

BUSINESS RESULTS

1/1/2019 -
30/6/2019



VALAMAR
All you can holiday



EXECUTIVE SUMMARY

KEY FINANCIAL INDICATORS

(in HRK '000,000)

	1 - 6/2018	1 - 6/2019	2019/2018
Total revenues	647.7	697.7	7.7%
Sales revenues	586.2	662.7	13.0%
Board revenues	476.1	539.3	13.3%
Operating expenses	483.6	581.8	20.3%
EBITDA	106.8	84.7	-20.7%
Adjusted EBITDA	104.4	86.5	-17.2%
EBIT	-87.4	-153.0	75.2%
Adjusted EBIT	-89.8	-151.3	68.4%
EBT	-72.3	-180.7	150.1%

	31/12/2018	30/6/2019	2019/2018
Net debt	2,169.1	2,563.8	18.2%
Cash and cash equivalents	261.8	202.5	-22.7%
Market capitalization	4,468.8	4,671.3	4.5%
EV	6,637.9	7,235.2	9.0%

KEY OPERATING INDICATORS

	1 - 6/2018	1 - 6/2019	2019/2018
Accommodation units (capacity)	20,563	21,266	3.4%
Number of beds	56,446	58,417	3.5%
Accommodation units sold	1,018,483	1,072,289	5.3%
Overnights	2,037,444	2,145,412	5.3%
ADR (in HRK)	467	503	7.6%

Note: Details and explanations can be found on page 15 in "Results of the Group".

13%
GROWTH OF SALES
REVENUES TO
663
MILLION HRK

EBITDA

During the first six months of 2019, the Group achieved growth of normalized¹ operating results. Overnights grew for the fifth consecutive year and their number exceeded 2 million. The recorded decrease in adjusted EBITDA of HRK 18 million to a profit of HRK 86 million is due to the change in the accounting policy of monthly provisioning of employees' unused annual leave hours² and earlier costs dynamics. By normalizing¹ the aforementioned impact, the adjusted EBITDA recorded a growth of 7% vs. last year's comparable period.

REVENUES

Total revenues were HRK 698 million, up by 8% vs. last year's comparable period (HRK 648 million in 2018). In total revenues, HRK 663 million represented sales revenues (HRK 586 million in 2018), while the remaining part was mainly financial income, down by HRK 27 million (from HRK 46 million to HRK 19 million). Sales revenues growth was largely driven by 13% higher board revenues that totaled HRK 539 million (HRK 476 million in 2018) and 12% higher extra F&B revenues.

¹ Represents the normalization of the adjusted EBITDA for HRK 25.1 million due to earlier advertising and marketing costs dynamics and the change in the accounting policy of monthly provisioning of employees' unused annual leave hours.

² In the previous years the amount of unused annual leave hours was provisioned solely in December, whereas from the current year the provisioning is performed on a monthly basis, currently with a negative impact on staff costs of HRK 20.5 million.

EXECUTIVE SUMMARY

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In the first six months of 2019, the Group achieved 2,145,412 overnights (+5%), while ADR rose by 8% to HRK 503. The HRK 63 million growth in board revenues was mainly driven by: i) the intensive investment cycle to improve competitiveness and the quality of services and products, ii) the consolidation of the Hoteli Makarska and Valamar Obertauern Hotel 4* operations, iii) demand-driven optimization of distribution and prices, iv) numerous successful events held, v) better occupancy, and vi) the development of destination products with added value.

COSTS

Operating costs were HRK 582 million; in spite of negative pressure, they achieved a controlled growth of 20%. The growth is mainly due to i) this year's consolidation of companies Hoteli Makarska and Valamar Obertauern ii) growth in material costs resulting from increased energy costs and earlier advertising and marketing costs dynamics, and iii) increased staff costs. The planned increase in staff costs is mostly due to i) the change in the accounting policy of monthly provisioning of employees' unused annual leave hours² which accounts for HRK 20 million, ii) ensuring competitive salaries and other material and non-material working conditions (total payrolls increase of 4% since June

2018), and iii) new staff hired to ensure service quality in the new Premium and Upscale products that report excellent demand and occupancy.

FINANCIAL RESULT

In the first six months of 2019, the financial result amounted to HRK -28 million (HRK +15 million in 2018). The financial result, down by HRK 43 million, is mainly due to the absence of unrealized positive exchange rate differences on long-term loans as a consequence of the appreciation of the Croatian Kuna compared to the Euro in the fourth quarter of 2018.

EBT

The expected loss before tax of the first six months increased by HRK 108 million to HRK 181 million. The growth is mainly due to: i) increased annual cost of amortization (HRK +44 million due to the earlier large investment cycles) having the most significant influence in the first half of the year due to the industry's seasonal operations, and ii) lower financial result (HRK -43 million).

2019 GROUP'S
INVESTMENT
CYCLE OF
OVER HRK

790

MILLION ARE
FINALIZED

EXECUTIVE SUMMARY

/ continued

MARKET CAPITALIZATION AND NET DEBT

The enterprise value recorded a positive growth trend (+9%) as a result of increased market capitalization and sound and sustainable debt and company growth management. Compared to 31 December 2018, net debt increased by HRK 395 million due to the earlier large investment cycle (over HRK 790 million outflow) and acquisition of 23.5% of the share capital of Helios Faros company (HRK 23 million outflow). The positive business effects will be visible in the second half of this year.

INVESTMENTS

Valamar Riviera Group completed its large investment cycle worth over HRK 790 million. The investments were related to repositioning of Istra camping towards the Premium segment which has now become the largest 5* camping site in Croatia, to the new luxury family hotel Valamar Collection Marea Suites 5* in Poreč, to the further improvement of accommodation, products and services focusing on premium camping in Istria and on Krk and Rab islands, to the reconstruction and repositioning of Valamar Carolina Hotel & Villas 4*, as well as to large investments into accommodation for seasonal employees. All invested facilities report extremely good demand and occupancy. For details, see "2019 Investments" on page 33.

The Supervisory Boards of Valamar Riviera and Imperial granted their general prior approval for the 2020 investment cycle amounting to a total HRK 711 million. The final investment amount will be decided by the end of the current year. In the forthcoming year investments will represent the continuation of strategic investments to reposition the portfolio towards products and services with high added value, focusing on the construction of a luxury resort in the Pical zone, investments in Valamar Zagreb Hotel 4* and in Istra Premium Camping Resort 4* and other investment projects aimed at upgrading products and services at all destinations. The continuation of investments is also planned in the accommodation for seasonal employees and energy efficiency and digitalization. For details, see "2020 Investments" on page 36.

ACQUISITIONS

On 15 May 2017, Valamar Riviera and PBZ Croatia osiguranje d.d. (managing mandatory pension funds) submitted a joint offer for the investment and recapitalization of Helios Faros, a hospitality company on Hvar Island undergoing bankruptcy proceedings and managing a 591-key portfolio. On 21 November 2018, the Commercial Court in Split confirmed the Bankruptcy Plan for the investment and recapitalization

EXECUTIVE SUMMARY

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of the company Helios Faros which was entered into the court register on 18 March 2019. Executing the Bankruptcy Plan, the Trustee in Bankruptcy of Helios Faros passed a decision on 6 May 2019 to increase the share capital by stakes in money. Upon payment of the stake, Valamar has become the holder of 23.61%, and PBZ Croatia osiguranje of 70.83% shares of the company. These funds were used to satisfy the insolvency creditors and to create the prerequisites for the Helios Faros emergence from bankruptcy which ended on 22 July 2019 by the decision of the Commercial Court in Split. The partnership between PBZ Croatia osiguranje and Valamar Riviera that will manage the tourist portfolio will mark the beginning of the new phase of tourism development in Stari Grad on Hvar island.

OUTLOOK

Our positive expectations regarding the further increase in overnights, sales revenues and EBITDA are based on the increase in bookings until year-end vs last year, this year's large investment cycle, the great market feedback received by the recently developed properties, the overall portfolio quality, as well as the acquisition of Hoteli Makarska and Valamar Obertauern.

Following the successful acquisition of Hoteli Baška on Krk island, Imperial on Rab island, Hoteli Makarska in Makarska, Helios Faros on Hvar island, and the first hotel in Austria (Valamar Obertauern), we are considering further expansion by pursuing new partnerships and acquisition opportunities in Croatia and abroad.

We are focused on preparing a new mid-term strategic plan 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.

Valamar's press release is available on the Valamar Riviera corporate website (valamar-riviera.com/en/2Q2019).

