will be completed, the sports zone will be renovated and will feature new facilities and services. The investments in Camping Ježevac 4* will also include the expansion of the mobile home zone and two new swimming pools. The investments in Camping Zblaće are focused on improving services and upgrading the campsite from 3* to 4* with new high-quality mobile homes, a new sanitary block and other amenities. Investments in Dubrovnik focus on repositioning Valamar Argosy 4* hotel: HRK 60 million have been earmarked to improve the quality of accommodation and develop new facilities and services for an "adult friendly" premium product. Investment maintenance totals HRK 64 million. Plans include numerous other investments in improving the competitiveness and quality of guest amenities and products. Valamar is especially focused on further investments in increasing the capacity and quality of accommodation for seasonal employees, with nearly HRK 45 million earmarked for this purpose. Imperial's investments planned for 2018 are HRK 72 million. New investments include the renovation and repositioning of Grand hotel Imperial 4* as "adults only" accommodation. Investments planned in the camping segment include the completion of the Premium Mobile Home zone in San Marino 3* and the expansion of the Premium Mobile Home zone in Padova III 3*.



As stated in our strategic goals, by continuously raising the quality of the portfolio properties and services, we create added value both for our guests and all company stakeholders. However, numerous factors reduce the competitiveness of Croatian tourism and hinder further investment potential: VAT (one of the highest rates in the Mediterranean), the rate of total contributions to salaries, the still unresolved issue of tourism land, skilled labor shortages, the likely introduction of property tax and tourist tax increase. While global trends report low interest rates and market demand focuses on safe tourist destinations, Croatia has the opportunity to reposition its tourism by incentivizing investments in products and services with high added value that stimulate employment and economic growth. Unfortunately, tourism is still not sufficiently recognized as an opportunity for the Croatian economy. Apart from the current financing programs offered by HBOR (Croatian Bank for Reconstruction and Development), tax incentives prescribed by the Act on Investment Promotion and Improvement, and the decrease in the income tax rate (from 20% to 18%, January 2017) there are no other measures that could significantly increase the growth pace and contribute to level Croatia's position with other destinations in the Mediterranean.

²⁸ A portion already recorded in 2017.

THE RISKS OF THE COMPANY AND THE GROUP

Tourism is a global industry, closely connected with the real and financial economy, geopolitical position and environmental sustainability. The integrity of this industry will determine its future growth. Given the importance of tourism and its overall impact on society, the Company and the Group monitor and assess risks at micro and macro levels. Moreover, when defining the strategy, particular attention is given to the short and medium-term risk impact in order to maintain business sustainability over time.

When monitoring and assessing risks the Company and Group use a proactive approach thus assessing the potential impact of each individual risk. The Company and Group consider risk management to be a key factor of differentiation among competitors. Risk management aims at creating sustainable value, thus offering reliability and security to numerous stakeholders.

There are five key steps in a risk management process:

- 1) Identifying potential risks;
- 2) Assessing identified risks;
- 3) Determining actions and responsibilities for efficient risk management;
- 4) Monitoring and overseeing preventive actions;
- 5) Exchanging information on risk management results conducted by the Management board.



The different types of risks facing Valamar Riviera can be classified into the following groups:

- Financial risks
 - related to financial variables, can have a negative impact on meeting liabilities for the company and the Group, liquidity, debt management etc.;
- Business risks
 - related to the way company business is conducted in terms of supply and demand, competition, adapting to market trends, investments, growth etc.;
- Operational risks
 - can arise from errors in business operations, human error, IT system etc.;
- Global risks
 - can arise from natural disasters, pandemics, food shortage, social unrest, wars and other force majeure events beyond Valamar Riviera's control;
- Compliance risks
 - can arise from failure to comply with state laws and local regulations; risks related to changes in tax and other regulations.

Financial risks

In their day-to-day business activities, the Company and Group face a number of financial threats, especially:

- 1) Foreign exchange risk;
- 2) Interest rate risk;
- 3) Credit risk;
- 4) Price risk;
- 5) Liquidity risk;
- 6) Share-related risks.

The Company and Group have a proactive approach in mitigating interest rate and foreign exchange risks, by employing available market instruments. Internal risk management goals and policies aim at protecting foreign currency inflows during seasonal activity and partial interest hedging of the principal loan amount.

1) Foreign exchange risk

The Company and Group conduct their business operations across national borders and are exposed to foreign exchange risks. They mainly result from changes in the euro/ kuna exchange rate. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities. Most of the sales revenue generated abroad is denominated in euros, and so is the major part of long-term debt. Hence, for the most part the Company and Group are naturally hedged from exchange rate risks. Since some liabilities are denominated in kunas, the Company and Group actively manage risks by using derivative instruments available on the financial market. The instruments are used according to operating assessments and expected market trends. In this way the assets, liabilities and cash flow are protected from the risk impact.

2) Interest rate risk

Variable rate loans expose the Company and Group to cash flow interest rate risk. Periodically, the Company and Group resort to derivative instruments in order to hedge cash flow and interest rate by applying interest rate swaps. The economic effect of such swaps is the conversion of variable interest rate loans into fixed interest rate loans for a pre-committed hedged part of the loan principal. The Company and Group have interest-bearing assets (cash assets and deposits) so their revenue and cash flow depend on changes in market interest rates. This becomes evident especially during the season when the Company and Group have significant cash surpluses at their disposal.

3) Credit risk

Credit risk arises from cash assets, time deposits and receivables. According to the Company and Group sales policy, business transactions are conducted only with customers with suitable credit history, i.e. by agreeing advances, bank securities and (for individual customers) payments made through major credit card companies. The Company and Group continuously strive to monitor their exposure towards other parties and their credit rating as well

as obtain security instruments (bills of exchange, promissory notes) in order to reduce bad debt risks related to services provided.

4) Price risk

The Company and Group hold equity securities and are exposed to equity price risk due to security price volatility. Valamar Riviera is not an active participant in the market trade in terms of trading in equity and debt securities. However, with the HRK 291 million invested in buying Imperial shares, the company is exposed to the said risk to a certain extent.

5) Liquidity risk

The Company and Group have a sound liquidity risk management. Sufficient funds for meeting liabilities are available at any given moment through adequate amounts from contracted credit lines and by ensuring credit line availability in the future. Liquidity risk is managed by generating strong positive net operating cash flows, while capital investments are financed by credit lines. All the credit lines in 2017 have already been arranged with financial institutions. The repayment of the major credit lines coincides with periods of strong cash inflows from operations. The Company and Group monitor the level of available funds through daily cash and debt reports. Long-term cash flow forecasts as well as annual (monthly) forecasts are based on the set budget. After meeting the needs of working capital management the surplus is deposited in the treasury. From there the funds are invested in interest-bearing current accounts, time deposits, money market deposit accounts and marketable securities. Only instruments with suitable maturities and sufficient liquidity are selected, according to the forecast needs for liquid funds.

6) Share-related risks

The market value of shares is the riskiest asset class due to its volatility resulting from the volatile nature of the whole capital market, macroeconomic trends on markets where the Company and Group operate and discrepancies between the expectations of financial analysts and the actual results.

Furthermore, other contributing factors are also changes in the dividend policy, various activities in the segment of consolidations, mergers, acquisitions and forming of strategic partnership, the instability of the business model of the Company and Group as well as the fluctuations in the financial results for the Company and Group. In case any negative implications happen to be associated with these factors there is a considerable risk of market value drop that will in turn prevent investors from selling their shares at a fair market price.

Business risk

The Company and Group are constantly exposed to risks threatening its competitiveness and future stability. Since the Company and Group own real estate, this business model requires a large amount of capital in order to maintain high product and service standards. Various large capital investments in the upgrade of products and services can surpass budget expectations, delay the end of construction works, as well as the town-planning regulations and fiscal policy may be changed. These risks can increase costs for the Company and Group, and have a negative impact on the cash flow and revenues. In the previous period, the company and Group's business decisions improved their results and operating efficiency in the demanding Mediterranean market. These positive trends are expected to continue in the future through a prudent long-term strategic management.

Over 95% of Valamar Riviera's guests come from other countries and they are very careful when choosing their vacation destination in the competitive Mediterranean environment. Stable domicile countries macroeconomic indicators are important decision-making factors especially those relating to exchange rates and the price of goods and services because they directly affect the guests' purchasing power. However small, the share of

domestic guests is also important; it is a segment directly influenced by various other macroeconomic indicators: employment/ unemployment rate, GNP rise/fall, industrial production and others. They all have a direct impact not only on the purchasing power of Croatian residents but they also determine whether they will choose to spend their vacation on the Adriatic.

When considering risks related to the tourism and hospitality industry, in previous years, the Croatian economy has been afflicted by the consequences of a global financial crisis and economic standstill. In this period, the tourism and hospitality industry has been among the rare growing industries in Croatia. Moreover, the marked seasonality of this industry leads to insufficient use of the Company and Group's resources. After joining the European Union, the Croatian market became part of a large European market, while safety risks decreased after joining the NATO. The Croatian Tourism Development strategy until 2020 (a government document published in the Official Gazette no. 55/13) defines the kind of tourism Croatia wants and needs to develop using the country's comparative advantages and expertise in order to improve the competitiveness of Croatian tourism. Maintaining the current tourism growth rates in the following years is of vital importance. It can be achieved by strategically developing tourism products and investing in the creation of additional values, which will help distinguish Croatian tourism from its competitors by emphasizing its uniqueness, appeal and quality.

Good management of human resources is vital for the future growth of the Company and Group. Risks related to shortages of specific skills, expertise and jobs are connected with the opening and expansion of the labor market. Valamar Riviera is one of the largest and most desirable employers in tourism. The active approach towards HR management develops key talents and



supports investments in training opportunities (HRK 2.5 million invested in training and professional development during 2017). We determine the needs for new skills and expertise by following emerging global trends in tourism. In this way, we are able to respond to challenges effectively. Through a continual dialogue with our social partners, we have ensured a high level of workers' rights in terms of competitive salaries, reward systems, career development, employees' wellbeing and cooperation with training institutions from all parts of Croatia.

Operational risks

Operational risks are risks connected with direct or indirect losses that arise from inadequate or wrong internal or external processes within the Company and the Group. They include the creation and analysis of financial reporting data, and also inadequate information sharing. When implementing the system of operational risk management, the Company and Group focused on its continuity and complexity due to the size of the organization. The benefits of the system include i) defining and identifying the Company and Group risk profile in relation to the operating risk ii) identifying and managing the known risk occurrences in order to decrease the Company and Group costs and iii) data analysis which

indicates the business trends for the Company and Group and trends in the domestic economy.

The Company and Group are aware of the reliability of IT business solutions and safety in the cyber world. Hence, they continually upgrade, develop and implement new technologies in everyday business operations. A special focus is given to providing sufficient resources for the development and implementation of new technologies related to ICT, data protection, and upgrade of the current business systems and implementation of new ones.

Global risks

Despite improved security and political conditions, which have encouraged to a certain extent investments into tourism and hospitality, there are challenges that the Croatian tourism has to face, such as:

- Periods of global financial crisis which reduce the purchasing power of the travelling-prone population;
- Security issues related to globally escalating terrorism threats;
- Security and political instability in the immediate environment of the neighboring countries.

Environmental risks can also have an adverse effect on the Company and Group's business results, primarily in terms of customer satisfaction with the whole experience while staying at one of Valamar's properties and this can affect the number of arrivals. The possible risks can include: sea pollution (caused by oil or chemical spillage), but also long-term water quality reduction and coast pollution due to inadequate waste disposal and waste water treatment as well as extensive use of agricultural fertilizers. Other environmental conditions typical for climate changes such as long drought periods or long rainy periods can directly influence the guests' length

Camping Krk 5*, Krk Island



of stay in the hotels and campsites as well as increasing the operating costs. A number of other natural disasters and calamities (earthquakes, fires, floods and rainstorms), air pollution caused by toxic gas emissions from industrial plants and vehicles, as well excessive urbanization and the introduction of invasive species should also be taken into consideration.