GROWTH
IN BOOKINGS UNTIL
YEAR-END VS
LAST YEAR

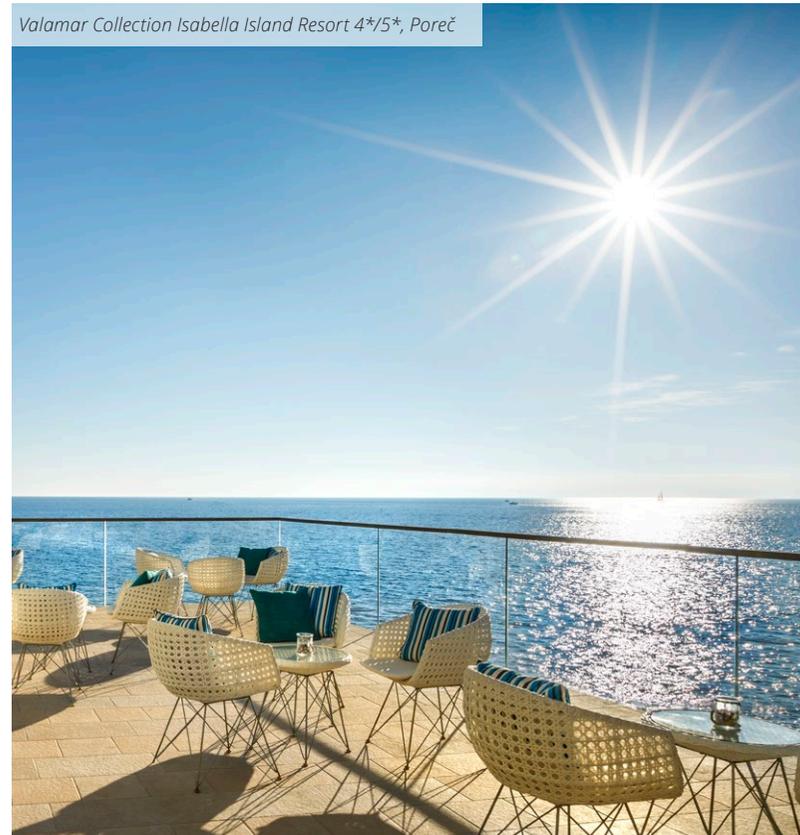


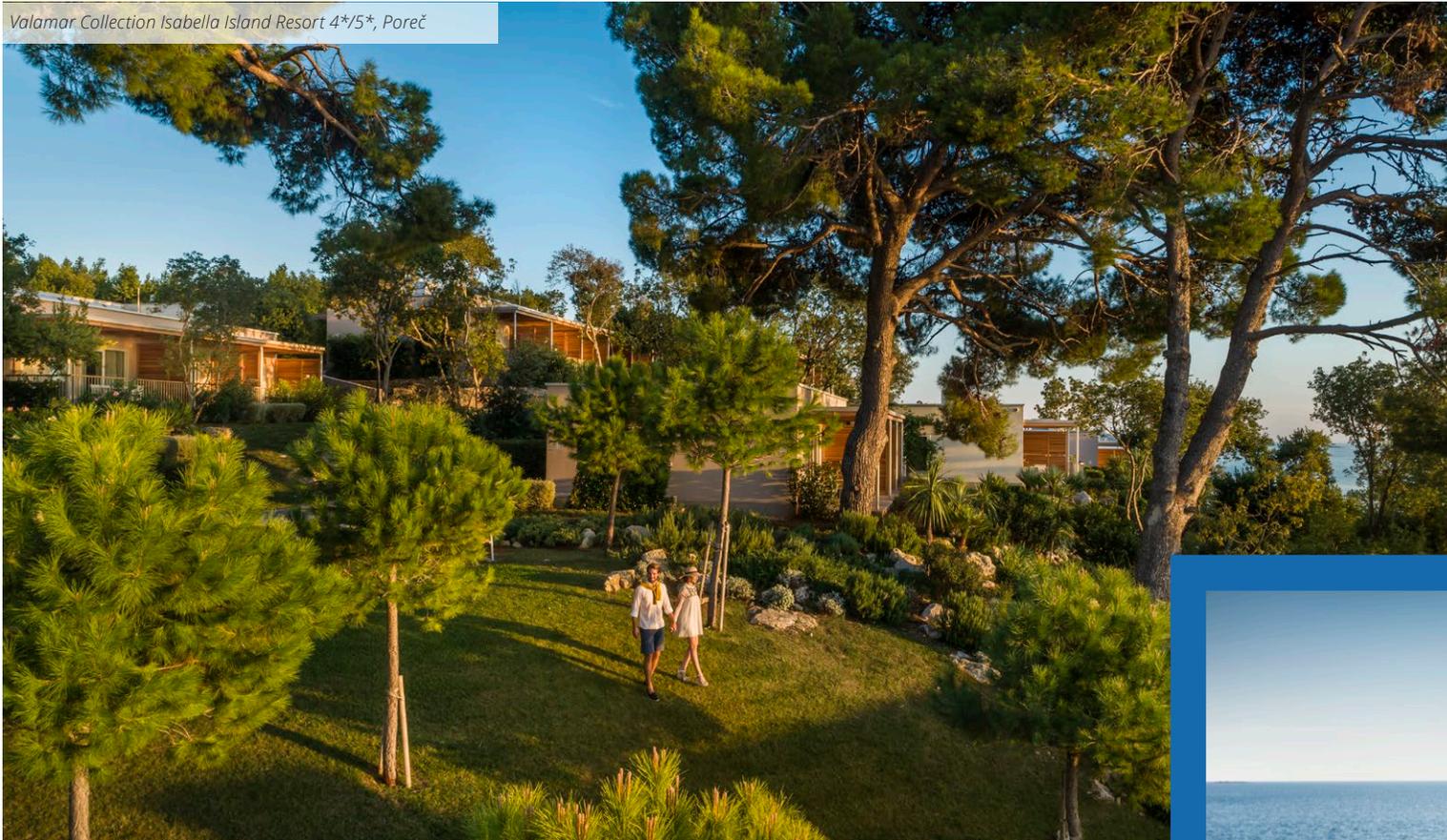
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Valamar Obertauern Hotel 4*, Obertauern



Valamar Collection Isabella Island Resort 4*/5*, Poreč

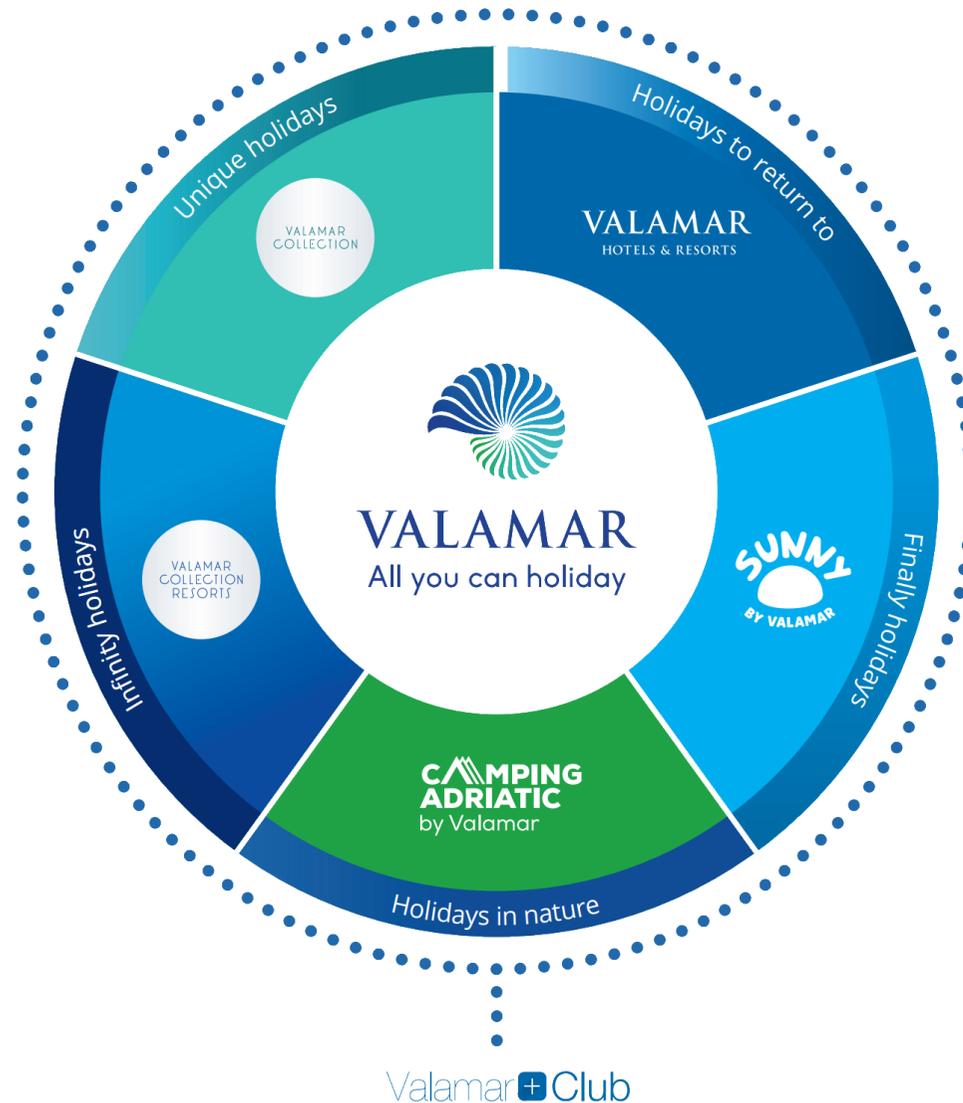


Significant Business Events

ABOUT VALAMAR RIVIERA

Valamar Riviera is the leading Croatian tourism group and one of the largest investors in Croatian tourism with over HRK 5 billion invested in the last 16 years. The company's Valamar All you can holiday umbrella brand covers several sub-brands: Valamar Collection, Valamar Collection Resorts, Valamar Hotels & Resorts, Sunny by Valamar and Camping Adriatic by Valamar. With recent acquisitions of Hoteli Makarska d.d. in Makarska, Helios Faros d.d. on the Hvar island and the first Valamar hotel in Austria, Valamar Riviera Group is now present in eight attractive destinations, from Istria and Kvarner to Dubrovnik in Croatia and Obertauern in Austria. It operates about 12% of the total categorized tourist accommodation in Croatia. The hospitality portfolio includes 34 hotels and resorts and 15 camping resorts. More than 21,000 accommodation units can welcome over 58,000 guests daily. Therefore, Valamar Riviera is the largest tourism group in Croatia, both in terms of portfolio size and revenues. Valamar Riviera cares for the interests of all its stakeholders: guests, suppliers and partners, local communities and destinations, around 22,000 shareholders and over 7,000 people employed during peak season, and society at large. Stakeholders' interests are actively promoted through Valamar Riviera's principles of sustainable and socially responsible growth and development. The company aims at growing further through portfolio investments, new acquisitions and partnerships, by developing its destinations and human resources and increasing operating efficiency.

New Valamar Riviera's brand strategy



INVESTMENT AND RECAPITALIZATION OF HELIOS FAROS

Valamar Riviera and PBZ Croatia osiguranje, a pension fund management company acting in its own name and on behalf of PBZ Croatia osiguranje mandatory pension funds categories: A and B, submitted on 15 May 2017 a joint offer for the investment and recapitalization of Helios Faros, a hospitality company undergoing bankruptcy proceedings 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. 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 keys would reposition the Helios Faros portfolio as premium accommodation, thus turning Stari Grad into an attractive and well-known destination. Helios Faros would employ around 500 people after the renovation of the Arkada and Lavanda hotels. On 21 November 2018, the Commercial Court in Split confirmed the Bankruptcy Plan for the investment and recapitalization of the company Helios Faros which entered the court register on 18 March 2019. On 7 May 2019 Valamar Riviera paid HRK 22.8 million to Helios Faros for a stake of 2,280,000 registered shares (having a nominal value of HRK 10.00) pursuant to the bankruptcy trustee Decision to increase the share capital with cash dated 6 May 2019. Namely, in order to settle the bankruptcy creditors and fulfill the preconditions for closing the bankruptcy proceedings, Helios Faros' share capital was increased by HRK 91.2 million from HRK 5.4 million by issuing 9,100,000 new shares. PBZ Croatia osiguranje has acquired the remaining 6,840,000 shares. By the court registration of the share capital increase, Valamar holds 23.61% and PBZ CO holds 70.83% of shares in Helios Faros. On 22 July 2019 the Commercial Court in Split rendered a Decision on Closing the Bankruptcy Proceedings. The partnership between PBZ CO and Valamar (which will manage Helios Faros' hospitality properties and services) will start a new development phase for tourism in Stari Grad on Hvar island.

Helios Faros d.d., Hvar island



VALAMAR RIVIERA'S GENERAL ASSEMBLY

The Management Board met on 19 February 2019, while the Supervisory Board met on 26 February 2019 to determine the 2018 4Q audited financial statements and the 2018 audited annual financial statements. The General Assembly of Valamar Riviera was held on 8 May 2019 and decided to:

- Distribute the Company's profit achieved in 2018 and totaling HRK 239,279,476 to retained profit .
- Discharge the Management Board members from managing the Company's business in 2018 and the Supervisory Board members from supervising the management of the Company's business in 2018.
- Authorize the Management Board to acquire treasury shares on the organized securities market during a 5-year period starting on 17 November 2019 depending on the company's financial situation.
- Determine a dividend of HRK 1.00 per each share. The dividend would be paid out of the retained profit achieved in 2016. Valamar Riviera's shareholders who opted so, received one quarter of their dividend in company shares.
- Appoint Ernst& Young d.o.o. from Zagreb and UHY RUDAN d.o.o from Zagreb as Valamar Riviera's auditors in 2019.

VALAMAR RIVIERA ON THE PRIME MARKET OF THE ZAGREB STOCK EXCHANGE

On 26 April 2019 the Zagreb Stock Exchange approved the transition of 126,027,542 ordinary Valamar Riviera shares from the Regular to the Prime Market. Valamar Riviera values a high level of transparency and quality in its business and financial communication, so by transitioning to the most demanding exchange quotation, we will strive to increase further share visibility and positively impact the price and liquidity as an example of best market practice. The first trading day on the Prime Market was 29 April 2019.

On 19 June 2019 Zagreb and Ljubljana Stock Exchanges launched a joint equity index ADRIprime. The index includes Valamar Riviera's shares, as

well as other shares listed in the Prime markets of the Zagreb and Ljubljana Stock Exchanges, but whose selection depended on the decision of the individual exchange.

HOTEL MANAGEMENT CONTRACT WITH IMPERIAL RIVIERA

On 16 May 2019 Valamar Riviera concluded a management contract with Imperial Riviera d.d. which became effective on 28 June 2019 with the registration of the merger of Hoteli Makarska (transferor) to Imperial d.d. (transferee), when the company name Imperial d.d. was changed to Imperial Riviera d.d. Both companies had previously concluded a hotel management contract with Valamar, and after the merger it was necessary to adjust the existing contracts to the new status.

Both companies had been successfully privatized in a partnership between Valamar Riviera and AZ pension funds. Valamar Riviera's Supervisory Board supported the collaboration with Croatian pension funds to enable further investments in Croatia's tourism and future growth. The new Imperial Riviera will be a joint company focusing on investments and the development of hospitality properties in the region while Valamar Riviera will continue to manage operations.

2020 INVESTMENTS

The Supervisory Boards of Valamar Riviera and Imperial Riviera granted their general prior approval for the 2020 investment cycle totaling HRK 599 million and HRK 112 million, respectively. The final

SIGNIFICANT
BUSINESS
EVENTS
/continued

investment amount will be decided within this year. The large investment cycle represents the continuation of strategical investments to reposition the portfolio towards products and services with high added value. It focuses on the development of a new resort in the Pical zone, investments in Valamar Zagreb Hotel 4* in Poreč, further investments in Istra Premium Camping Resort 5* in Funtana, as well as improving the quality of accommodation and services of Valamar Meteor Hotel 4 * and Padova Premium Camping Resorta 4 *. Investments are also planned in guest properties and amenities at all destinations, in accommodation for seasonal workers, as well as in projects related to energy efficiency and digitalization. For details, see "2020 Investments", page 36.

PLANNED
2020 GROUP'S
INVESTMENT
CYCLE AMOUNTS
TO HRK

711
MILLION

Valamar Collection Pinea Resort 5*, Poreč (visualization)



 *The Management Board presents the quarterly financial statements for the first quarter and the first half-year of 2019.*

Valamar Argosy Hotel 4*, Dubrovnik



QUARTERLY FINANCIAL STATEMENTS

The Company's Management Board presents the unaudited quarterly financial statements for the second quarter of 2019 (1 April 2019 - 30 June 2019) and for the first half-year (1 January 2019 - 30 June 2019). These statements must be viewed in the context of the mergers and acquisitions mentioned below, and they provide information on the state of the Company and Group, as well as significant events.

The Group income statement for the reviewed period includes the data of companies Hoteli Makarska d.d. and Valamar A GmbH as of 1 August 2018 and Valamar Obertauern GmbH as of 1 November 2018. Please note that 2019 data cannot be entirely compared to data from the previous period, as the latter do not include data for the company Hoteli Makarska d.d., Valamar A GmbH and Valamar Obertauern GmbH.

The Group balance sheet for the reviewed period, as at 30 June 2019, as well as at 31 December 2018, includes data of the previously mentioned companies.

Istra Premium Camping Resort 5*, Poreč



Results of the Group

KEY FINANCIAL INDICATORS³

	1 - 6/2018	1 - 6/2019	2019/2018
Total revenues	647,657,933	697,669,188	7.7%
Operating income	602,105,359	678,849,880	12.7%
Sales revenues	586,210,323	662,654,177	13.0%
Board revenues (accommodation and board revenues) ⁴	476,068,153	539,294,527	13.3%
Operating costs ⁵	483,605,853	581,833,234	20.3%
EBITDA ⁶	106,817,013	84,700,579	-20.7%
Extraordinary operations result and one-off items ⁷	2,440,010	-1,775,449	-172.8%
Adjusted EBITDA ⁸	104,377,003	86,476,028	-17.2%
EBIT	-87,363,343	-153,032,880	75.2%
Adjusted EBIT ⁸	-89,803,353	-151,257,431	68.4%
EBT	-72,257,984	-180,681,270	150.1%
	31/12/2018	30/6/2019	2019/2018
Net debt ⁹	2,169,067,569	2,563,846,086	18.2%
Cash and cash equivalents	261,842,353	202,494,940	-22.7%
Market capitalization ¹⁰	4,468,823,546	4,671,337,065	4.5%
EV ¹¹	6,637,891,115	7,235,183,151	9.0%

KEY BUSINESS INDICATORS¹²

	1 - 6/2018	1 - 6/2019	2019/2018
Number of accommodation units (capacity)	20,563	21,266	3.4%
Number of beds	56,446	58,417	3.5%
Accommodation units sold	1,018,483	1,072,289	5.3%
Overnights	2,037,444	2,145,412	5.3%
ADR ¹³ (in HRK)	467	503	7.6%

3 Classified according to Quarterly Financial Statement standard (TFI POD-RDG). EBIT, EBITDA and their adjusted values and respective margins are recorded on the basis of operating income.

4 In compliance with the classification under the USALI international standard for reporting in hotel industry (Uniform System of Accounts for the Lodging Industry).

5 Operating costs include material costs, staff costs, other costs, and other operating costs reduced by extraordinary expenses and oneoff items.

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

7 Adjustments were made for (i) extraordinary income (in the amount of HRK 11.2 million in 2019, and HRK 14.2 million in 2018), (ii) extraordinary expenses (in the amount of HRK 12.1 million in 2019, and HRK 11.3 million in 2018), and (iii) termination benefit costs (in the amount of HRK 0.9 million in 2019, and HRK 0.4 million in 2018).

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

9 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.

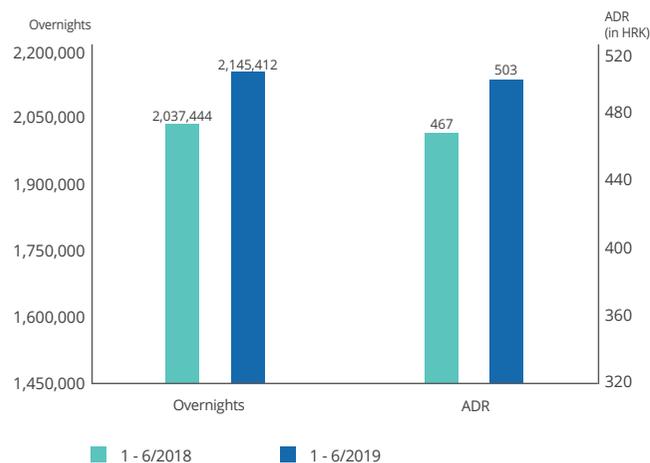
10 The number of shares as at 31 December 2018 net of treasury shares amounts to 122,904,938, while per 30 June 2019 amounts to 122,446,581.

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

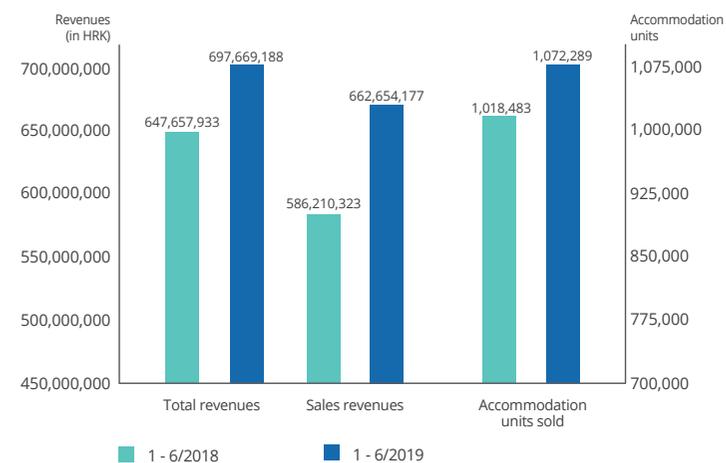
12 2018 key business indicators of Valamar Riviera Group do not include data of Hoteli Makarska and Valamar Obertauern.

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

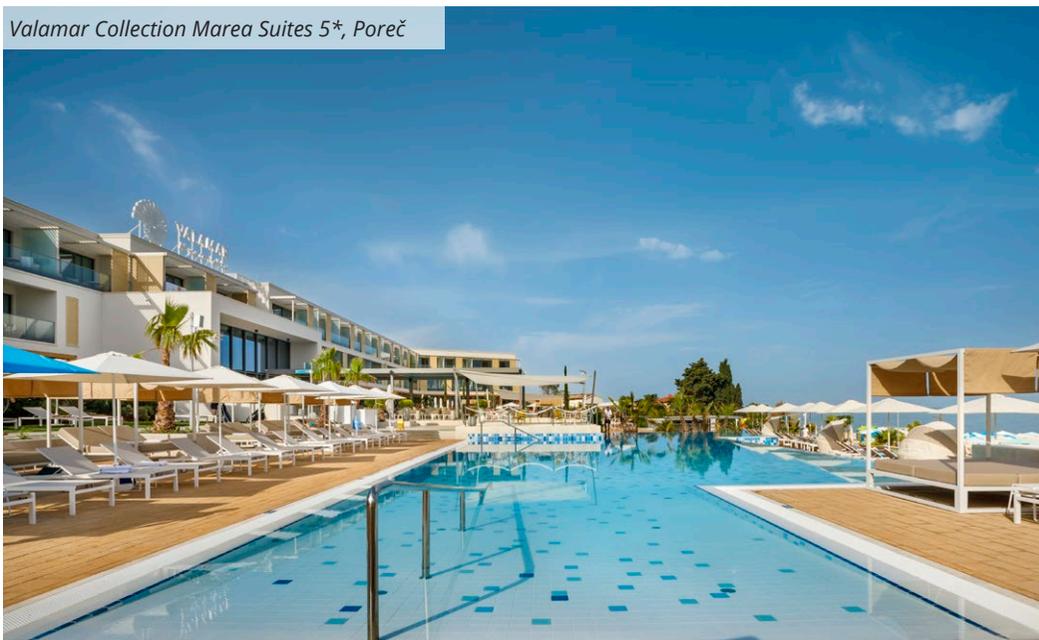
Overnights and ADR



Revenues and accommodation units sold



Valamar Collection Marea Suites 5*, Poreč



Valamar Riviera's operations in the first half of 2019 were marked by the growth of business operations. Valamar Riviera owes its continued success to the concept of sustainable growth and development led by the principles of corporate social responsibility. It is reflected in: (i) continuous portfolio investments, (ii) acquisitions and partnerships (the process of acquiring the companies Hoteli Makarska and Helios Faros in Croatia and the first Valamar hotel in Austria was successfully finalized in 2018 and 2019), and (iii) the development of employees and destinations. As one of Valamar Riviera's key strategic goals, the investments in the preparation of this year's tourist season amounted to over HRK 790 million, while the Group's investments planned for the next year amount to HRK 711 million.

REVENUES

In the first half of 2019, total revenues amounted to HRK 697.7 million, up by 7.7% (HRK +50.0 million). The total realized revenues were affected by:

i) growth in sales revenues, up by 13.0% (HRK +76.4 million) to HRK 662.7 million, mainly driven by board revenues (+13.3%; HRK +63.2 million). Despite the negative effect of shifted Easter holidays to the second quarter, careful preparations of various additions to the offer and experiences and this year's consolidation of the Valamar Obertauern Hotel 4* operations, board revenues increased by 30.5% during the first quarter. In spite of the later opening of the newly invested resorts Valamar Collection Marea Suites 5* and Istra Premium Camping Resorta 5* in early June, the strong growth of board revenues (+12.4%) continued in the second quarter. The Easter holidays in April led to a growth in all marketing segments, while May managed to achieve the planned figures despite rainy weather. The active management of segments and prices drove excellent market feedback received by the individual and M.I.C.E. channels in June. There were 2,145,412 overnights reported in the first six months of 2019, which represents a growth by 5.3%. The average daily rate increased by 7.6% to a level of HRK 503.