Compliance risks

Changes in tax laws and other regulations pose a very serious threat and represent a demanding segment in risk management because in this particular situation the possibilities for the Company and Group are limited. In previous years, there has been a number of important changes in tax and non-tax charging regulations, which have adversely affected the Company and Group profitability:

- In March 2012 the standard VAT rate grew from 23% to 25%, in January 2013 a new 10% VAT rate was introduced only to be replaced within a year by a 13% VAT rate applicable to the tourism and hospitality industry (January 2014), while in January 2017 a new 25% VAT rate was introduced for F&B (a la carte) services;

Camping San Marino 3*, Rab Island



- In May 2012 the health insurance employer contribution rate fell from 15% to 13% and then in April 2014 it grew back to 15%;
- Frequent increases in various fees and charges regarding water distribution and the like;
- Tourist tax increase in 2018 ranging between HRK 2.5 and HRK 8.0 per person per overnight, depending on the class of the destination and utilization period (August 2017).

Such frequent changes in laws regulating taxes and parafiscal charges often take place only after the business policy and budget for the next financial year have been approved and commercial terms and conditions with partners agreed. All this jeopardizes the Company and Group financial position and future investment plans as well as credibility towards shareholders. The Company and Group are also threatened by changes in regulations governing concession fees for maritime domain and tourism land use, the latter still presenting unresolved legal issues. Given the nature of the Company and Group's business, the right to use parts of the maritime domain as well as land for tourism purposes is of vital importance for future growth, especially for campsite-related operations.

CORPORATE GOVERNANCE

The Company and the Group continuously strive to develop and operate according to good practices of corporate governance. The business strategy, corporate policy, key corporate regulations and business practice are all geared towards creating a transparent and efficient business operation while forging solid bonds with the local community. In order to foster further growth and set high corporate governance standards, the Company adopted its own Corporate Governance Code in 2008 and the Management Board fully complies with its provisions. After the company was listed on the Official market of the Zagreb Stock Exchange, the Company has also complied with the Zagreb Stock Exchange Governance Code. The Company respects and implements the prescribed corporate governance measures (as reported in detail in the prescribed annual questionnaire and published as prescribed on the Zagreb Stock Exchange and Valamar Riviera websites).

The major direct shareholders according to the Central Depository and Clearing Company data are listed in the table in the "Valamar Riviera Share" section.

The Company defined the process of preparing and disclosing financial reports in a detailed internal document. With this, the financial reporting procedure is set within a system of internal review and risk management. Moreover, in order to monitor and mitigate the financial reporting risk, the Company uses the measures described in "The Risks of the Company and the Group".

The Companies Act and the Company Statute define the General Assembly's authority and prescribe how it meets and works. The meeting invitation, proposals and the adopted resolutions are made public according to the provisions of the Companies Act, Capital Market Act and the Zagreb Stock Exchange Rules. There is a time limit related to the voting

right at the General Assembly: according to the provisions of the Croatian Companies Act, shareholders are required to register their participation within the prescribed time limit in order to attend the General Assembly. Under no circumstances can the financial right arising from securities be separated from holding the securities. There are no securities with special control rights nor are there any limitations to voting rights at the Company (one share, one vote). The Company Statute complies with the Croatian Companies Act and defines the procedure of appointing and recalling members of the Management Board and Supervisory Board. There are no limitations based on gender, age, education, profession or similar. According to the General Assembly's decision dated 17 November 2014, the Company can acquire its own shares. The Companies Act determines any amendments to the Company Statute, without any additional limitations. The Management Board members' authority fully complies with the regulations prescribed by the Companies Act.

The Company's Corporate Bodies Are:

Management Board: Mr. Željko Kukurin, President of the Management Board, and Mr. Marko Čižmek, Member of the Management Board.

Pursuant to the provisions of the Capital Market Act and Regulation (EU) no. 596/2014, the Company has determined its senior management, consisting of the key company management: four vice presidents (David Poropat, Davor Brenko, Alen Benković i Ivana Budin Arhanić) and 21 sector directors (Andrea Štifić, Miro Dinčić, Ljubica Grbac, Sebastian Palma, Tomislav Dumančić, Željko Jurcan, Sandi Sinožić, Mile Pavlica, Ivan Karlić, Bruno Radoš, Dario Kinkela, Mauro Teković, Stjepko Devčić Ivičić, Martina Šolić, Ivica Vrkić, Mirella Premeru, Marin Gulan, Tomislav Poljuha, Flavio Gregorović, Dragan Vlahović and Vlastimir Ivančić).

Supervisory Board: As the term of office for the Supervisory Board members expired on 6 July 2017 (Mr. Gustav Wurmböck - Chairman, Mr. Franz Lanschützer - Deputy Chairman, Mr. Mladen Markoč - Deputy Chairman, and members: Mr. Georg Eltz, Ms. Mariza Jugovac, Mr. Hans Dominik Turnovszky and Mr. Vicko Ferić), the following were appointed for a new 4 – year term of office: Mr. Gustav Wurmböck - Chairman, Mr. Franz Lanschützer - Deputy Chairman, Mr. Mladen Markoč - Deputy Chairman, and members: Mr. Georg Eltz, Mr. Hans Dominik Turnovszky, Mr. Vicko Ferić, and Mr. Valter Knapić - employee representative appointed by the Works Council. The term of office for the newly appointed Supervisory Board members started on 7 July 2017.

In order to perform efficiently its function and duties as prescribed by the Audit Act, the Supervisory Board has formed the following bodies:

Presidium of the Supervisory Board: Mr. Gustav Wurmböck, Chairman, Mr. Franz Lanschützer and Mr. Mladen Markoč, Presidium Members.

Audit Committee: Mr. Georg Eltz, Chairman, and members: Mr. Franz Lanschützer, Mr. Mladen Markoč, Mr. Vicko Ferić, and Mr. Dubravko Kušeta.

Investment Committee: Mr. Franz Lanschützer, Chairman and members: Mr. Georg Eltz, Mr. Vicko Ferić, Mr. Hans Dominik Turnovszky, and Mr. Gustav Wurmböck.

Compliant to effective regulations and Company bylaws, The Management and Supervisory Board primarily act through meetings and by correspondence in their decision-making. The Management Board held 26 meetings, the Supervisory Board held 14 meetings, while the Supervisory Board committees held 16 meetings.

RELATED-PARTY TRANSACTIONS

Transactions between related parties within the Group are conducted under standard commercial terms and conditions and at current market prices.

In the reviewed period, revenues from related party transactions totaled HRK 13.9 million²⁹ (2016: HRK 646 thousand) for the Company, and HRK 21 thousand (2016: HRK 17 thousand) for the Group. Costs were HRK 31.2 million (2016: HRK 30.1 million) for the Company, and HRK 1.5 million (2016: HRK 1.3 million) for the Group.

As at 31 December 2017, related-party receivables and payables were as follows: receivables totaled HRK 3.4 million for the Company (year-end 2016: HRK 138.5 million), and none for the Group (year-end 2016: none). Payables totaled HRK 604 thousand (year-end 2016: HRK 279 thousand) for the Company, and HRK 425 thousand for the Group (year-end 2016: HRK 154 thousand).

In accordance with the provision of Article 497 of the Companies Act, on 20 February 2018 the Management Board prepared a separate report on the Company's related-party transactions and in accordance with Paragraph 3 of Article 497, the Management Board declares that in line with circumstances known at the time when certain legal transactions or actions were undertaken, the Company received suitable consideration and was not harmed.

BRANCH OFFICES OF THE COMPANY

The following branch offices were registered on 2 September 2011: Podružnica za turizam RABAC, with registered office in Rabac, Slobode 80, Podružnica za turizam ZLATNI OTOK, with registered office in Krk, Vršanska 8. The following branch office was registered on 4 October 2013: Podružnica za turizam DUBROVNIK BABIN KUK, with registered office in Dubrovnik, Dr. Ante Starčevića 45. The following branch office was registered on 1 October 2014: Podružnica za savjetovanje u vezi s poslovanjem i upravljanjem ZAGREB, with registered office in Zagreb, Miramarska 24. The following branch office was registered on 1 April 2017: Podružnica za turizam BRIONI, with registered office in Pula, Puntičela 155.

The branch offices of Rabac, Zlatni otok, Dubrovnik-Babin kuk and Brioni are the drivers of economic growth in their local communities. They operate at their destinations and support their development by promoting further investments and the development of tourism while participating in social and business activities.

The Company also established an office in the Town of Rab on Rab Island to increase the efficiency and streamline the management of operations as determined by the provisions of the concluded Management contract

²⁹ The most part represents the fee regarding the management of Imperial's properties and services. The implementation of the Management contract started on 4 January 2017.

VALAMAR RIVIERA SHARE

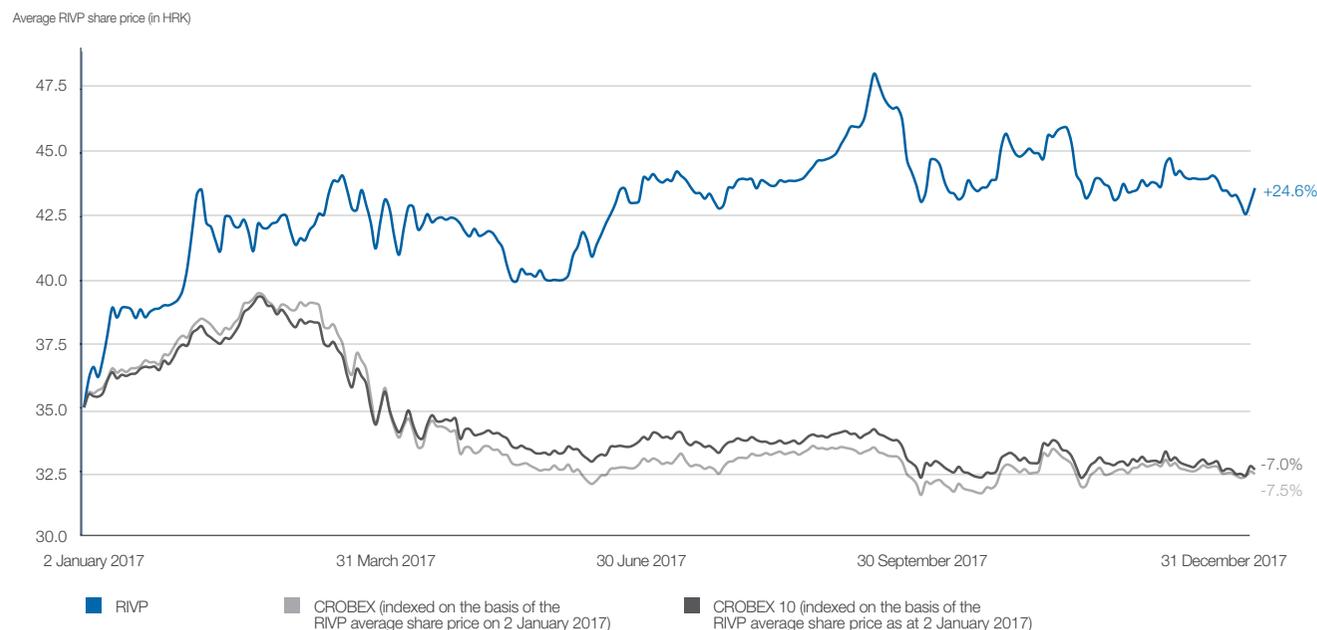
The Company did not acquire its own shares in the period from 1 January 2017 to 31 December 2017. In the respective period the Company released 62,583 own shares, of which 24,182 shares were for dividend payout. As at 31 December 2017, the Company held a total of 1,794,451 own shares, representing 1.42% of the share capital.

In 2017, the highest recorded share price in regular trading on the regulated market was HRK 48.60, while the lowest was HRK 34.68. The Company's share price increased by 24.6%, exceeding both CROBEX and CROBEX 10 indices trends, which recorded a decrease of -7.5% and -7.0% respectively. Valamar Riviera is the most traded share on the Zagreb Stock Exchange in 2017 with a regular trading turnover of HRK 1.3 million per day³⁰.