Domestic sales revenues were HRK 76.7 million and represented 11.0% of total revenues (8.4% in 2018). They grew by 40.3% compared to the previous comparable period. International sales revenues were HRK 586.0 million, up by HRK 54.4 million and represented by 84.0% of total revenues (82.1% in 2018).

ii) other operating revenues¹⁴ which grew by HRK 0.3 million to HRK 16.2 million, primarily due to this year's consolidation of Hoteli Makarska.

iii) financial income which fell by HRK 26.7 million to HRK 18.8 million, primarily due to the absence of unrealized positive exchange rate

Valamar Argosy Hotel 4*, Dubrovnik



differences regarding long-term loans as a result of the appreciation of the Croatian Kuna compared to the Euro in the fourth quarter of 2018.

iv) consolidation of Hoteli Makarska and Valamar Obertauern with 6 and 2 percentage points contribution to the Group's total revenues, respectively.

Other operating and financial income account for 5.0% of total revenues (9.5% in 2018).

¹⁴ Other operating revenues include revenues from the usage of own products, goods and services.

TOTAL OPERATING EXPENSES OF VALAMAR RIVIERA GROUP¹⁵

(in HRK)	1 - 6/2018	1 - 6/2019	2019/2018
Operating costs ¹⁶	483,605,853	581,833,234	20.3%
Total operating expenses	689,468,702	831,882,760	20.7%
Material costs	199,265,116	237,896,258	19.4%
Staff cost	220,926,532	270,411,581	22.4%
Depreciation and amortisation	194,096,778	237,687,024	22.5%
Other costs	64,428,225	74,461,234	15.6%
Provisions and value adjustments	83,577	46,435	-44.4%
Other operating expenses	10,668,474	11,380,228	6.7%

TOTAL OPERATING EXPENSES

Total operating expenses amounted to HRK 831.9 million and grew by 20.7% (HRK +142.4 million). Excepting the operations of the companies Hoteli Makarska and Valamar Obertauern for reasons of comparability, the total operating expenses recorded a 15% growth. Breakdown of total operating expenses:

i) material costs represented 28.6% (28.9% in 2018). The 19.4% growth (HRK +38.6 million) to HRK 237.9 million is due to i) the consolidation of the companies Hoteli Makarska and Valamar Obertauern, (ii) the increase in energy costs (electricity and waste disposal), (iii) earlier advertising and marketing costs dynamics.

ii) staff costs represented 32.5% in total operating expenses (32.0% in 2018). The reasons behind the 22.4% growth (HRK +49.5 million) to HRK 270.4 million are found in i) the changed accounting policy of monthly provisioning of employees' unused annual leave hours² which accounts for 9 percentage points of growth, ii) the consolidation of the companies Hoteli Makarska and

Valamar Obertauern which represents a 7 percentage points growth, and iii) ensuring competitive salaries and other material and non-material working conditions (total payrolls increase of 4% since June 2018), as well as new staff hired to ensure service quality in the new Premium and Upscale products.

iii) amortization costs represented 28.6% (28.2% in 2018). The increase by 22.5% (HRK +43.6 million) to HRK 237.7 million is a result of the earlier large investment cycle and the consolidation of the Hoteli Makarska and Valamar Obertauern operations.

iv) other costs represented 9.0% (9.3% in 2018). The 15.6% growth (HRK +10.0 million) to HRK 74.5 million is primarily a result of i) the consolidation of the Hoteli Makarska and Valamar Obertauern operations, ii) increase in insurance costs, iii) increase in costs of lodging and meals for employees, iv) increase in costs of student scholarships and employee training (Valamar Riviera is the largest scholarship provider in

¹⁵ Classified according to Quarterly Financial Statements standard (TFI POD-RDG).

¹⁶ Operating costs include material costs, staff costs, other costs, and other operating costs reduced by extraordinary expenses and one-off items.

Croatian tourism), and v) increase in expenses for labor hired via the student employment agency.

v) provisions and value adjustments with a HRK 37 thousand decrease to HRK 46 thousand.

vi) other operating expenses representing 1.4% (1.5% in 2018). The HRK 0.7 million increase to HRK 11.4 million is a result of the consolidation of Hoteli Makarska.

OPERATING COSTS¹⁶

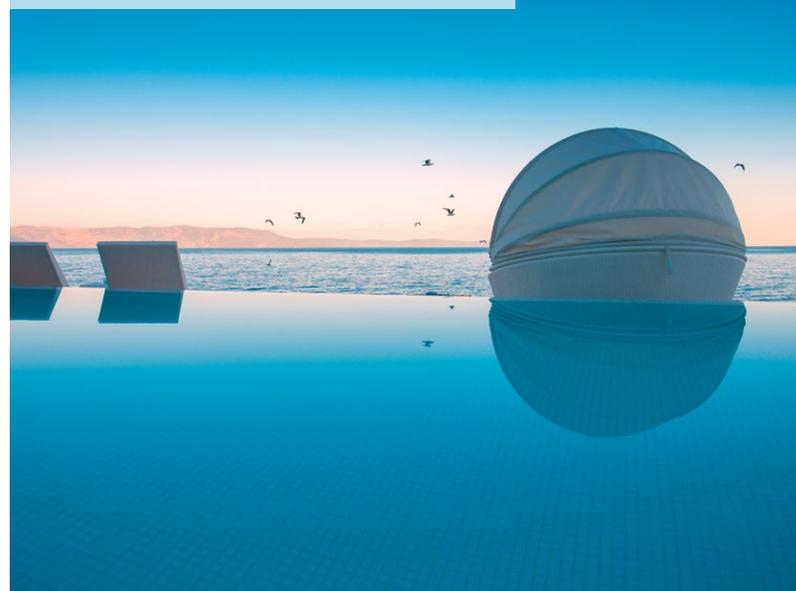
Operating costs amounted to HRK 581.8 million. The reasons behind the expected 20.3% growth are found in i) the increase in material costs (previously explained), ii) the increase in staff costs (previously explained), the increase in other costs (previously explained), and iv) the consolidation of Hoteli Makarska and Valamar Obertauern. The operating costs recorded a 16% growth, excepting the operations of the aforementioned companies for reasons of comparability.

EBITDA AND EBT

The recorded decrease in adjusted EBITDA¹⁷ of HRK 17.9 million to a profit of HRK 86.5 million is due to the change in the accounting policy of monthly provisioning of employees' unused annual leave hours² which accounts for HRK 20.5 million and earlier costs dynamics. By normalizing¹ the aforementioned impact, the adjusted EBITDA¹⁷ recorded a growth of 7% vs. last year's comparable period. Unadjusted EBITDA recorded a decline of HRK 22.1 million to a profit of HRK 84.7 million.

¹⁷ Adjustments were made for (i) extraordinary income (in the amount of HRK 11.2 million in 2019, and HRK 14.2 million in 2018), (ii) extraordinary expenses (in the amount of HRK 12.1 million in 2019, and HRK 11.3 million in 2018), and (iii) termination benefit costs (in the amount of HRK 0.9 million in 2019, and HRK 0.4 million in 2018).

Valamar Collection Girandella Resort 4*/5*, Rabac



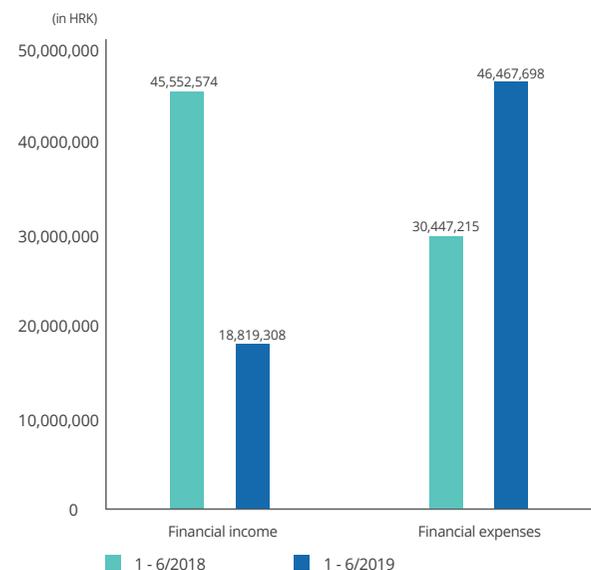
In relation to last year's comparable period, loss before tax grew by HRK 108.4 million to HRK 180.7 million due to a lower result from the financial operations (HRK -42.8 million; details on the next page) and increased amortization (HRK +43.6 million). Operating loss increased by 75.2% to HRK 153.0 million. The Group's gross margin amounts to -27% (-12% in 2018).

The outlook remains positive due to a better booking pace compared to last year's results and the expected positive effects of this year's large investment cycle.

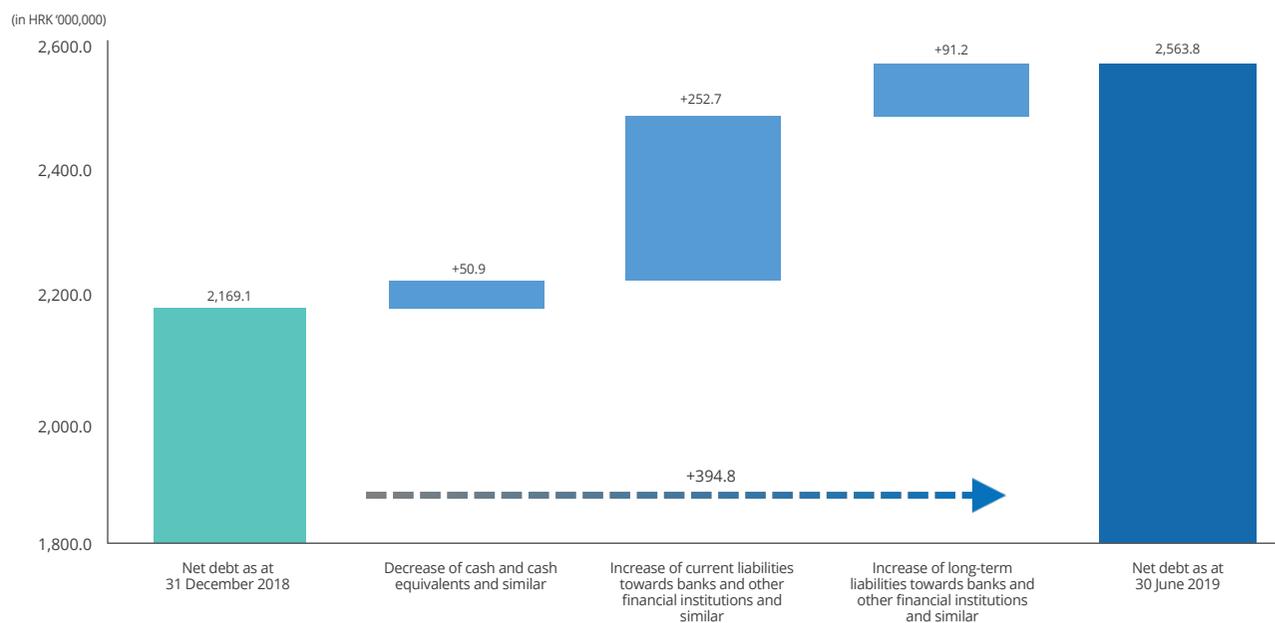
FINANCIAL RESULT

In the first half of 2019, the financial result amounted to HRK -27.6 million (HRK +15.1 million in 2018). The financial result, down by HRK 42.7 million vs. last year's comparable period, is mainly due to: i) the decrease in positive exchange rate differences and other financial revenues by HRK 27.9 million due to the absence of unrealized positive exchange rate differences regarding long-term loans as a result of the appreciation of the Croatian Kuna compared to the Euro by the end of 2018, ii) the net effect of the HRK 4.1 million increase in financial expenses related to interest on long-term loans for financing large investments, as a result of financing of large capital investments, and iii) the increase in unrealized losses from financial assets amounting to HRK 11.0 million, driven by spreading of the scope of protection and liabilities related to the fair value of interest rate swaps.

Financial income and expenses



Net debt ¹⁸



¹⁸ 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

As at 30 June 2019, the total value of the Group's assets amounted to HRK 6,121.9 million, up by 8.0% compared to 31 December 2018.

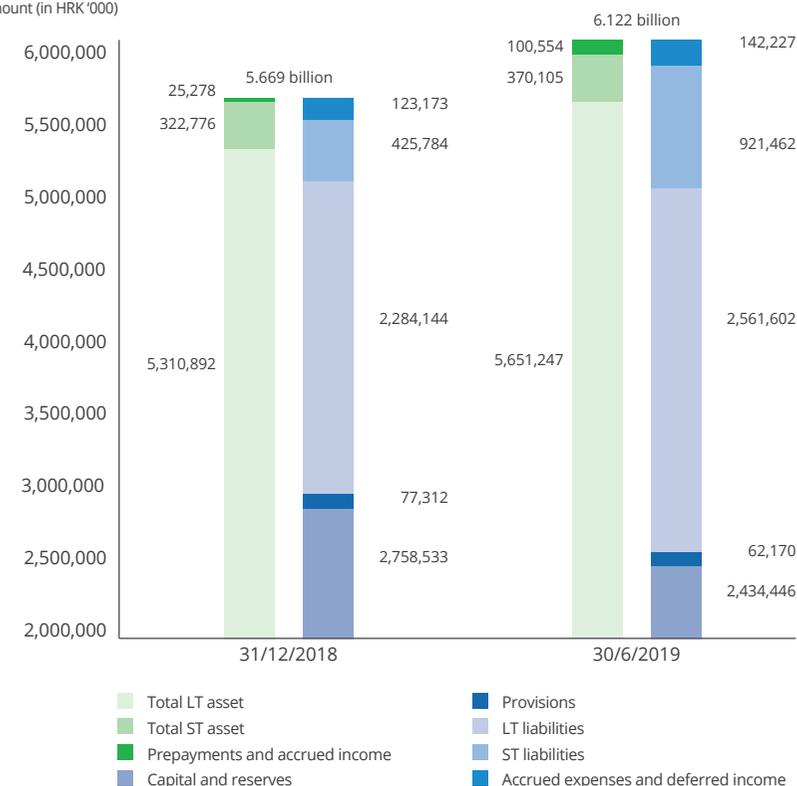
Total share capital and reserves decreased by 11.7% and they amount to HRK 2,434.4 million as a result of realized loss during the current year's first quarter, compared to the profit generated as at 31 December 2018.

Total long-term liabilities grew from HRK 2,284.1 million to HRK 2,561.6 million due to loans contracted to finance this year's investment cycle. Almost the entire loan portfolio is comprised of long-term fixed interest loans or, respectively, loans hedged by a derivative instruments (IRS) for protection against interest rate risk.

Total short-term liabilities amounted to HRK 921.5 million, up by 116.4% compared to 31 December 2018. This is mostly due to i) usually higher liabilities related to guests' advance payments (HRK +294.3 million), ii) the increase in the current repayment of the long-term debt (HRK

Assets and liabilities

Amount (in HRK '000)



+87.7 million), iii) higher trade payables (HRK +44.9 million) due to the preparations for the tourist season, and iv) higher liabilities to employees and for taxes, contributions and similar liabilities (HRK +64.7 million).

Cash and cash equivalents as at 30 June 2019 amount to HRK 202.5 million. The contracted credit lines for investments and the strong cash potential from business activities ensure a smooth continuation of future investments and potential acquisitions.

Ježevac Premium Camping Resort 4*, Krk island



KEY OPERATING INDICATORS OF VALAMAR RIVIERA GROUP PER SEGMENTS¹⁹

	Total			Premium		
	1 - 6/ 2018	1 - 6/ 2019	2019/ 2018	1 - 6/ 2018	1 - 6/ 2019	2019/ 2018
Number of accommodation units	9,203	10,007	8.7%	1,554	1,662	6.9%
Accommodation units sold	620,471	680,112	9.6%	109,568	120,101	9.6%
Overnights	1,230,031	1,343,998	9.3%	230,883	261,845	13.4%
ADR ¹³ (in HRK)	612	633	3.5%	1,070	1,074	0.3%
Board revenues (in HRK)	379,658,752	430,669,071	13.4%	117,264,087	128,975,582	10.0%

¹⁹ 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), Economy segment includes non-commercial segment (accommodation for employees). Business operations of Hoteli Makarska and Valamar Obertauern are not included in 2018. Puntizela - Pula business is included in destination Poreč. A detailed comparison of the new portfolio segmentation can be found on page 28.

Total hotels and resorts

Hotels and resorts reported a HRK 51.0 million growth (+13.4%) and achieved HRK 430.7 million in board revenues. The average daily rate grew by 3.5%, and overnights were up by 9.3% to 1,343,998. The high increase primarily resulted from the earlier large investment cycle, the optimization of the marketing mix and prices, and the consolidation of the Hoteli Makarska and Valamar Obertauern Hotel 4* operations.

Premium hotels and resorts

Premium hotels and resorts recorded a 13.4% increase in overnights, which resulted in a 10.0% increase in board revenues, to HRK 129.0 million. The HRK 11.7 million growth was mostly driven by: i) excellent M.I.C.E., group and allotment channel results in the Valamar Collection Dubrovnik President Hotel 5*, ii) very good placement of the individual channel in the Valamar Collection Girandella Resort 4*/5*, iii) the fact that the Valamar Collection Imperial Hotel 5* was open during a larger number of days, and iv) the newly invested family resort Valamar Collection Marea Suites 5*.

Valamar Collection Imperial Hotel 5*, Rab island



HOTELS AND RESORTS / CONTINUED

	Upscale			Midscale			Economy		
	1 - 6/ 2018	1 - 6/ 2019	2019/ 2018	1 - 6/ 2018	1 - 6/ 2019	2019/ 2018	1 - 6/ 2018	1 - 6/ 2019	2019/ 2018
Number of accommodation units	1,964	2,222	13.1%	3,221	3,440	6.8%	2,464	2,683	8.9%
Accommodation units sold	139,810	152,495	9.1%	206,196	225,178	9.2%	164,897	182,338	10.6%
Overnights	304,297	335,472	10.2%	421,295	451,628	7.2%	273,556	295,053	7.9%
ADR ¹³ (in HRK)	792	874	10.3%	550	570	3.6%	231	219	-5.3%
Board revenues (in HRK)	110,749,963	133,292,236	20.4%	113,478,420	128,439,784	13.2%	38,166,281	39,961,468	4.7%

Upscale hotels and resorts

Upscale hotels and resorts recorded a HRK 133.3 million in board revenues. The strong 20.4% increase is primarily a result of the 335,472 overnights (+10.2%) and the average daily rate of HRK 874 (+10.3%). The drivers of growth were: i) successful placement of M.I.C.E and allotment channel of the Valamar Argosy Hotel 4*, ii) better operating results of the TUI Family Life Bellevue Resort 4*, iii) repositioned TUI Sensimar Carolina Resort by Valamar 4*, and iv) this year's operation of the Valamar Obertauern Hotel 4* as part of Valamar's touristic portfolio which succeeded in recording very good winter season results.

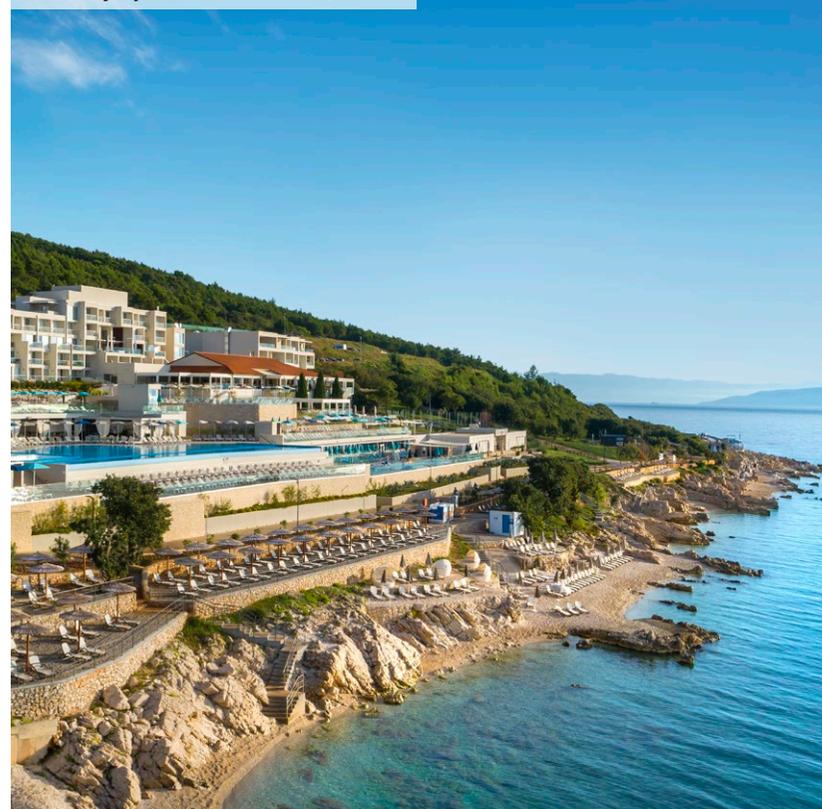
Midscale hotels and resorts

The Midscale segment reported HRK 128.4 million in board revenues. The HRK 15.0 million growth is a result of the daily average rate being higher by HRK 20, and of the 9.2% increase in accommodation units sold. The achieved results are primarily due to: i) repositioning of the newly invested TUI Sensimar Carolina Resort by Valamar 4* towards Upscale segment, ii) consolidation of the Valamar Meteor Hotel 4* and the Dalmacija Sunny Hotel 3* operations, and iv) stronger market feedback received by the group channel in the Corinthia Baška Sunny Hotel 3* and the Valamar Zvonimir Hotel & Villa Adria 4*/5*.

Economy hotels and resorts

Economy hotels and resorts achieved a 4.7% growth in board revenues, to HRK 40.0 million. The HRK 1.8 million growth is the result of the 10.6% increase in the number of accommodation units sold.

TUI Family Life Bellevue Resort 4*, Rabac



KEY OPERATING INDICATORS OF VALAMAR RIVIERA GROUP PER SEGMENTS¹⁹

CAMPING RESORTS	Total			Premium		
	1 - 6/ 2018	1 - 6/ 2019	2019/ 2018	1 - 6/ 2018	1 - 6/ 2019	2019/ 2018
Number of accommodation units	11,360	11,259	-0.9%	4,053	5,315	31.1%
Accommodation units sold	398,012	392,177	-1.5%	163,177	199,675	22.4%
Overnights	807,413	801,414	-0.7%	381,930	450,822	18.0%
ADR ¹³ (in HRK)	242	277	14.3%	304	331	8.8%
Board revenues (in HRK)	96,409,401	108,625,456	12.7%	49,672,567	66,055,533	33.0%

Total camping resorts

Camping resorts achieved a total of HRK 108.6 million in board revenues. Optimization of the average rate for mobile homes and camping pitches resulted in a revenue increase at all campsites or, respectively, in a total growth in board revenues by 12.7% (HRK +12.2 million).