Apart from the Zagreb Stock Exchange indices, the share is also part of the Vienna Stock Exchange indices (CROX³¹ and SETX³²), and SEE Link indices³³ (SEELinX and SEELinX EWI). In 2H 2017 the Valamar Riviera share was listed in MSCI Frontier Markets Indexes, a global index measuring share performance in a particular market. Zagrebačka banka d.d. and Interkapital vrijednosni papiri d.o.o. are responsible for market making in ordinary Valamar Riviera shares listed on the Official Market of the Zagreb Stock Exchange. They provide support to Valamar Riviera's share turnover, which in the period under review was an average 23.6%³⁴.

The Company is active in holding meetings, presentations and conference calls with domestic and foreign investors. This approach supports high-level transparency, creates additional liquidity, increases share value and the involvement of potential investors. More than 80 meetings were held in 2017, including those held at US financial centers, the London Stock Exchange, the Zagreb and Ljubljana Stock Exchange

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



conference, Wood&Co brokerage firm conferences in Bucharest, Belgrade and Prague, Auerbach Grayson in New York and the Erste Group conference in Stegersbach. Valamar Riviera will continue with this active approach in 2018 to grow further value for all its stakeholders and promote Valamar Riviera's share as one of the leading shares on the Croatian capital market and among other tourism shares on the Mediterranean.

The analytical coverage of Valamar Riviera is provided by:

- 1) Alta invest d.d., Ljubljana;
- 2) ERSTE bank d.d., Zagreb;
- 3) FIMA vrijednosnice d.o.o., Varaždin;
- 4) Interkapital vrijednosni papiri d.o.o., Zagreb;
- 5) Raiffeisenbank Austria d.d., Zagreb;
- 6) UniCredit Group - Zagrebačka banka d.d., Zagreb.

³⁰ Block transactions are excluded from the calculation.

³¹ Croatian Traded Index (CROX) is a capitalization-weighted price index and is made up of 12 most liquid and highest capitalized shares of Zagreb Stock Exchange.

³² South-East Europe Traded Index (SETX) is a capitalization-weighted price index

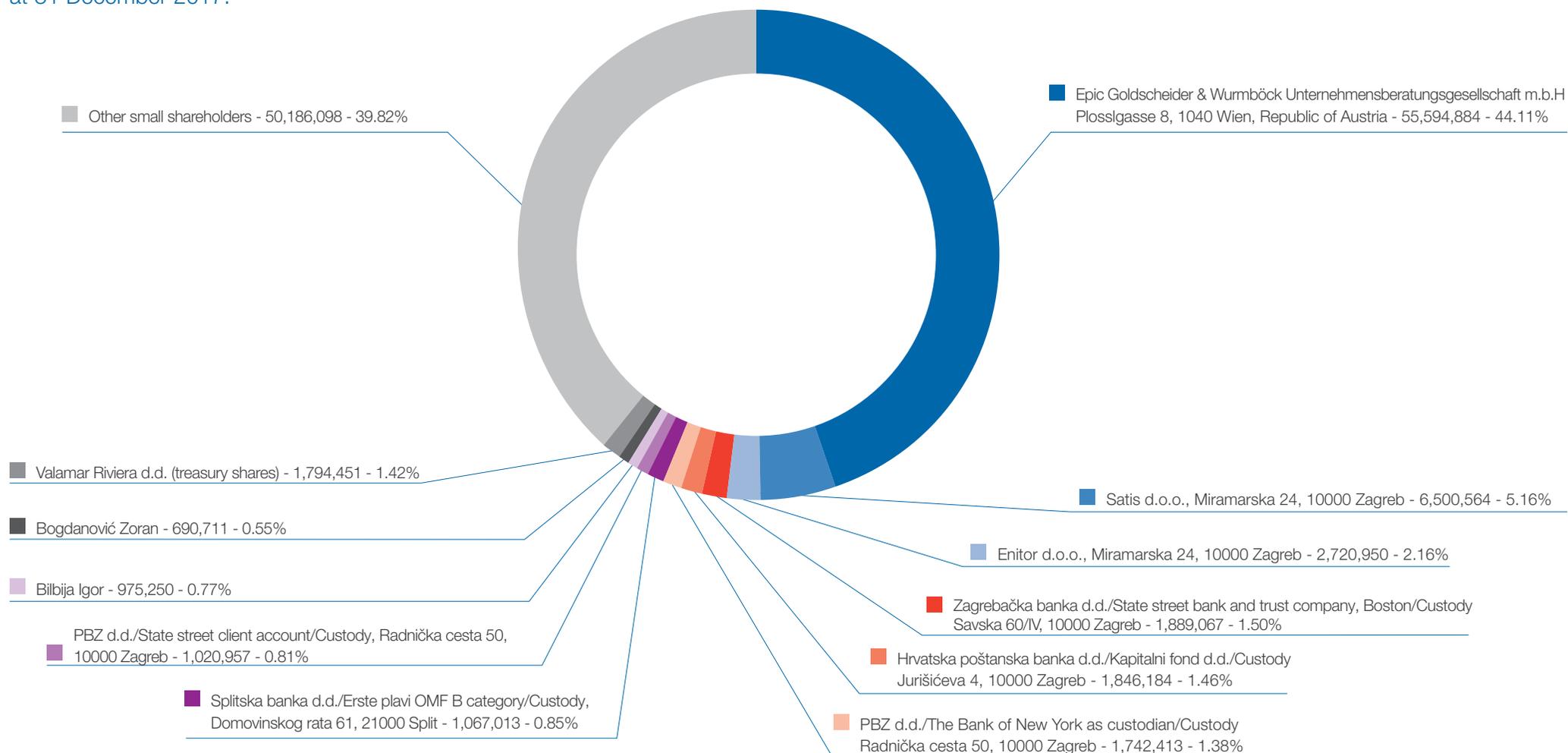
consisting of blue chip stocks traded on stock exchanges in the region of South-eastern Europe (shares listed in Bucharest, Ljubljana, Sofia, Belgrade and Zagreb).

³³ SEE Link is a regional platform for securities trading. It was founded by Bulgarian, Macedonian, and Zagreb Stock Exchange. SEE LinX and SEE LinX EWI are two

"blue chip" regional indices composed of ten most liquid regional companies listed on three Stock Exchanges: five from Croatia, three from Bulgaria, and two from Macedonia.

³⁴ Block transactions are excluded from the calculation. Data refers to the period 1/1 - 31/12/2017.

Overview of major shareholders as at 31 December 2017:



INVESTORS DAY AND THE 2016 INTEGRATED ANNUAL REPORT AND CORPORATE SOCIAL RESPONSIBILITY

The grand opening of Valamar's two resorts in Rabac on 8 June 2017 was a great introduction to the second Valamar Riviera Investors Day. Management Board President Željko Kukurin and Management Board Member Marko Čižmek presented an update on the business operations, development and strategy to create new value for Valamar Riviera. After the presentations, a tour of the new resorts, Valamar Girandella Resort 4*&5* and Bellevue Family Life Resort 4*, was organized for nearly 40 participants in this year's Investors Day.

On this occasion, the 2016 Integrated Annual Report and Corporate Social Responsibility was presented to the investors. This report was created in accordance with the Global Reporting Initiative G4 guidelines. The aim of this report is to give a long-term insight into the company business and strategy to all key stakeholders (shareholders, employees and guests) as well as partners, local communities and the general public. The report is particularly focused on corporate social responsibility, which represents the foundation of the company's sustainable business and further development. The report is available from the Zagreb Stock Exchange website and at: www.valamar-riviera.com.



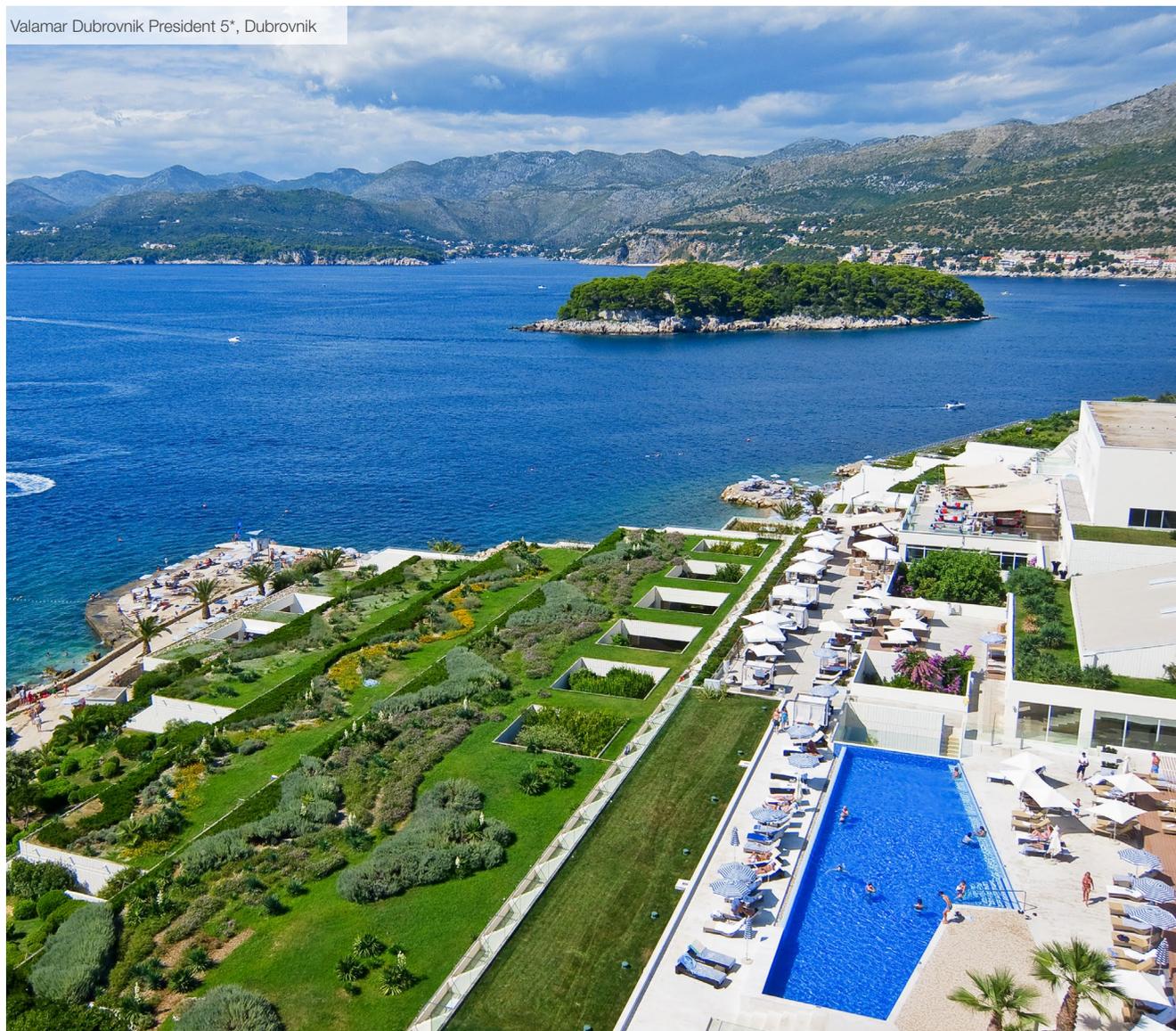
ADDITIONAL INFORMATION

As one of the largest employers in Croatia (as at 31 December 2017, the Group employed 2,864 people of which 1,371 were permanent employees; the Company employed 2,575 people of which 1,166 were permanent employees), the Company and the Group systematically and continuously invest in the development of human resources. An integral strategic approach to human resources management and top practices applied include transparent hiring processes, clear objectives and employees' performance measurement, rewarding systems, opportunities for career advancement, investment in employees' development and encouraging two-way communication.