Premium camping resorts

Premium camping resorts reported HRK 66.1 million in board revenues. The 33.0% growth (HRK +16.4 million) was driven by an ADR of HRK 331 (+8.8%) and 199,675 accommodation units sold (+22.4%). Such high growth rates are mainly due to i) strong business results reported by Lanterna Premium Camping Resort by Valamar 4* which reported 17% higher board revenues, and ii) repositioning of the newly invested campsites Istra Premium Camping Resort 5* and Padova Premium Camping Resort 4* towards Premium segment.

Padova Premium Camping Resort 4*, Rab island



CAMPING RESORTS
/ CONTINUED

	Upscale			Midscale			Economy		
	1 - 6/ 2018	1 - 6/ 2019	2019/ 2018	1 - 6/ 2018	1 - 6/ 2019	2019/ 2018	1 - 6/ 2018	1 - 6/ 2019	2019/ 2018
Number of accommodation units	2,157	2,201	2.0%	3,293	2,887	-12.3%	1,857	856	-53.9%
Accommodation units sold	76,298	74,743	-2.0%	104,615	90,034	-13.9%	53,922	27,725	-48.6%
Overnights	161,455	161,094	-0.2%	182,984	145,674	-20.4%	81,044	43,824	-45.9%
ADR ¹³ (in HRK)	245	269	9.9%	194	204	5.4%	185	146	-21.1%
Board revenues (in HRK)	18,696,116	20,120,068	7.6%	20,279,583	18,395,177	-9.3%	7,761,135	4,054,678	-47.8%

Upscale camping resorts

Upscale camping resorts were marked by a 7.6% growth in board revenues, resulting from HRK 24 higher ADR. The achieved HRK 20.1 million in board revenues was driven by: i) increase of the average daily rate at the Marina Camping Resort 4* and the San Marino Camping Resort 4*, and ii) excellent performance of the newly invested Baška Beach Camping Resort 4*.

Midscale camping resorts

Midscale campsites reported a 9.3% decrease to HRK 18.4 million, because Padova Premium Camping Resort 4* has been repositioned from Midscale to Premium segment. Comparable board revenues growth was 6% due to the stronger operational results achieved by Solaris Camping Resort 3* and Orsera Camping Resort 3*.

Economy camping resorts

Economy campsites reported HRK 4.1 million in board revenues. The decrease by HRK 3.7 million resulted from the repositioning of the Istra Premium Camping Resort 5* to Premium segment. Comparable board revenues growth was HRK 0.9 million due to stronger operational results of other Economy campsites.



KEY OPERATING INDICATORS OF VALAMAR RIVIERA GROUP PER DESTINATIONS¹⁹

DESTINATIONS	Poreč			Rabac			Krk Island		
	1 - 6/ 2018	1 - 6/ 2019	2019/ 2018	1 - 6/ 2018	1 - 6/ 2019	2019/ 2018	1 - 6/ 2018	1 - 6/ 2019	2019/ 2018
Number of accommodation units	10,511	10,426	-0.8%	2,124	2,125	0.0%	3,496	3,453	-1.2%
Accommodation units sold	484,010	504,803	4.3%	136,010	124,479	-8.5%	165,348	160,856	-2.7%
Overnights	964,861	976,232	1.2%	279,588	279,217	-0.1%	344,357	337,597	-2.0%
ADR ¹³ (in HRK)	407	411	1.0%	584	668	14.4%	351	374	6.7%
Board revenues (in HRK)	196,792,672	207,285,810	5.3%	79,442,826	83,173,540	4.7%	57,991,998	60,173,092	3.8%

Destination Poreč

Destination Poreč reported HRK 207.3 million in board revenues. The HRK 10.5 million increase is primarily a result of the excellent acceptance of the newly invested facilities Valamar Collection Marea Suites 5*, Istra Premium Camping Resort 5*, and Lanterna Premium Camping Resort 4*.

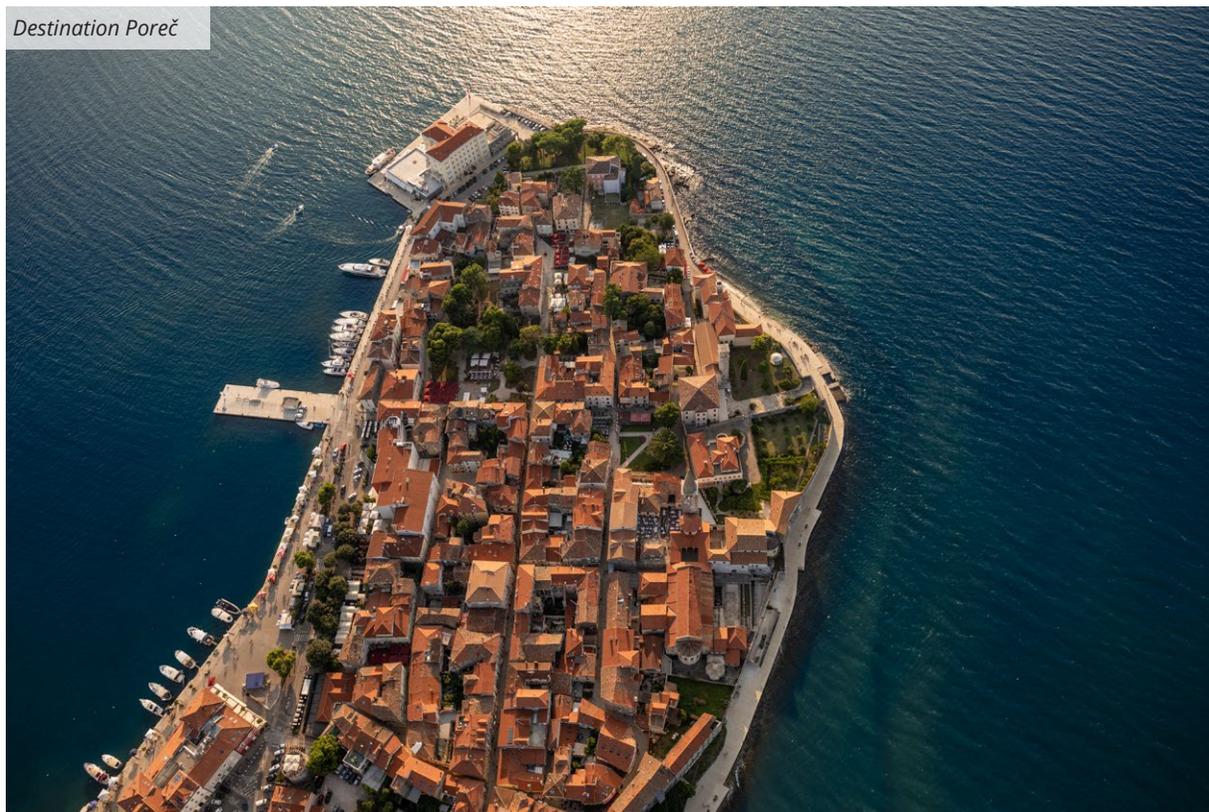
Destination Rabac

Destination Rabac achieved HRK 83.2 million in board revenues. The growth was mostly driven by the better individual segment feedback in the Valamar Collection Girandella Resort 4*/5*.

Destination Krk island

Destination Krk island reported HRK 60.2 million in board revenues. The 3.8% growth is primarily a result of strong operations of the newly invested

Destination Poreč



DESTINATIONS
/ CONTINUED

	Rab Island			Dubrovnik			Makarska	Obertauern
	1 - 6/ 2018	1 - 6/ 2019	2019/ 2018	1 - 6/ 2018	1 - 6/ 2019	2019/ 2018	1 - 6/ 2019	1 - 6/ 2019
Number of accommodation units	2,466	2,490	1.0%	1,966	1,965	-0.1%	725	82
Accommodation units sold	89,707	91,656	2.2%	143,408	144,905	1.0%	38,936	6,654
Overnights	187,276	195,043	4.1%	261,362	265,983	1.8%	76,539	14,801
ADR ¹³ (in HRK)	366	447	21.9%	760	787	3.6%	557	1,795
Board revenues (in HRK)	32,862,798	40,935,159	24.6%	108,977,858	114,084,556	4.7%	21,699,915	11,942,454

Baška Beach Camping Resort 4*, as well as of Corinthia Baška Sunny Hotel 3* and Valamar Zvonimir Hotel & Villa Adria 4*/5*.

Destination Rab island

The increase in board revenues at the destination Rab island by HRK 8.1 million to HRK 40.9 million is due to better operating results of all hotels and resorts and camping resorts, especially of the TUI Sensimar Carolina Resort by Valamar 4*.

Destination Dubrovnik

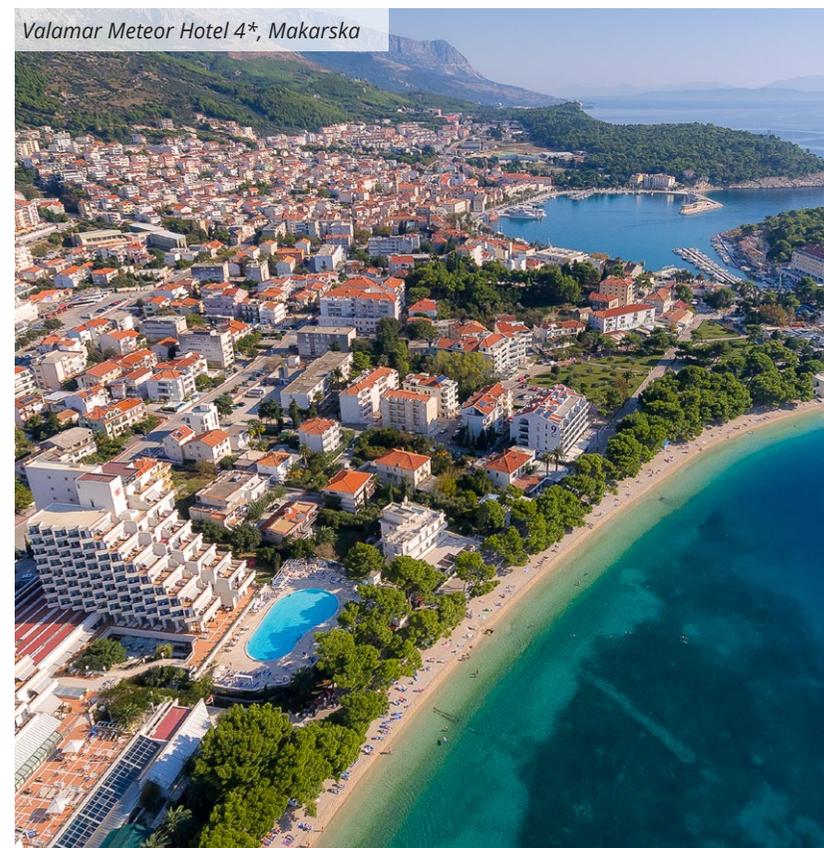
Destination Dubrovnik achieved 114.1 million in board revenues. The 4.7% growth is mostly due to better feedback received by the M.I.C.E. and allotment channels in the Valamar Argosy Hotel 4* and the Valamar Collection Dubrovnik President Hotel 5*.

Destination Makarska

The HRK 21.7 million in board revenues achieved at the destination Makarska is a result of 76,539 overnights and the average daily rate of HRK 557. Destination Makarska has achieved a 3% growth compared to last year.

Destination Obertauern

The winter tourist destination Obertauern recorded a high HRK 11.9 million in board revenues.



HOTELS AND RESORTS OVERVIEW

	Categorization		Segment		Destination
	2018	2019	2018	2019	
Valamar Collection Dubrovnik President Hotel	*****	*****	Premium	Premium	Dubrovnik
Valamar Collection Isabella Island Resort	**** / *****	**** / *****	Premium	Premium	Poreč
Valamar Collection Girandella Resort	****/*****	****/*****	Premium	Premium	Rabac
Valamar Collection Imperial Hotel	****	****	Premium	Premium	Rab Island
Valamar Collection Marea Suites	***	*****	Midscale	Premium	Poreč
Valamar Lacroma Dubrovnik Hotel	*****+	*****+	Premium	Premium	Dubrovnik
Valamar Tamaris Resort	****	****	Upscale	Upscale	Poreč
Valamar Riviera Hotel & Residence	****	****	Upscale	Upscale	Poreč
Valamar Zagreb Hotel	****	****	Upscale	Upscale	Poreč
Valamar Sanflor Hotel & Casa	****	****	Upscale	Upscale	Rabac
Valamar Argosy Hotel	****	****	Upscale	Upscale	Dubrovnik
Valamar Padova Hotel	****	****	Upscale	Upscale	Rab Island
TUI Family Life Bellevue Resort	****	****	Upscale	Upscale	Rabac
TUI Sensimar Carolina Resort by Valamar	****	****	Midscale	Upscale	Rab Island
Valamar Obertauern Hotel	****	****	Midscale	Upscale	Obertauern, Austria
Valamar Diamant Hotel & Residence	*** / *****	*** / ****	Midscale	Midscale	Poreč
Valamar Crystal Hotel	****	****	Midscale	Midscale	Poreč
Valamar Pinia Hotel	***	***	Midscale	Midscale	Poreč
Rubin Sunny Hotel	***	***	Midscale	Midscale	Poreč
Allegro Sunny Hotel & Residence	***	***	Midscale	Midscale	Rabac
Miramar Sunny Hotel & Residence	***	***	Midscale	Midscale	Rabac
Corinthia Baška Sunny Hotel	***	***	Midscale	Midscale	Krk Island
Valamar Atrium Baška Residence	**** / *****	**** / *****	Midscale	Midscale	Krk Island
Valamar Zvonimir Hotel & Villa Adria	****	****	Midscale	Midscale	Krk Island
Valamar Koralj Hotel	***	***	Midscale	Midscale	Krk Island
Valamar Club Dubrovnik Hotel	***	***	Midscale	Midscale	Dubrovnik
San Marino Sunny Resort	***	***	Midscale	Midscale	Rab Island
Valamar Meteor Hotel	****	****	Midscale	Midscale	Makarska
Dalmacija Sunny Hotel	***	***	Midscale	Midscale	Makarska
Pical Sunny Hotel	**	**	Economy	Economy	Poreč
Tirena Sunny Hotel	***	***	Economy	Economy	Dubrovnik
Lanterna Sunny Resort	**	**	Economy	Economy	Poreč
Eva Sunny Hotel & Residence	**	**	Economy	Economy	Rab Island
Rivijera Sunny Resort	**	**	Economy	Economy	Makarska

CAMPING RESORTS OVERVIEW

	Categorization		Segment		Destination
	2018	2019	2018	2019	
Istra Premium Camping Resort	**	*****	Economy	Premium	Poreč
Krk Premium Camping Resort	*****	*****	Premium	Premium	Krk Island
Ježevac Premium Camping Resort	****	****	Premium	Premium	Krk Island
Lanterna Premium Camping Resort	****	****	Premium	Premium	Poreč
Padova Premium Camping Resort	***	****	Midscale	Premium	Rab Island
Marina Camping Resort	****	****	Upscale	Upscale	Rabac
Bunculuka Camping Resort	****	****	Upscale	Upscale	Krk Island
Baška Beach Camping Resort	****	****	Upscale	Upscale	Krk Island
San Marino Camping Resort	****	****	Upscale	Upscale	Rab Island
Orsera Camping Resort	***	***	Midscale	Midscale	Poreč
Solaris Camping Resort	***	***	Midscale	Midscale	Poreč
Škrila Sunny Camping	***	***	Midscale	Midscale	Krk Island
Solitude Sunny Camping	***	***	Midscale	Midscale	Dubrovnik
Brioni Sunny Camping	**	**	Economy	Economy	Pula - Puntižela
Tunarica Sunny Camping	**	**	Economy	Economy	Rabac

51%
OF
ACCOMMODATION
UNITS IS IN THE
PREMIUM AND
UPSCALE SEGMENT

Valamar Collection Girandella Resort 4*/5*, Rabac



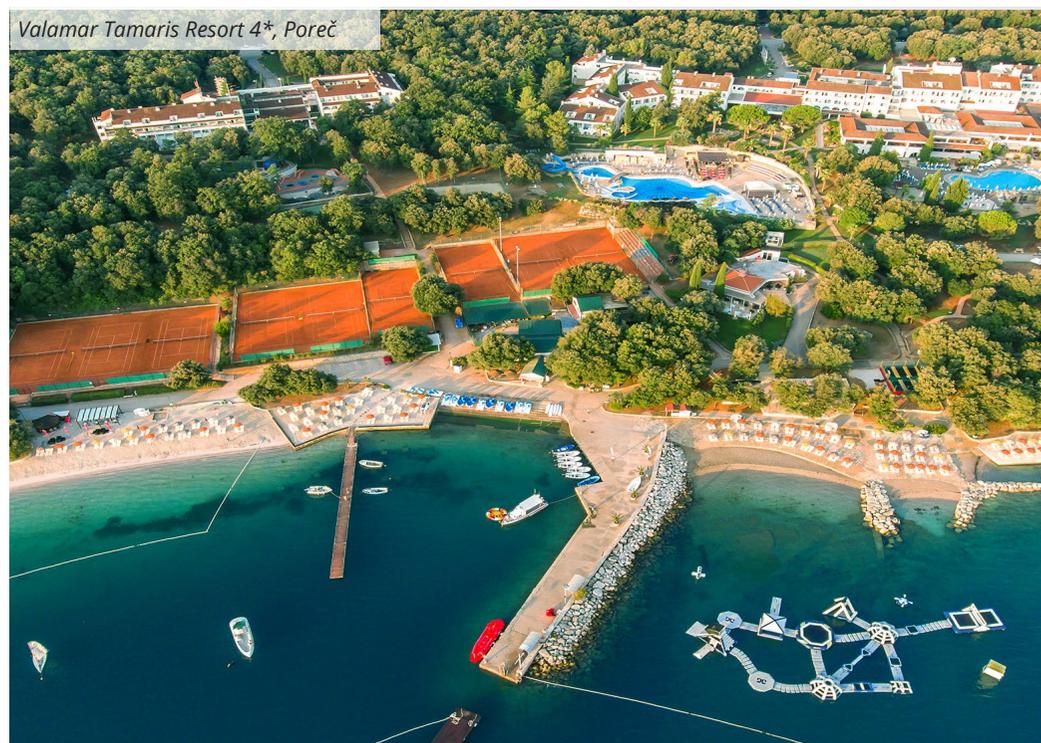
Results of the Company

In the first half of 2019, total revenues grew by HRK 17.1 million (+3%) to HRK 623.7 million. Total sales revenues amounted to HRK 589.3 million with a 94% share in total revenues (91% in 2018). Compared to the same period of the previous year, they increased by 6%, i.e. by HRK 35.0 million. Sales revenues between the Group undertakings were HRK 14.8 million (HRK 7.6 million in 2018) and they mainly represented the management fee for Imperial's properties, Hotel Makarska and Valamar Obertauern. Sales revenues outside the Group amounted to HRK 574.5 million (HRK 546.7 million in 2018). Domestic sales revenues amounted to HRK 77.7 million, i.e. 12% of total revenues (9% in 2018), up by 45% in relation to the previous comparable period. International sales revenues amounted to HRK 511.7 million and represented 82% of total revenues (83% in 2018). They grew by 2% compared to the previous comparable period. Other operating revenues represent 1% of total revenues (1% in 2018.) and they increased by 15% to HRK 7.7 million. Other operating and financial income represented 6% of total revenues (9% in 2018).

Material costs totaled HRK 209.3 million with a lower share in total operating expenses as in the previous comparable period (29% in 2019 vs. 30% in 2018). The HRK 19.5 million increase is primarily a result of i) the increase in energy consumption costs (electricity and waste disposal) and increased maintenance and advertising and marketing costs. Staff costs amount to HRK 238.3 million with the same share of 33% in total operating expenses as in the previous year (33% in 2018). Compared to the same period of the previous year, they are up by HRK 30.2 million. This was mainly due to i) this year's change in the accounting policy of monthly provisioning of employees' annual leave hours²⁰ and ii) ensuring competitive salaries and other material and non-material working conditions (a total payrolls increase of 4% since June 2018), and new staff hired to ensure service quality in the new Premium and Upscale products. Amortization represented 27% of operating expenses (27% in 2018) and amounts to HRK 191.5 million (HRK 169.1 million in 2018). The 13% growth is the result of the earlier large investment cycle that had been carried out. Other costs totaled HRK 67.8 million and they are higher by 11%. Value adjustments and provisions amounted to HRK 46,000. Other operating expenses amounted to HRK 4.8 million and they are higher by HRK 1.8 million, mainly as a result of business related costs from previous years.

²⁰ In the previous years the amount of unused annual leave hours was provisioned solely in December, whereas from the current year the provisioning is performed on a monthly basis.

In the first half year of 2019, the financial income amounted to HRK 26.7 million, HRK 16.5 million less compared to the last year's comparable period. The biggest individual item of the decrease are foreign exchange rate differences and other financial income, down by HRK 26.5 million, mainly due to the absence of unrealized positive exchange rate differences on long-term loans as a consequence of the appreciation of the Croatian Kuna compared to the Euro by the end of 2018. The highest individual growth, amounting to HRK 8.7 million, has been reported in revenue from Stakes (shares) in undertakings in the Group due to earlier distribution of dividends of Imperial Riviera company in the second quarter (in 2018: in the third quarter) and dividends of Hoteli Makarska. Other financial income amounts to HRK 3.0 million, up by HRK 1.3 million as a result of the sale of shares in Hoteli Maestral.



The Company's financial expenses amounted to HRK 42.3 million and they are HRK 14.5 million higher compared to the amount from the previous comparable period. The highest individual growth in the amount of HRK 11.0 million has been reported on unrealized losses (expenses) from the financial assets due to the spreading of the scope of protection and increasing liabilities related to the fair value of interest rate swaps. Exchange rate differences and other expenses recorded an increase by HRK 0.9 million due to the appreciation of the Croatian Kuna compared to the Euro by the end of 2018. Due to the increase of loan liabilities resulting from financing of recent large investment cycles, financial expenses related to interest and similar expenses were increased by HRK 2.4 million and they amount to HRK 24.5 million. Other financial expenses amount to HRK 0.9 million, up by HRK 0.2 million.

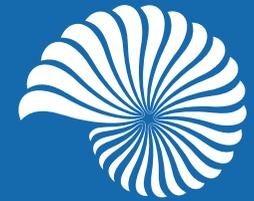
Compared to the same period of the previous year, the loss before taxes was increased by HRK 78.0 million to HRK 130.4 million due to increased amortization (HRK +22.5 million) and a lower result from the operating (HRK -24.5 million) and financial operations HRK (-31.0 million). Operating loss increased by HRK 47.0 million to HRK 114.8 million. The Company's gross margin was -22% (-9% in 2018).

The outlook remains positive due to a better booking pace compared to last year's results and the expected effects of this year's large investment cycle in the second half of the year, particularly in the third quarter of this year.

As at 30 June 2019, the total Company assets amounted to HRK 5,369.4 million, a 7% increase compared to 31 December 2018.



TUI Sensimar Carolina Resort by Valamar 4*, Rab island



2019 Investments

Valamar Group's 2019 investment projects focused on repositioning the portfolio towards products and services with high added value. Investments at all Valamar's destinations totaled over HRK 790 million²¹, out of which 32% represented investments in hotels and resorts, 38% camping resorts investment and 30% other projects.