In the course of the fourth quarter of 2017 (including the period 1 January 2017 – 31 December 2017), the Company's Management Board managed and represented the company pursuant to regulations and the provisions of the Company Statute, 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 fourth quarter of 2017 (including the period 1 January 2017 to 31 December 2017) were adopted by the by the Management Board on 20 February 2018. The 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

Valamar Dubrovnik President 5*, Dubrovnik



RESPONSIBILITY FOR THE QUARTERLY FINANCIAL STATEMENTS

In Poreč, 20 February 2018

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 and annual report 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 set of audited, consolidated and unconsolidated financial statements for 2017 includes the quarterly reports for the fourth quarter of 2017, 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 1 January to 31 December 2017 including the period from 1 October to 31 December 2017 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 Čižmek
Management Board Member



Ljubica Grbac
Director of Department of Finance
and Accounting

VALAMAR RIVIERA d.d.
POREČ (5)

Reporting period: from 1/1/2017 to 31/12/2017

Quarterly financial report TFI-POD

Tax number (MB):	<u>3474771</u>			
Company registration number (MBS):	<u>040020883</u>			
Personal identification number (OIB):	<u>36201212847</u>			
Issuing company:	<u>Valamar Riviera d.d.</u>			
Postal code and place	<u>52440</u>	<u>Poreč</u>		
Street and house number:	<u>Stancija Kaligari 1</u>			
E-mail address:	<u>uprava@riviera.hr</u>			
Internet address:	<u>www.valamar-riviera.com</u>			
Municipality/city code and name:	<u>348</u>	<u>Poreč</u>		
County code and name:	<u>18</u>	<u>Istarska</u>	Number of employees: (period end)	<u>2.854</u>
			NKD code:	<u>5510</u>
Consolidated report:	<u>YES</u>			
Companies of the consolidation subject (according to IFRS):	Seat:		MB:	
Valamar hotels & resorts GmbH	Frankfurt		04724750667	
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	
Puntizela d.o.o.	Pula		03203379	
Bastion upravljanje d.o.o.	Zagreb		01877453	
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	
Imperial d.d.	Rab		03044572	
Accounting firm:	_____			
Contact person:	<u>Sopta Anka</u>			
	<small>(please insert only the contact's full name)</small>			
Telephone:	<u>052/408 188</u>	Fax:	<u>052/408 110</u>	
E-mail address:	<u>anka.sopta@riviera.hr</u>			
Family name and name:	<u>Kukurin Željko, Čizmek Marko</u>			
	<small>(authorized representative)</small>			

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.

(authorized representative's signature)



Balance Sheet (as per 31/12/2017)

Taxpayer: 36201212847; Valamar Riviera d.d.

Item 1	ADP code 2	Preceding year 3	Current year 4
A) SUBSCRIBED CAPITAL UNPAID	001		
B) NON CURRENT ASSETS (ADP 003+010+020+031+036)	002	4.105.084.164	4.632.400.572
I. INTANGIBLE ASSETS (ADP 004 to 009)	003	24.080.361	45.224.706
1. Research and Development expenditure	004		
2. Patents, licences, royalties, trademarks and service marks, software and similar rights	005	17.238.280	37.949.592
3. Goodwill	006	6.567.609	6.567.609
4. Prepayments for intangible assets	007		
5. Intangible assets under construction	008	274.472	707.505
6. Other intangible assets	009		
II. TANGIBLE ASSETS (ADP 011 to 019)	010	3.941.768.572	4.440.260.536
1. Land	011	873.211.455	874.708.080
2. Property	012	2.522.990.552	2.871.712.565
3. Plants and equipment	013	225.945.122	367.257.268
4. Tools, plants and vehicles	014	81.203.324	101.131.434
5. Biological asset	015		
6. Prepayments for tangible assets	016	31.783.971	24.768.328
7. Assets under construction	017	168.568.553	149.431.796
8. Other tangible assets	018	27.197.353	40.996.707
9. Investments property	019	10.868.242	10.254.358
III. NON-CURRENT FINANCIAL ASSETS (ADP 021 to 030)	020	6.601.376	5.417.132
1. Stakes (shares) in undertakings in a Group	021	1.365.316	1.435.245
2. Investments in other securities of undertakings in a Group	022		
3. Loans, deposits etc given to undertakings in a Group	023		
4. Stakes (shares) in undertakings with participating interest	024		
5. Investments in other securities of undertakings with participating interest	025		
6. Loans, deposits etc given to undertakings with participating interest	026		
7. Investments in securities	027	4.766.325	3.620.830
8. Given loans, deposits and similar	028	299.735	191.057
9. Other investments accounted for using the equity method	029		
10. Other non-current financial assets	030	170.000	170.000
IV. TRADE RECEIVABLES (ADP 032 to 035)	031	995.869	834.499
1. Receivables from undertakings in a Group	032		
2. Receivables from undertakings with participating interests	033		
3. Trade receivables	034		43.750
4. Other receivables	035	995.869	790.749
V. DEFERRED TAX ASSETS	036	131.637.986	140.663.699
C) CURENT ASSETS (ADP 038+046+053+063)	037	336.880.206	343.822.386
I. INVENTORIES (ADP 039 to 045)	038	19.245.740	24.496.814
1. Raw materials and consumables	039	18.967.510	24.296.180
2. Work in progress	040		
3. Finished products	041		
4. Merchandise	042	236.606	156.426
5. Prepayments for inventories	043	41.624	44.208
6. Other available-for-sale assets	044		
7. Biological asset	045		
II. RECEIVABLES (ADP 047 to 052)	046	42.229.932	30.637.890
1. Receivables from undertakings in a Group	047	204	231.675
2. Receivables from undertakings with participating interest	048	253	
3. Trade receivables	049	17.711.198	13.742.895
4. Receivables from employees and members of the undertaking	050	657.014	1.226.272
5. Receivables from Government and other institutions	051	21.012.831	13.614.153
6. Other receivables	052	2.848.432	1.822.895
III. CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	753.886	850.728
1. Stakes (shares) in undertakings in a Group	054		
2. Investments in other securities of undertakings in a Group	055		
3. Loans, deposits etc given to undertakings in a Group	056		
4. Stakes(shares) in undertakings with participating interest	057		
5. Investments in other securities of undertakings with participating interest	058		
6. Loans, deposits etc given to undertakings with participating interest	059		
7. Investments in securities	060		
8. Given loans, deposits and similar	061	753.886	746.646
9. Other financial assets	062		104.082
IV. CASH AND CASH EQUIVALENTS	063	274.650.648	287.836.954
D) PREPAYMENTS AND ACCRUED INCOME	064	23.369.940	20.382.090
E) TOTAL ASSETS (ADP 001+002+037+064)	065	4.465.334.310	4.996.605.048
F) OFF-BALANCE SHEET ITEMS	066	54.631.638	54.545.066

Balance Sheet (as per 31/12/2017) (continued)
 Taxpayer: 36201212847; Valamar Riviera d.d.

Item 1	ADP code 2	Preceding year 3	Current year 4
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+081+084+087)	067	2.373.637.039	2.516.174.910
I. SHARE CAPITAL	068	1.672.021.210	1.672.021.210
II. CAPITAL RESERVES	069	2.204.690	3.602.906
III. RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	84.401.862	102.055.847
1. Legal reserves	071	67.198.750	83.601.061
2. Reserves for own shares	072	44.815.284	44.815.284
3. Own stocks and shares (deductible items)	073	37.141.295	35.889.621
4. Statutory reserves	074		
5. Other reserves	075	9.529.123	9.529.123
IV. REVALUATION RESERVES	076		
V. FAIR VALUE RESERVES (ADP 078 to 080)	077	273.313	634.097
1. Fair value of financial assets available for sale	078	273.313	634.097
2. Efficient portion of cash flow hedge	079		
3. Efficient portion of foreign net investment hedge	080		
VI. RETAINED EARNINGS OR LOSS CARRIED FORWARD (ADP 082-083)	081	36.580.064	263.138.894
1. Retained earnings	082	36.580.064	263.138.894
2. Loss carried forward	083		
VII. PROFIT OR LOSS FOR THE FINANCIAL YEAR (ADP 085-086)	084	342.313.777	243.596.016
1. Profit for the financial year	085	342.313.777	243.596.016
2. Loss for the financial year	086		
VIII. MINORITY INTEREST	087	235.842.123	231.125.940
B) PROVISIONS (ADP 089 to 094)	088	49.709.322	58.356.183
1. Provisions for pensions, severance pay and similar liabilities	089		5.446.558
2. Provisions for tax obligations	090		
3. Provisions for litigations in progress	091	49.709.322	52.909.625
4. Provisions for renewal of natural resources	092		
5. Provision for costs within warranty period	093		
6. Other provisions	094		
C) NON-CURRENT LIABILITIES (ADP 096 to 106)	095	1.556.069.066	1.915.658.762
1. Liabilities to related parties	096		
2. Liabilities for loans, deposits etc of undertakings in a Group	097		
3. Liabilities to undertakings with participating interest	098		
4. Liabilities for loans, deposits etc of undertakings with participating interest	099		
5. Liabilities for loans, deposits and other	100	9.149.000	9.046.000
6. Liabilities to banks and other financial institutions	101	1.488.677.568	1.852.267.505
7. Liabilities for advance payments	102		
8. Trade payables	103		
9. Amounts payable for securities	104		
10. Other non-current liabilities	105	2.044.339	1.585.824
11. Deferred tax	106	56.198.159	52.759.433
D) CURRENT LIABILITIES (ADP 108 to 121)	107	394.111.168	402.912.295
1. Liabilities to undertakings in a Group	108	70.197	198.872
2. Liabilities for loans, deposits etc of undertakings in a Group	109		
3. Liabilities to undertakings with participating interest	110		
4. Liabilities for loans, deposits etc of undertakings with participating interest	111		
5. Liabilities for loans, deposits and other	112	103.000	103.000
6. Liabilities to banks and other financial institutions	113	180.344.025	203.141.559
7. Amounts payable for prepayment	114	23.380.655	31.365.529
8. Trade payables	115	154.542.693	132.651.065
9. Liabilities upon loan stocks	116		
10. Liabilities to employees	117	20.674.590	22.455.819
11. Taxes, contributions and similar liabilities	118	11.615.356	11.077.721
12. Liabilities arising from share in the result	119	235.003	230.130
13. Liabilities arising from non-current assets held for sale	120		
14. Other current liabilities	121	3.145.649	1.688.600
E) ACCRUED EXPENSES AND DEFERRED INCOME	122	91.807.715	103.502.898
F) TOTAL LIABILITIES (ADP 067+088+095+107+122)	123	4.465.334.310	4.996.605.048
G) OFF-BALANCE SHEET ITEMS	124	54.631.638	54.545.066

Income Statement (for 1/1/2017 to 31/12/2017)

Taxpayer: 36201212847; Valamar Riviera d.d.

Item	ADP code	Preceding period		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
I. OPERATING INCOME (ADP 126+127+128+129+130)	125	1.488.610.601	82.698.503	1.778.395.862	97.520.679
1. Revenues from sales with undertakings in a Group	126			189.245	189.245
2. Sales revenues (outside the Group)	127	1.454.862.418	72.365.647	1.755.097.476	88.745.906
3. Revenues from use of own products, goods and services	128	2.739.517	794.159	5.211.178	2.063.777
4. Other operating revenues with undertakings in a Group	129		1		
5. Other operating revenues (outside the Group)	130	31.008.666	9.538.696	17.897.963	6.521.751
II. OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)	131	1.241.906.080	295.592.386	1.518.893.175	347.127.089
1. Changes in inventories of finished products and work in progress	132				
2. Material costs (ADP 134 to 136)	133	450.374.431	90.428.327	519.753.525	91.416.971
a) Cost of raw materials & consumables	134	247.421.054	39.546.162	299.650.484	36.174.344
b) Cost of goods sold	135	2.417.204	181.289	2.952.180	105.472
c) Other costs	136	200.536.173	50.700.876	217.150.861	55.137.155
3. Staff costs (ADP 138 to 140)	137	371.316.789	82.344.500	480.161.466	108.584.858
a) Net salaries	138	222.429.876	41.321.323	292.865.456	68.380.156
b) Employee income tax	139	95.492.803	27.363.381	119.910.409	24.983.965
c) Tax on payroll	140	53.394.110	13.659.796	67.385.601	15.220.737
4. Depreciation and amortisation	141	265.188.188	68.084.255	346.413.599	83.233.814
5. Other expenditures	142	128.500.052	38.636.265	143.755.460	41.698.690
6. Value adjustment (ADP 144+145)	143	690.979	419.496	126.181	56.544
a) non-current assets (without financial assets)	144				0
b) current assets (without financial assets)	145	690.979	419.496	126.181	56.544
7. Provisions (ADP 147 to 152)	146	1.854.405	1.854.405	9.486.384	9.486.384
a) Provision for pensions, severance payments and other employment benefits	147			5.446.558	5.446.558
b) Provisions for tax liabilities	148				
c) Provisions for litigations in progress	149	1.854.405	1.854.405	3.653.477	3.653.477
d) Provisions for renewal of natural resources	150				
e) Provision for costs within warranty period	151				
f) Other provisions	152			386.349	386.349
8. Other operating expenses	153	23.981.236	13.825.138	19.196.560	12.649.828
III. FINANCIAL INCOME (ADP 155 to 164)	154	90.889.300	9.435.421	63.640.247	4.545.531
1. Income from stakes (shares) in undertakings in a Group	155				
2. Income from stakes (shares) in undertakings with participating interest	156				
3. Income from other non-current financial investments and loans to undertakings in a Group	157				
4. Other interest income from undertakings in a Group	158				
5. Foreign exchange differences and other financial income from undertakings in a Group	159		-2.323.649		
6. Income from other non-current financial investments and loans	160				
7. Other interest income	161	4.161.232	3.865.846	655.416	363.204
8. Foreign exchange differences and other financial income	162	39.238.318	6.262.708	52.405.389	3.376.879
9. Unrealized gains (income) from the financial assets	163	9.107.883	957.141	7.520.020	421.969
10. Other financial income	164	38.381.867	673.375	3.059.422	383.479
IV. FINANCIAL COSTS (ADP 166 to 172)	165	65.684.632	21.876.845	84.499.175	16.222.070
1. Interest expenses and similar expenses with undertakings in a Group	166				
2. Foreign exchange differences and other expenses with undertakings in a Group	167				
3. Interest expenses and similar	168	34.276.801	9.836.406	42.218.873	10.099.343
4. Foreign exchange differences and other expenses	169	18.950.580	10.308.280	33.867.818	4.529.850
5. Unrealized loss (expenses) from the financial assets	170	8.256.519	962.763	6.761.354	770.399
6. Value adjustment expense on financial assets (net)	171				
7. Other financial expenses	172	4.200.732	769.396	1.651.130	822.478
V. SHARE OF PROFIT FROM UNDERTAKINGS WITH PARTICIPATING INTEREST	173				
VI. SHARE OF PROFIT FROM JOINT VENTURES	174				
VII. SHARE OF LOSS FROM UNDERTAKINGS WITH PARTICIPATING INTEREST	175				
VIII. SHARE OF LOSS FROM JOINT VENTURES	176				
IX. TOTAL INCOME (ADP 125+154+173+174)	177	1.579.499.901	92.133.924	1.842.036.109	102.066.210
X. TOTAL EXPENSES (ADP 131+165+175+176)	178	1.307.590.712	317.469.231	1.603.392.350	363.349.159
XI. PROFIT OR LOSS BEFORE TAX (ADP 177-178)	179	271.909.189	-225.335.307	238.643.759	-261.282.949
1. Profit before tax (ADP 177-178)	180	271.909.189	-225.335.307	238.643.759	-261.282.949
2. Loss before tax (ADP 178-177)	181	0	0	0	0
XII. INCOME TAX EXPENSE	182	-70.404.588	-68.444.935	-6.443.626	-6.315.423
XIII. PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)	183	342.313.777	-156.890.372	245.087.385	-254.967.526
1. Profit for the period (ADP 179-182)	184	342.313.777	-156.890.372	245.087.385	-254.967.526
2. Loss for the period (ADP 182-179)	185	0	0	0	0

Income Statement (for 1/1/2017 to 31/12/2017) (continued)

Taxpayer: 36201212847; Valamar Riviera d.d.

Item	ADP code	Preceding period		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
PROFIT OR LOSS FROM DISCONTINUED OPERATIONS (applicable for entities which use IFRS and have discontinued operations)					
XIV. PROFIT OR LOSS FROM DISCONTINUED OPERATIONS BEFORE TAX (ADP 187-188)	186				
1. Profit before tax from discontinued operations	187				
2. Loss before tax from discontinued operations	188				
XV. INCOME TAX EXPENSE FROM DISCONTINUED OPERATIONS	189				
1. Profit for the period from discontinued operations (ADP 186-189)	190				
2. Loss for the period from discontinued operations (ADP 189-186)	191				

TOTAL PROFIT OR LOSS FOR THE PERIOD (applicable for entities which use IFRS and have discontinued operations)

XVI. PROFIT OR LOSS BEFORE TAX (ADP 179+186)	192				
1. Profit before tax (ADP 192)	193				
2. Loss before tax (ADP 192)	194				
XVII. INCOME TAX EXPENSE (ADP 182+189)	195				
XVIII. PROFIT OR LOSS FOR THE PERIOD (ADP 192-195)	196				
1. Profit for the period (ADP 192-195)	197				
2. Loss for the period (ADP 195-192)	198				

APPENDIX TO THE INCOME STATEMENT (to be completed by entities submitting consolidated financial statements)

XIX. PROFIT OR LOSS FOR THE PERIOD (ADP 200+201)	199	342.313.777	-156.890.372	245.087.385	-254.967.526
1. Attributable to parent company's shareholders	200	342.313.777	-156.890.372	243.596.016	-240.026.353
2. Attributable to non-controlling interests	201			1.491.369	-14.941.173

STATEMENT OF OTHER COMPREHENSIVE INCOME (to be completed by entities subject to IFRS)

I. PROFIT OR LOSS FOR THE PERIOD	202	342.313.777	-156.890.372	245.087.385	-254.967.526
II. OTHER COMPREHENSIVE INCOME /LOSS BEFORE TAX (ADP 204 to 211)	203	-33.642.778	-33.642.778	450.979	450.979
1. Exchange differences arising from foreign operations	204				
2. Revaluation of non-current assets and intangible assets	205				
3. Gains or loss available for sale investments	206	-33.642.778	-33.642.778	450.979	450.979
4. Gains or loss on net movement on cash flow hedges	207				
5. Gains or loss on net investments hedge	208				
6. Share of the other comprehensive income/loss of associates	209				
7. Actuarial gain / loss on post employment benefit obligations	210				
8. Other changes in capital (minorities)	211				
III. TAX ON OTHER COMPREHENSIVE INCOME OF THE PERIOD	212	-2.726.564	-2.726.564	90.195	90.195
IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE YEAR (ADP 203-212)	213	-30.916.214	-30.916.214	360.784	360.784
V. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD (ADP 202+213)	214	311.397.563	-187.806.586	245.448.169	-254.606.742

APPENDIX to the Statement of Comprehensive Income (to be completed by entities submitting consolidated financial statements)

VI. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD (ADP 216+217)	215	311.397.563	-187.806.586	245.448.169	-254.606.742
1. Attributable to parent company's shareholders	216	311.397.563	-187.806.586	243.956.800	-239.665.569
2. Attributable to non-controlling interests	217	0	0	1.491.369	-14.941.173

Cash Flow Statement - Indirect Method (for 1/1/2017 to 31/12/2017)

Taxpayer: 36201212847; Valamar Riviera d.d.

Item 1	ADP code 2	Preceding year 3	Current year 4
CASH FLOW FROM OPERATING ACTIVITIES			
1. Profit before taxes	001	271.909.189	238.643.759
2. Adjustments (ADP 003 to 010)	002	251.043.749	396.630.365
a) Depreciation and amortisation	003	265.188.188	346.413.599
b) Profit and loss from sales and value adjustments of non-current tangible and intangible assets	004	10.501.692	10.701.234
c) Profit and loss from sales and unrealised profit and loss and value adjustments of financial assets	005	-34.619.968	-211.830
d) Income from interest and dividends	006	-4.204.750	-625.283
e) Interest expenses	007	39.459.144	43.870.004
f) Provisions	008	-5.071.660	10.681.641
g) Foreign exchange differences (unrealized)	009	-20.723.051	-14.199.000
h) Other adjustments for non-cash transactions and unrealized profit and loss	010	514.154	
I. Increase or decrease of cash flow before changes in working capital (ADP 001+002)	011	522.952.938	635.274.124
3. Changes in working capital (ADP 013 to 016)	012	26.010.037	3.955.741
a) Increase or decrease of current liabilities	013	49.286.290	-2.906.436
b) Increase or decrease of current receivables	014	-14.783.702	14.229.358
c) Increase or decrease of inventories	015	-8.492.551	-5.251.075
d) Other increase or decrease of working capital	016		-2.116.106
II. Cash from operating activities (ADP 011+012)	017	548.962.975	639.229.865
4. Interest	018	-35.053.605	-42.778.920
5. Income tax paid	019	257.730	6.749.820
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	514.167.100	603.200.765
CASH FLOW FROM INVESTMENT ACTIVITIES			
1. Proceeds from sale of non-current assets	021	5.899.667	3.504.147
2. Proceeds from selling financial instruments	022	40.974.675	1.808.303
3. Proceeds from interest rates	023	4.827.208	829.138
4. Proceeds from dividends	024		74.640
5. Proceeds from repayment of given loans and savings	025	7.242.528	11.226.988
6. Other proceeds from investment activities	026		
III. Total cash proceeds from investment activities (ADP 021 to 026)	027	58.944.078	17.443.216
1. Purchase of non-current tangible and intangible assets	028	-353.865.885	-894.589.185
2. Purchase of financial instruments	029		
3. Loans and deposits for the period	030	-7.670.676	-10.637.180
4. Acquisition of subsidiary, net of acquired cash	031	-250.371.912	-6.207.552
5. Other payments from investment activities	032	-585.001	
IV. Total cash payments from investment activities (ADP 028 to 032)	033	-612.493.474	-911.433.917
B) NET INCREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)	034	-553.549.396	-893.990.701
CASH FLOW FROM FINANCIAL ACTIVITIES			
1. Proceeds from increase of subscribed capital	035		
2. Proceeds from issuing equity-based and debt-based financial instruments	036		
3. Proceeds from loan principal, loans and other borrowings	037	689.895.055	582.241.320
4. Other proceeds from financial activities	038		
V. Total proceeds from financial activities (ADP 035 to 038)	039	689.895.055	582.241.320
1. Repayment of loan principals, loans and other borrowings and debt-based financial instruments	040	-619.590.521	-179.917.851
2. Dividends paid	041	-38.048.245	-98.347.226
3. Payment of finance lease liabilities	042	-270.016	
4. Re-purchase of treasury shares and decrease in subscribed share capital	043	-36.708.611	
5. Other payments from financial activities	044		
VI. Total cash payments from financing activities (ADP 040 to 044)	045	-694.617.393	-278.265.077
C) NET CASH FLOW FROM FINANCIAL ACTIVITIES (ADP 039+045)	046	-4.722.338	303.976.243
1. Cash and cash equivalents-unrealized foreign exchange differences	047		
D) NET INCREASE OR DECREASE OF CASH FLOW (ADP 020+034+046+047)	048	-44.104.634	13.186.307
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	049	318.755.282	274.650.647
F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (ADP 048+049)	050	274.650.648	287.836.954

Description	ADP	Minority (non-controlling) interest														Minority (non-controlling) interest	Total capital and reserves
		Subscribed Share capital	Capital reserves	Legal reserves	Reserves for own shares	Treasury shares and shares (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets available for sale	Efficient portion of cash flow hedge	Efficient portion of foreign net investment hedge	Retained earnings / loss carried forward	Net profit/ loss for the period	Total distributable to majority owners		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16 (3 to 6 - 7 + 8 to 15)	17	18 (16+17)
Previous period																	
1. Balance at 1 January of the previous period	01	1.672.021.210	-373.815	61.906.040	34.344.407	33.513.244	0	0	0	31.189.527			30.576.912	105.441.776	1.901.592.813	97.869	1.901.690.682
2. Changes in accounting policies	02														0		0
3. Error correction	03														0		0
4. Balance at 1 January of the previous period (ADP 01 to 03)	04	1.672.021.210	-373.815	61.906.040	34.344.407	33.513.244	0	0	0	31.189.527	0	0	30.576.912	105.441.776	1.901.592.813	97.869	1.901.690.682
5. Profit/loss for the period	05													342.313.777	342.313.777	235.842.123	578.155.900
6. Foreign currency translation differences- foreign operations	06														0		0
7. Changes in revaluation reserves of non-current tangible and intangible assets	07														0		0
8. Profit or loss from re-evaluation of financial assets held for sale	08														-33.642.778		-33.642.778
9. Profit or loss from cash flow hedge	09														0		0
10. Profit or loss from foreign net investment hedge	10														0		0
11. Share in other comprehensive income/loss from undertakings with participating interest	11														0		0
12. Actuarial gains/losses from defined benefit plans	12														0		0
13. Other changes in capital (minorities)	13														0		0
14. Taxation of transactions recognized directly in equity	14									2.726.564					2.726.564		2.726.564
15. Increase/decrease of subscribed share capital (except by reinvested profit and in pre-bankruptcy settlement)	15														0		0
16. Increase of subscribed share capital by profit reinvestment	16														0		0
17. Increase of subscribed share capital in pre-bankruptcy settlement	17														0		0
18. Repurchase of own shares/ stakes	18					36.708.367									-36.708.367		-36.708.367
19. Share in profit/ dividend payout	19					-32.655.373							-73.650.397		-40.995.024		-40.995.024
20. Other distribution to majority owners	20		2.578.505			-424.943									3.003.448		3.003.448
21. Transfer to reserves according to annual plan	21			5.292.710	10.470.877			9.529.123					-5.292.710	-105.441.776	-85.441.776	-97.869	-85.539.645
22. Increase in reserves in pre-bankruptcy settlement	22												84.946.259		84.946.259		84.946.259
23. Balance at 31 Decemeber of previous period (ADP 04 to 22)	23	1.672.021.210	2.204.690	67.198.750	44.815.284	37.141.295	0	9.529.123	0	273.313	0	0	36.580.064	342.313.777	2.137.794.916	235.842.123	2.373.637.039
ADDITION TO STATEMENT OF CHANGES IN EQUITY (only for IFRS adopters)																	
I. OTHER COMPREHENSIVE INCOME OF PREVIOUS PERIOD NET OF TAX (ADP 06 to 14)	24	0	0	0	0	0	0	0	0	-30.916.214	0	0	0	0	-30.916.214	0	-30.916.214
II. COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+24)	25	0	0	0	0	0	0	0	0	-30.916.214	0	0	0	342.313.777	311.397.563	235.842.123	547.239.686
III. TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD, RECOGNIZED DIRECTLY IN EQUITY (ADP 15 to 22)	26	0	2.578.505	5.292.710	10.470.877	3.628.051	0	9.529.123	0	0	0	0	6.003.152	-105.441.776	-75.195.460	-97.869	-75.293.329
Current period																	
1. Balance at 1 January of current period	27	1.672.021.210	2.204.690	67.198.750	44.815.284	37.141.295	0	9.529.123	0	273.313	0	0	36.580.064	342.313.777	2.137.794.916	235.842.123	2.373.637.039
2. Changes in accounting policies	28														0		0
3. Error correction	29														0		0
4. Balance at 1 January of current period (ADP 27 to 29)	30	1.672.021.210	2.204.690	67.198.750	44.815.284	37.141.295	0	9.529.123	0	273.313	0	0	36.580.064	342.313.777	2.137.794.916	235.842.123	2.373.637.039
5. Profit/loss for the period	31													243.596.016	243.596.016	1.491.369	245.087.385
6. Foreign currency translation differences- foreign operations	32														0		0
7. Changes in revaluation reserves of non-current tangible and intangible assets	33														0		0
8. Profit or loss from re-evaluation of financial assets held for sale	34														450.979		450.979
9. Profit or loss from cash flow hedge	35														0		0
10. Profit or loss from foreign net investment hedge	36														0		0
11. Share in other comprehensive income/loss from undertakings with participating interest	37														0		0
12. Actuarial gains/losses from defined benefit plans	38														0		0
13. Other changes in capital (minorities)	39														0		0
14. Taxation of transactions recognized directly in equity	40														-90.195		-90.195
15. Increase/decrease of subscribed share capital (except by reinvested profit and in pre-bankruptcy settlement)	41														0		0
16. Increase of subscribed share capital by profit reinvestment	42														0		0
17. Increase of subscribed share capital in pre-bankruptcy settlement	43														0		0
18. Repurchase of own shares/ stakes	44					-1.251.675									1.251.675		1.251.675
19. Share in profit/ dividend payout	45														0		0
20. Other distribution to majority owners	46		1.398.216												-99.352.192		-97.953.976
21. Transfer to reserves according to annual plan	47			16.402.311										325.911.021	-342.313.777	-445	-6.207.997
22. Increase in reserves in pre-bankruptcy settlement	48														0		0
23. Balance as at 31 December of the current period (ADP 30 to 48)	49	1.672.021.210	3.602.906	83.601.061	44.815.284	35.889.620	0	9.529.123	0	634.097	0	0	263.138.893	243.596.016	2.285.048.970	231.125.940	2.516.174.910
ADDITION TO STATEMENT OF CHANGES IN EQUITY (only for IFRS adopters)																	
I. OTHER COMPREHENSIVE INCOME OF CURRENT PERIOD, NET OF TAX (ADP 32 to 40)	50	0	0	0	0	0	0	0	0	360.784	0	0	0	0	360.784	0	360.784
II. COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 31 + 50)	51	0	0	0	0	0	0	0	0	360.784	0	0	0	243.596.016	243.956.800	1.491.369	245.448.169
III. TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD, RECOGNIZED DIRECTLY IN EQUITY (ADP 41 to 48)	52	0	1.398.216	16.402.311	0	-1.251.675	0	0	0	0	0	0	226.558.829	-342.313.777	-96.702.746	-6.207.552	-102.910.298

Notes

(1) The notes to financial statements include additional and supplemental information not presented in the Balance Sheet, Income Statement, Cash Flow Statement or the Statement of Changes in Equity in accordance with the provisions of the relevant financial reporting standards.

Companies of the consolidation subject	Balance sheet-previous period	Balance sheet-current period
	31/12/2016	31/12/2017
Mirta Bašćanska d.o.o.	Yes (merged to Hoteli Baška d.d. 13.1.2016.)	
Vala Bašćanska d.o.o.	Yes (merged to Hoteli Baška d.d. 13.1.2016.)	
Baškaturist d.o.o.	Yes (merged to Hoteli Baška d.d. 13.1.2016.)	
Hoteli Baška d.d.	Yes (merged to Valamar Riviera d.d. 31.3.2016.)	
Bastion upravljanje d.o.o.	Yes (merged to Valamar Riviera d.d. 30.6.2016.)	
Puntžela d.o.o.	Yes (merged to Valamar Riviera d.d. 31.3.2017.)	
Elafiti Babin kuk d.o.o.	Yes (merged to Valamar Riviera d.d. 29.12.2017.)	
Valamar hotels & resorts GmbH	Yes	Yes
Elafiti Babin kuk d.o.o.	Yes	Yes
Magične stijene d.o.o.	Yes	Yes
Palme turizam d.o.o.	Yes	Yes
Pogača Babin Kuk d.o.o.	Yes	Yes
Bugenvilia d.o.o.	Yes	Yes
Imperial d.d.	Yes	Yes

Companies of the consolidation subject:	Income statement-previous period	Income statement-current period
	31/12/2016	31/12/2017
Mirta Bašćanska d.o.o.	01.01.-13.01. (merged to Hoteli Baška d.d. 13.1.2016.)	-
Vala Bašćanska d.o.o.	01.01.-13.01. (merged to Hoteli Baška d.d. 13.1.2016.)	-
Baškaturist d.o.o.	01.01.-13.01. (merged to Hoteli Baška d.d. 13.1.2016.)	-
Hoteli Baška d.d.	01.01.-31.03. (merged to Valamar Riviera d.d. 31.3.2016.)	-
Bastion upravljanje d.o.o.	01.01.-30.06. (merged to Valamar Riviera d.d. 30.6.2016.)	-
Puntžela d.o.o.	01.01.-31.12.	01.01.-31.03. (merged to Valamar Riviera d.d. 31.3.2017.)
Elafiti Babin kuk d.o.o.	01.01.-31.12.	01.01.-29.12. (merged to Valamar Riviera d.d. 29.12.2017.)
Valamar hotels & resorts GmbH	01.01.-31.01.	-
Magične stijene d.o.o.	01.01.-31.12.	01.01.-31.12.
Palme turizam d.o.o.	01.01.-31.12.	01.01.-31.12.
Pogača Babin Kuk d.o.o.	01.01.-31.12.	01.01.-31.12.
Bugenvilia d.o.o.	01.01.-31.12.	01.01.-31.12.
Imperial d.d.	-	01.01.-31.12.

Balance Sheet (as per 31/12/2017)

Taxpayer: 36201212847; Valamar Riviera d.d.

Item 1	ADP code 2	Preceding year 3	Current year 4
A) SUBSCRIBED CAPITAL UNPAID	001		
B) NON CURRENT ASSETS (ADP 003+010+020+031+036)	002	3.806.830.512	4.321.068.373
I. INTANGIBLE ASSETS (ADP 004 to 009)	003	17.342.793	44.533.715
1. Research and Development expenditure	004		
2. Patents, licences, royalties, trademarks and service marks, software and similar rights	005	17.068.321	37.646.206
3. Goodwill	006		6.567.609
4. Prepayments for intangible assets	007		
5. Intangible assets under construction	008	274.472	319.900
6. Other intangible assets	009		
II. TANGIBLE ASSETS (ADP 011 to 019)	010	2.906.793.288	3.697.439.264
1. Land	011	595.574.908	633.926.337
2. Property	012	1.805.980.339	2.416.617.894
3. Plants and equipment	013	207.011.662	345.844.344
4. Tools, plants and vehicles	014	62.668.696	89.672.494
5. Biological asset	015		
6. Prepayments for tangible assets	016	29.697.670	23.166.558
7. Assets under construction	017	167.870.168	137.209.673
8. Other tangible assets	018	27.121.603	40.747.606
9. Investments property	019	10.868.242	10.254.358
III. NON-CURRENT FINANCIAL ASSETS (ADP 021 to 030)	020	675.525.760	456.347.314
1. Stakes (shares) in undertakings in a Group	021	670.319.700	452.395.427
2. Investments in other securities of undertakings in a Group	022		
3. Loans, deposits etc given to undertakings in a Group	023		
4. Stakes (shares) in undertakings with participating interest	024		
5. Investments in other securities of undertakings with participating interest	025		
6. Loans, deposits etc given to undertakings with participating interest	026		
7. Investments in securities	027	4.766.325	3.620.830
8. Given loans, deposits and similar	028	299.735	191.057
9. Other investments accounted for using the equity method	029		
10. Other non-current financial assets	030	140.000	140.000
IV. TRADE RECEIVABLES (ADP 032 to 035)	031	113.553.484	188.176
1. Receivables from undertakings in a Group	032	113.247.689	
2. Receivables from undertakings with participating interests	033		
3. Trade receivables	034		
4. Other receivables	035	305.795	188.176
V. DEFERRED TAX ASSETS	036	93.615.187	122.559.904
C) CURENT ASSETS (ADP 038+046+053+063)	037	319.356.014	291.552.583
I. INVENTORIES (ADP 039 to 045)	038	18.253.553	23.913.513
1. Raw materials and consumables	039	18.026.040	23.767.779
2. Work in progress	040		
3. Finished products	041		
4. Merchandise	042	227.513	145.734
5. Prepayments for inventories	043		
6. Other available-for-sale assets	044		
7. Biological asset	045		
II. RECEIVABLES (ADP 047 to 052)	046	62.728.000	29.405.487
1. Receivables from undertakings in a Group	047	25.253.754	3.392.515
2. Receivables from undertakings with participating interest	048		
3. Trade receivables	049	16.702.108	12.221.884
4. Receivables from employees and members of the undertaking	050	649.460	1.171.905
5. Receivables from Government and other institutions	051	18.294.801	10.812.531
6. Other receivables	052	1.827.877	1.806.652
III. CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	726.764	832.773
1. Stakes (shares) in undertakings in a Group	054		
2. Investments in other securities of undertakings in a Group	055		
3. Loans, deposits etc given to undertakings in a Group	056	23.800	25.800
4. Stakes (shares) in undertakings with participating interest	057		
5. Investments in other securities of undertakings with participating interest	058		
6. Loans, deposits etc given to undertakings with participating interest	059		
7. Investments in securities	060		
8. Given loans, deposits and similar	061	702.964	702.891
9. Other financial assets	062		104.082
IV. CASH AND CASH EQUIVALENTS	063	237.647.697	237.400.810
D) PREPAYMENTS AND ACCRUED INCOME	064	21.820.614	19.416.287
E) TOTAL ASSETS (ADP 001+002+037+064)	065	4.148.007.140	4.632.037.243
F) OFF-BALANCE SHEET ITEMS	066	54.631.638	54.545.066

Balance Sheet (as per 31/12/2017) (continued)
Taxpayer: 36201212847; Valamar Riviera d.d.

Item 1	ADP code 2	Preceding year 3	Current year 4
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+081+084+087)	067	2.324.082.480	2.395.468.296
I. SHARE CAPITAL	068	1.672.021.210	1.672.021.210
II. CAPITAL RESERVES	069	2.204.690	3.602.906
III. RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	84.401.862	102.055.847
1. Legal reserves	071	67.198.750	83.601.061
2. Reserves for own shares	072	44.815.284	44.815.284
3. Own stocks and shares (deductible items)	073	37.141.295	35.889.621
4. Statutory reserves	074		
5. Other reserves	075	9.529.123	9.529.123
IV. REVALUATION RESERVES	076		
V. FAIR VALUE RESERVES (ADP 078 to 080)	077	273.313	634.097
1. Fair value of financial assets available for sale	078	273.313	634.097
2. Efficient portion of cash flow hedge	079		
3. Efficient portion of foreign net investment hedge	080		
VI. RETAINED EARNINGS OR LOSS CARRIED FORWARD (ADP 082-083)	081	228.523.684	385.175.162
1. Retained earnings	082	228.523.684	385.175.162
2. Loss carried forward	083		
VII. PROFIT OR LOSS FOR THE FINANCIAL YEAR (ADP 085-086)	084	336.657.721	231.979.074
1. Profit for the financial year	085	336.657.721	231.979.074
2. Loss for the financial year	086		
VIII. MINORITY INTEREST	087		
B) PROVISIONS (ADP 089 to 094)	088	26.578.807	31.597.492
1. Provisions for pensions, severance pay and similar liabilities	089		4.665.359
2. Provisions for tax obligations	090		
3. Provisions for litigations in progress	091	26.578.807	26.932.133
4. Provisions for renewal of natural resources	092		
5. Provision for costs within warranty period	093		
6. Other provisions	094		
C) NON-CURRENT LIABILITIES (ADP 096 to 106)	095	1.351.548.203	1.739.431.226
1. Liabilities to related parties	096		
2. Liabilities for loans, deposits etc of undertakings in a Group	097		
3. Liabilities to undertakings with participating interest	098		
4. Liabilities for loans, deposits etc of undertakings with participating interest	099		
5. Liabilities for loans, deposits and other	100		
6. Liabilities to banks and other financial institutions	101	1.332.585.946	1.721.763.614
7. Liabilities for advance payments	102		
8. Trade payables	103		
9. Amounts payable for securities	104		
10. Other non-current liabilities	105	2.044.339	1.585.824
11. Deferred tax	106	16.917.918	16.081.788
D) CURRENT LIABILITIES (ADP 108 to 121)	107	361.331.313	369.130.888
1. Liabilities to undertakings in a Group	108	195.394	377.577
2. Liabilities for loans, deposits etc of undertakings in a Group	109		
3. Liabilities to undertakings with participating interest	110		
4. Liabilities for loans, deposits etc of undertakings with participating interest	111		
5. Liabilities for loans, deposits and other	112		
6. Liabilities to banks and other financial institutions	113	159.263.170	184.701.848
7. Amounts payable for prepayment	114	22.878.112	30.708.993
8. Trade payables	115	150.726.630	121.224.757
9. Liabilities upon loan stocks	116		
10. Liabilities to employees	117	18.821.064	20.606.875
11. Taxes, contributions and similar liabilities	118	7.640.156	10.270.639
12. Liabilities arising from share in the result	119	59.985	72.403
13. Liabilities arising from non-current assets held for sale	120		
14. Other current liabilities	121	1.746.802	1.167.796
E) ACCRUED EXPENSES AND DEFERRED INCOME	122	84.466.337	96.409.341
F) TOTAL LIABILITIES (ADP 067+088+095+107+122)	123	4.148.007.140	4.632.037.243
G) OFF-BALANCE SHEET ITEMS	124	54.631.638	54.545.066

Income Statement (for 1/1/2017 to 31/12/2017)

Taxpayer: 36201212847; Valamar Riviera d.d.

Item	ADP code	Preceding period		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
I. OPERATING INCOME (ADP 126 to 130)	125	1.470.965.788	82.564.374	1.636.413.207	94.113.701
1. Revenues from sales with undertakings in a Group	126	587.914	83.328	13.865.641	4.434.601
2. Sales revenues (outside the Group)	127	1.439.839.388	72.051.789	1.602.798.436	82.611.424
3. Revenues from use of own products, goods and services	128	2.739.517	794.159	5.191.926	2.055.831
4. Other operating revenues with undertakings in a Group	129	41.709	17.487	46.785	4.544
5. Other operating revenues (outside the Group)	130	27.757.260	9.617.611	14.510.419	5.007.301
II. OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)	131	1.233.233.856	296.069.014	1.396.220.124	315.847.272
1. Changes in inventories of finished products and work in progress	132				
2. Material costs (ADP 134 to 136)	133	474.135.719	96.959.546	511.785.310	93.141.886
a) Cost of raw materials & consumables	134	245.716.305	39.412.456	274.645.200	33.043.011
b) Cost of goods sold	135	2.417.204	181.289	2.850.429	100.984
c) Other costs	136	226.002.210	57.365.801	234.289.681	59.997.891
3. Staff costs (ADP 138 to 140)	137	365.349.927	81.735.791	443.751.031	99.266.955
a) Net salaries	138	219.441.890	40.956.230	269.924.542	62.910.131
b) Employee income tax	139	93.854.219	26.650.228	111.612.209	22.453.475
c) Tax on payroll	140	52.053.818	14.129.333	62.214.280	13.903.349
4. Depreciation and amortisation	141	243.228.097	62.979.843	283.465.960	67.852.811
5. Other expenditures	142	126.732.255	38.362.661	133.772.749	38.232.183
6. Value adjustment (ADP 144+145)	143	690.979	419.496	112.132	42.495
a) non-current assets (without financial assets)	144				
b) current assets (without financial assets)	145	690.979	419.496	112.132	42.495
7. Provisions (ADP 147 to 152)	146	1.854.405	1.854.405	5.086.540	5.086.540
a) Provision for pensions, severance payments and other employment benefits	147			4.665.359	4.665.359
b) Provisions for tax liabilities	148				
c) Provisions for litigations in progress	149	1.854.405	1.854.405	421.181	421.181
d) Provisions for renewal of natural resources	150				
e) Provision for costs within warranty period	151				
f) Other provisions	152				
8. Other operating expenses	153	21.242.474	13.757.272	18.246.402	12.224.402
III. FINANCIAL INCOME (ADP 155 to 164)	154	88.144.060	9.420.273	59.584.924	3.962.094
1. Income from stakes (shares) in undertakings in a Group	155				
2. Income from stakes (shares) in undertakings with participating interest	156				
3. Income from other non-current financial investments and loans to undertakings in a Group	157				
4. Other interest income from undertakings in a Group	158				
5. Foreign exchange differences and other financial income from undertakings in a Group	159				
6. Income from other non-current financial investments and loans	160				
7. Other interest income	161	4.152.605	3.865.656	467.081	306.044
8. Foreign exchange differences and other financial income	162	36.899.712	3.924.101	48.589.480	2.872.190
9. Unrealized gains (income) from the financial assets	163	9.107.883	957.141	7.520.020	421.969
10. Other financial income	164	37.983.860	673.375	3.008.343	361.891
IV. FINANCIAL COSTS (ADP 166 to 172)	165	60.817.483	21.113.772	82.068.385	14.668.555
1. Interest expenses and similar expenses with undertakings in a Group	166				
2. Foreign exchange differences and other expenses with undertakings in a Group	167				
3. Interest expenses and similar	168	32.410.766	9.404.498	37.199.453	9.192.669
4. Foreign exchange differences and other expenses	169	17.070.046	10.164.374	31.145.877	4.101.469
5. Unrealized loss (expenses) from the financial assets	170	8.256.519	962.763	6.761.354	770.400
6. Value adjustment expense on financial assets (net)	171			5.629.924	0
7. Other financial expenses	172	3.080.152	582.137	1.331.777	604.017
V. SHARE OF PROFIT FROM UNDERTAKINGS WITH PARTICIPATING INTEREST	173				
VI. SHARE OF PROFIT FROM JOINT VENTURES	174				
VII. SHARE OF LOSS FROM UNDERTAKINGS WITH PARTICIPATING INTEREST	175				
VIII. SHARE OF LOSS FROM JOINT VENTURES	176				
IX. TOTAL INCOME (ADP 125+154+173+174)	177	1.559.109.848	91.984.647	1.695.998.131	98.075.795
X. TOTAL EXPENSES (ADP 131+165+175+176)	178	1.294.051.339	317.182.786	1.478.288.509	330.515.827
XI. PROFIT OR LOSS BEFORE TAX (ADP 177-178)	179	265.058.509	-225.198.139	217.709.622	-232.440.032
1. Profit before tax (ADP 177-178)	180	265.058.509	-225.198.139	217.709.622	-232.440.032
2. Loss before tax (ADP 178-177)	181	0	0	0	0
XII. INCOME TAX EXPENSE	182	-71.599.212	-71.599.212	-14.269.452	
XIII. PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)	183	336.657.721	-153.598.927	231.979.074	-232.440.032
1. Profit for the period (ADP 179-182)	184	336.657.721	-153.598.927	231.979.074	-232.440.032
2. Loss for the period (ADP 182-179)	185	0	0	0	0

Income Statement (for 1/1/2017 to 31/12/2017) (continued)

Taxpayer: 36201212847; Valamar Riviera d.d.

Item	ADP code	Preceding period		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
PROFIT OR LOSS FROM DISCONTINUED OPERATIONS (applicable for entities which use IFRS and have discontinued operations)					
XIV. PROFIT OR LOSS FROM DISCONTINUED OPERATIONS BEFORE TAX (ADP 187-188)	186				
1. Profit before tax from discontinued operations	187				
2. Loss before tax from discontinued operations	188				
XV. INCOME TAX EXPENSE FROM DISCONTINUED OPERATIONS	189				
1. Profit for the period from discontinued operations (ADP 186-189)	190				
2. Loss for the period from discontinued operations (ADP 189-186)	191				
TOTAL PROFIT OR LOSS FOR THE PERIOD (applicable for entities which use IFRS and have discontinued operations)					
XVI. PROFIT OR LOSS BEFORE TAX (ADP 179+186)	192				
1. Profit before tax (ADP 192)	193				
2. Loss before tax (ADP 192)	194				
XVII. INCOME TAX EXPENSE (ADP 182+189)	195				
XVIII. PROFIT OR LOSS FOR THE PERIOD (ADP 192-195)	196				
1. Profit for the period (ADP 192-195)	197				
2. Loss for the period (ADP 195-192)	198				
APPENDIX TO THE INCOME STATEMENT (to be completed by entities submitting consolidated financial statements)					
XIX. PROFIT OR LOSS FOR THE PERIOD (ADP 200+201)	199	336.657.721	-153.598.927	231.979.074	-232.440.032
1. Attributable to parent company's shareholders	200	336.657.721	-153.598.927	231.979.074	-232.440.032
2. Attributable to non-controlling interests	201				
STATEMENT OF OTHER COMPREHENSIVE INCOME (to be completed by entities subject to IFRS)					
I. PROFIT OR LOSS FOR THE PERIOD	202	336.657.721	-153.598.927	231.979.074	-232.440.032
II. OTHER COMPREHENSIVE INCOME /LOSS BEFORE TAX (ADP 204 to 211)	203	-34.190.767	-34.190.767	450.979	450.979
1. Exchange differences arising from foreign operations	204				
2. Revaluation of non-current assets and intangible assets	205				
3. Gains or loss available for sale investments	206	-34.190.767	-34.190.767	450.979	450.979
4. Gains or loss on net movement on cash flow hedges	207				
5. Gains or loss on net investments hedge	208				
6. Share of the other comprehensive income/loss of associates	209				
7. Actuarial gain / loss on post employment benefit obligations	210				
8. Other changes in capital (minorities)	211				
III. TAX ON OTHER COMPREHENSIVE INCOME OF THE PERIOD	212	-2.726.295	-2.726.295	90.195	90.195
IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE YEAR (ADP 203-212)	213	-31.464.472	-31.464.472	360.784	360.784
V. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD (ADP 202+213)	214	305.193.249	-185.063.399	232.339.858	-232.079.248
APPENDIX to the Statement of Comprehensive Income (to be completed by entities submitting consolidated financial statements)					
VI. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD (ADP 216+217)	215	0	0	0	0
1. Attributable to parent company's shareholders	216				
2. Attributable to non-controlling interests	217				

Cash Flow Statement - Indirect Method (for 1/1/2017 to 31/12/2017)

Taxpayer: 36201212847; Valamar Riviera d.d.

Item 1	ADP code 2	Preceding year 3	Current year 4
CASH FLOW FROM OPERATING ACTIVITIES			
1. Profit before taxes	001	265.058.509	217.709.622
2. Adjustments (ADP 003 to 010)	002	226.318.352	323.378.635
a) Depreciation and amortisation	003	243.228.097	283.465.960
b) Profit and loss from sales and value adjustments of non-current tangible and intangible assets	004	10.496.519	10.492.924
c) Profit and loss from sales and unrealised profit and loss and value adjustments of financial assets	005	-35.155.437	-211.830
d) Income from interest and dividends	006	-4.126.318	-436.947
e) Interest expenses	007	35.491.173	38.531.230
f) Provisions	008	-3.412.883	6.707.753
g) Foreign exchange differences (unrealized)	009	-18.583.434	-13.101.550
h) Other adjustments for non-cash transactions and unrealized profit and loss	010	-1.619.365	-2.068.905
I. Increase or decrease of cash flow before changes in working capital (ADP 001+002)	011	491.376.861	541.088.257
3. Changes in working capital (ADP 013 to 016)	012	53.034.890	33.035.631
a) Increase or decrease of current liabilities	013	46.934.092	1.433.296
b) Increase or decrease of current receivables	014	14.593.148	37.262.296
c) Increase or decrease of inventories	015	-8.492.350	-5.659.961
d) Other increase or decrease of working capital	016		
II. Cash from operating activities (ADP 011+012)	017	544.411.751	574.123.888
4. Interest	018	-30.070.461	-38.109.984
5. Income tax paid	019	312.063	102.419
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	514.653.353	536.116.323
CASH FLOW FROM INVESTMENT ACTIVITIES			
1. Proceeds from sale of non-current assets	021	5.898.667	3.469.847
2. Proceeds from selling financial instruments	022	39.024.276	1.808.303
3. Proceeds from interest rates	023	4.750.479	639.234
4. Proceeds from dividends	024		579.153
5. Proceeds from repayment of given loans and savings	025	7.137.978	11.143.895
6. Other proceeds from investment activities	026	4.639.935	338.416
III. Total cash proceeds from investment activities (ADP 021 to 026)	027	61.451.335	17.978.848
1. Purchase of non-current tangible and intangible assets	028	-343.698.596	-860.324.118
2. Purchase of financial instruments	029		
3. Loans and deposits for the period	030	-7.593.973	-10.615.679
4. Acquisition of subsidiary, net of acquired cash	031	-285.527.212	-6.207.552
5. Other payments from investment activities	032		
IV. Total cash payments from investment activities (ADP 028 to 032)	033	-636.819.781	-877.147.349
B) NET INCREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)	034	-575.368.446	-859.168.501
CASH FLOW FROM FINANCIAL ACTIVITIES			
1. Proceeds from increase of subscribed capital	035		
2. Proceeds from issuing equity-based and debt-based financial instruments	036		
3. Proceeds from loan principal, loans and other borrowings	037	618.507.365	582.241.802
4. Other proceeds from financial activities	038		
V. Total proceeds from financial activities (ADP 035 to 038)	039	618.507.365	582.241.802
1. Repayment of loan principals, loans and other borrowings and debt-based financial instruments	040	-546.673.519	-161.094.158
2. Dividends paid	041	-38.297.245	-98.342.353
3. Payment of finance lease liabilities	042	-262.524	
4. Re-purchase of treasury shares and decrease in subscribed share capital	043	-36.708.367	
5. Other payments from financial activities	044		
VI. Total cash payments from financing activities (ADP 040 to 044)	045	-621.941.655	-259.436.511
C) NET CASH FLOW FROM FINANCIAL ACTIVITIES (ADP 039+045)	046	-3.434.290	322.805.291
1. Cash and cash equivalents-unrealized foreign exchange differences	047		
D) NET INCREASE OR DECREASE OF CASH FLOW (ADP 020+034+046+047)	048	-64.149.383	-246.887
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	049	301.797.080	237.647.697
F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (ADP 048+049)	050	237.647.697	237.400.810

Description	ADP	Minority (non-controlling) interest														Minority (non-controlling) interest	Total capital and reserves
		Subscribed Share capital	Capital reserves	Legal reserves	Reserves for own shares	Treasury shares and shares (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets available for sale	Efficient portion of cash flow hedge	Efficient portion of foreign net investment hedge	Retained earnings / loss carried forward	Net profit/ loss for the period	Total distributable to majority owners		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16 (3 to 6 - 7 + 8 to 15)	17	18 (16+17)
Previous period																	
1. Balance at 1 January of the previous period	01	1.672.021.210	109.139	61.906.040	34.344.407	29.046.586	0			31.431.842			211.961.240	105.854.201	2.088.581.493		2.088.581.493
2. Changes in accounting policies	02														0		0
3. Error correction	03														0		0
4. Balance at 1 January of the previous period (ADP 01 to 03)	04	1.672.021.210	109.139	61.906.040	34.344.407	29.046.586	0	0	0	31.431.842	0	0	211.961.240	105.854.201	2.088.581.493	0	2.088.581.493
5. Profit/loss for the period	05													336.657.721	336.657.721		336.657.721
6. Foreign currency translation differences- foreign operations	06							0							0		0
7. Changes in revaluation reserves of non-current tangible and intangible assets	07														0		0
8. Profit or loss from re-evaluation of financial assets held for sale	08									-34.190.767					-34.190.767		-34.190.767
9. Profit or loss from cash flow hedge	09										0				0		0
10. Profit or loss from foreign net investment hedge	10														0		0
11. Share in other comprehensive income/loss from undertakings with participating interest	11														0		0
12. Actuarial gains/losses from defined benefit plans	12														0		0
13. Other changes in capital (minorities)	13		-482.954							305.943					-177.011		-177.011
14. Taxation of transactions recognized directly in equity	14									2.726.295					2.726.295		2.726.295
15. Increase/decrease of subscribed share capital (except by reinvested profit and in pre-bankruptcy settlement)	15														0		0
16. Increase of subscribed share capital by profit reinvestment	16														0		0
17. Increase of subscribed share capital in pre-bankruptcy settlement	17														0		0
18. Repurchase of own shares/ stakes	18					36.708.367									-36.708.367		-36.708.367
19. Share in profit/ dividend payout	19					-32.655.373							-73.910.156		-41.254.783		-41.254.783
20. Other distribution to majority owners	20		2.578.505			4.041.715									-1.463.210		-1.463.210
21. Transfer to reserves according to annual plan	21			5.292.710	10.470.877			9.529.123					90.472.600	-105.854.201	9.911.109		9.911.109
22. Increase in reserves in pre-bankruptcy settlement	22														0		0
23. Balance at 31 Decemeber of previous period (ADP 04 to 22)	23	1.672.021.210	2.204.690	67.198.750	44.815.284	37.141.295	0	9.529.123	0	273.313	0	0	228.523.684	336.657.721	2.324.082.480	0	2.324.082.480
ADDITION TO STATEMENT OF CHANGES IN EQUITY (only for IFRS adopters)																	
I. OTHER COMPREHENSIVE INCOME OF PREVIOUS PERIOD NET OF TAX (ADP 06 to 14)	24	0	-482.954	0	0	0	0	0	0	-31.158.529	0	0	0	0	-31.641.483	0	-31.641.483
II. COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+24)	25	0	-482.954	0	0	0	0	0	0	-31.158.529	0	0	0	336.657.721	305.016.238	0	305.016.238
III. TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD, RECOGNIZED DIRECTLY IN EQUITY (ADP 15 to 22)	26	0	2.578.505	5.292.710	10.470.877	8.094.709	0	9.529.123	0	0	0	0	16.562.444	-105.854.201	-69.515.251	0	-69.515.251
Current period																	
1. Balance at 1 January of current period	27	1.672.021.210	2.204.690	67.198.750	44.815.284	37.141.295	0	9.529.123	0	273.313	0	0	228.523.684	336.657.721	2.324.082.480	0	2.324.082.480
2. Changes in accounting policies	28														0		0
3. Error correction	29														0		0
4. Balance at 1 January of current period (ADP 27 to 29)	30	1.672.021.210	2.204.690	67.198.750	44.815.284	37.141.295	0	9.529.123	0	273.313	0	0	228.523.684	336.657.721	2.324.082.480	0	2.324.082.480
5. Profit/loss for the period	31													231.979.074	231.979.074		231.979.074
6. Foreign currency translation differences- foreign operations	32														0		0
7. Changes in revaluation reserves of non-current tangible and intangible assets	33														0		0
8. Profit or loss from re-evaluation of financial assets held for sale	34									450.979					450.979		450.979
9. Profit or loss from cash flow hedge	35														0		0
10. Profit or loss from foreign net investment hedge	36														0		0
11. Share in other comprehensive income/loss from undertakings with participating interest	37														0		0
12. Actuarial gains/losses from defined benefit plans	38														0		0
13. Other changes in capital (minorities)	39														0		0
14. Taxation of transactions recognized directly in equity	40									-90.195					-90.195		-90.195
15. Increase/decrease of subscribed share capital (except by reinvested profit and in pre-bankruptcy settlement)	41														0		0
16. Increase of subscribed share capital by profit reinvestment	42														0		0
17. Increase of subscribed share capital in pre-bankruptcy settlement	43														0		0
18. Repurchase of own shares/ stakes	44					-1.251.674									1.251.674		1.251.674
19. Share in profit/ dividend payout	45														0		0
20. Other distribution to majority owners	46		1.398.216										-99.352.193		-97.953.977		-97.953.977
21. Transfer to reserves according to annual plan	47			16.402.311									256.003.671	-336.657.721	-64.251.739		-64.251.739
22. Increase in reserves in pre-bankruptcy settlement	48														0		0
23. Balance as at 31 December of the current period (ADP 30 to 48)	49	1.672.021.210	3.602.906	83.601.061	44.815.284	35.889.621	0	9.529.123	0	634.097	0	0	385.175.162	231.979.074	2.395.468.296	0	2.395.468.296
ADDITION TO STATEMENT OF CHANGES IN EQUITY (only for IFRS adopters)																	
I. OTHER COMPREHENSIVE INCOME OF CURRENT PERIOD, NET OF TAX (ADP 32 to 40)	50	0	0	0	0	0	0	0	0	360.784	0	0	0	0	360.784	0	360.784
II. COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 31 + 50)	51	0	0	0	0	0	0	0	0	360.784	0	0	0	231.979.074	232.339.858	0	232.339.858
III. TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD, RECOGNIZED DIRECTLY IN EQUITY (ADP 41 to 48)	52	0	1.398.216	16.402.311	0	-1.251.674	0	0	0	0	0	0	156.651.478	-336.657.721	-160.954.042	0	-160.954.042

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