The most important projects in Valamar Riviera's HRK 636 million investment cycle were the investments made in Istra campsite that became the largest 5-star campsite in Croatia in this season, the opening of the luxury family hotel Valamar Collection Marea Suites 5* in Poreč, as well as the further upgrades in accommodation, products and services in Lanterna Premium Camping Resort 4* and Ježevac Premium Camping Resort 5*. Large investments in accommodation for seasonal employees continued in line with Valamar's strategic goals.

The second investment phase at Istra Sunny Camping 2* in Funtana started in autumn 2018. This summer Valamar's guests can enjoy top features and amenities at Istra Premium Camping Resort 5*. It features a large family water park, Aquamar, spreading over 1,000m² of water areas with a wide range of slides and water attractions, a large entertainment arena with a cinema, stage, children's clubs and playrooms as well as Super Maro children's programs. It also boasts one of the best Valamar beaches, Piazza market, restaurants, bars, a sport and recreation zone named V Sport Park, Terra Magica adventure miniature golf, numerous children's playgrounds, as well as new camping pitches, new glamping tents (9), a variety of new mobile homes (135) and new luxury mobile homes (5) with private pools. Istra Premium Camping Resort 5* offers 831 accommodation units and is a top-class resort with a wide range of amenities and excellent services.

The construction of Valamar Collection Marea Suites 5* has been completed. The property is situated at the location of the former Pinia Sunny Residence 3* in the Borik area of Poreč. Valamar is developing this area by adding accommodation and amenities with added value and this investment created 100 new jobs. Valamar Collection Marea Suites 5* has been designed for families with children, where guests can enjoy V level service, luxury suites ranging from 32 to 56 square meters with sea view (108 rooms), more than 200 square meters of attractive

OVER HRK
790
MILLION 2019
GROUP'S
INVESTMENT CYCLE
IS FINALIZED

pools, Val Marea Sandy Family beach, restaurants, sport facilities and Maro amenities for children of all ages. Special attention was given to landscape design and planting new trees, vegetation and indigenous species.

At Lanterna Premium Camping Resort 4*, Valamar Riviera's largest campsite, we developed the premium segment with 12 new mobile homes with sea view at the Marbello zone and three camping zones with 136 new mobile homes. We repositioned one part of the existing pitches and continued with the Tar Bay beach improvements. The projects also included the reconstruction of a sanitary block, more water surface for the family aquapark, as well as service and amenity upgrade.

The investments on Krk Island focused on upgrading the quality and range of accommodation in Ježevac Premium Camping Resort 4*. The high added value of the campsite was boosted by 23 new mobile homes in the Lungomare zone, 20 mobile home replacements and capacity expansion to a total of 661 units offered by this camping resort. Guests



21 A portion already recorded in 2018.

can enjoy a new central market, while the upgraded features for families with children include Maro club and new children's playgrounds. The 2019 investments on Rab Island totaled HRK 140 million, representing Imperial's largest investment cycle in the last ten years. Besides numerous projects to upgrade the quality of guest services, the investments focused on reconstructing and repositioning Valamar Carolina Hotel & Villas 4* and upgrading Padova Camping Resort 3* towards the upscale and premium segments (further accommodation upgrades and new amenities).

The investments in Valamar Carolina Hotel & Villas 4* increased the capacity from 152 to 174 rooms, upgraded the quality of accommodation and other features and services (restaurant, lobby bar, public spaces, new adult swimming pool, wellness and fitness zone) enabling a partnership with the TUI Sensimar brand. Valamar Padova Hotel 4* welcomed the 2019 tourist season as a family-oriented hotel.

140

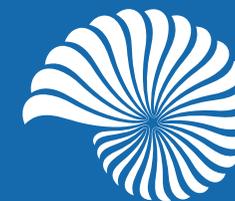
MILLION HRK
IMPERIAL'S
INVESTMENTS
REPRESENTED
ITS LARGEST
INVESTMENT CYCLE
IN THE LAST TEN
YEARS

Additional projects focused on improving energy efficiency with solar heating systems, efficient heat pumps and other. HRK 17 million investments in Makarska mainly focused on improving the quality and amenities of Meteor Hotel operating under the Valamar Hotels & Resorts brand as of this year.

Istra Premium Camping Resort 5*, Poreč



Valamar Collection Pinea Resort 5*, Poreč (visualization)



2020 Investments

Our product development strategy defines ambitious plans for the innovative improvement of Valamar products and services with focus on the upscale and premium portfolio segment of hotels and resorts as well as camping resorts. In the year 2020, Valamar group plans a large investment cycle worth HRK 711 million (HRK 599 million refers to Valamar Riviera, while HRK 112 million refers to Imperial Riviera). The strong CAPEX represents the continuation of Valamar's investment strategy to reposition the portfolio towards premium products and services while focusing on the segment of premium resorts and campsites in Istria. The development of Valamar service concepts is an ongoing, continual process that will reflect the latest market trends as well as guests' needs and expectations in years to come. We will keep investing in our programs – V Level, Maro Holiday, Designed for Adults, V Sport, Stay Fit, Music and Fun, Camping Piazza and others.

The Supervisory Board of Valamar Riviera has approved the investments in a resort in the Pical zone in Poreč worth a total of HRK 790 million to be developed in the next two years. Hotel Pical 2* in Poreč will be transformed into a luxury year-round 5-star resort with around 500 keys. The resort will accommodate up to 1,700 guests and will feature 7 bars, 7 restaurants, swimming pools spanning 2,200 m² of water surface, premium beach facilities, a new Sundance Beach Club, a congress center for 1,200 participants, an indoor pool and spa center, family-oriented Maro facilities and a wide range of options for active holidays. The construction is planned to begin in 4Q 2019 and will be completed in 2021. Valamar continues investing in the Pical zone which, together with Valamar Collection Marea Suites 5*, opened this year, is poised to become one of the most attractive holiday spots in Croatia.

Valamar Collection Pinea Resort 5, Poreč (visualization)*



Next year, Valamar Zagreb Hotel 4* will become Valamar Parentino Hotel 4* featuring Maro Holiday family-oriented amenities, services and accommodation. The planned investment includes 99 additional keys, upgraded Maro clubs, expanded pool and sundeck surfaces, slides and F&B upgrades (kitchen and restaurant expansion).

The third investment phase at Istra Premium Camping Resort 5* – the largest 5-star Croatian campsite – is planned to start. The investment plan focuses on new premium camping homes, glamping tents and new pitches, as well as further beach and promenade upgrades and a sanitary block reconstruction.

The planned investment at Lanterna Premium Camping Resort 4* will continue to focus on the development of premium accommodation with upgraded services and amenities, new camping homes and Belvedere Village upgrades featuring premium mobile homes.

HRK

711

MILLION 2020
PLANNED
INVESTMENTS
REPRESENT THE
CONTINUATION
OF STRONG
INVESTMENT CYCLE

The plans also include numerous other investments in products and guest amenities at all destinations to increase competitiveness and product quality as well as energy efficiency and digitalization projects. Valamar Riviera actively cares for its employees and plans further investments to upgrade the quality of accommodation for seasonal employees in 2020.

The planned value of Imperial Riviera's 2020 investment for 2020 is HRK 112 million. The investments are aimed at further improvement of the quality of services and contents in Valamar Meteor Hotel 4 * and Padova Premium Camping Resort 4 *.

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. Current financing programs supporting tourism growth are insufficient, therefore other measures need to be systematically implemented to significantly increase the growth pace and level Croatia's position with other destinations in the Mediterranean.

Valamar Parentino Hotel 4*, Poreč (visualization)



Krk island destination



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.

5

KEY STEPS IN RISK MANAGEMENT PROCESS

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 inadequate use of information, errors in business operations, non-compliance with internal procedures, human error, IT system, financial reporting and related risks, 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;

Ježevac Premium Camping Resort 4*, Krk island



- 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. Actively, 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. Therefore, almost the entire loan portfolio is comprised of long-term fixed interest loans or, respectively, loans hedged by a derivative instrument (IRS). 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 investments in buying Imperial, Hoteli Makarska and Helios Faros 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. Credit lines in 2019 were arranged with reputable 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. 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 (also known as “financial reporting risk”) and also the potential insufficient and inadequate internal and external 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 and political 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 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 as 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

Destination Obertauern



industry (January 2014), while in January 2017 a new 25% VAT rate was introduced for F&B (a la carte) services;

- 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, waste disposal 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.

Marina Camping Resort 4*, Rabac



Baška Beach Camping Resort 4*, Krk island (visualization)



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 presented in the overview in the "Valamar Share" section.

2.84%

OF THE SHARE
CAPITAL RELATES TO
TREASURY SHARES
(AT THE TIME
OF QUARTERLY
FINANCIAL
STATEMENTS
PUBLISHING)

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. 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 may acquire treasury shares based on and under the conditions stipulated by the decision of the Main Assembly on Share Buyback. The Company does not have a share-buyback programme or an employee share ownership plan. The Company holds and acquires treasury shares as a form of rewarding the Management and key managers pursuant to the Company acts on the long-term reward plan and for the purpose of dividend payout in rights - Company share to the equity holders. The Company publicly disclosed each acquisition and disposal of treasury shares during 2019.

Valamar Riviera Hotel & Residence 4*, Poreč



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: Alen Benković, Davor Brenko, Ivana Budin Arhanić and David Poropat; and 21 sector directors: Ines Damjanić Šturman, Tomislav Dumančić, Ljubica Grbac, Flavio Gregorović, Marin Gulan, Vlastimir Ivančić, Željko Jurcan, Ivan Karlić, Dario Kinkela, David Manojlović, Sebastian Palma, Mile Pavlica, Tomislav Poljuha, Mirella Premeru, Bruno Radoš, Sandi Sinožić, Martina Šolić, Andrea Štifanić, Mauro Teković, Dragan Vlahović and Ivica Vrkić.

Supervisory Board: 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).

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, and members: Mr. Franz Lanschützer and Mr. Mladen Markoč.

Audit Committee: Mr. Georg Eltz - Chairman, and members: Mr. Franz Lanschützer, Mr. Mladen Markoč, Mr. Vicko Ferić, Mr. Gustav Wurmböck and Mr. Hans Dominik Turnovszky.

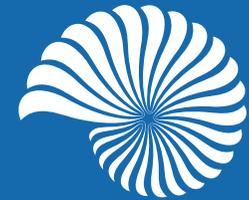
Investment Committee: Mr. Franz Lanschützer - Chairman and members: Mr. Georg Eltz, Mr. Vicko Ferić, Mr. Hans Dominik Turnovszky, and Mr. Gustav Wurmböck.

Compliant to effective regulations and Company bylaws, The Management and Supervisory Board primarily act through meetings and by correspondence in their decision-making.

Bunculuka Camping Resort 4*, Krk island



Valamar Collection Isabella Island Resort 4*/5*, Poreč



Related-party Transactions & Branch Offices

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 10.5 million²² (2018: HRK 6.6 million) for the Company, and HRK 747 (2018: HRK 581) for the Group. Costs were HRK 2.5 million (2018: HRK 965 thousand) for the Company, and HRK 293 thousand for the Group (2018: HRK 630 thousand).

As at 30 June 2019, related-party receivables and payables were as follows: receivables totaled HRK 3.9 million for the Company (year-end 2018: HRK 1.9 million), and HRK 168 for the Group (year-end 2018: none). Payables totaled HRK 892 thousand (year-end 2018: HRK 304 thousand) for the Company, and HRK 30 thousand for the Group (year-end 2018: HRK 52 thousand).

²² The most part represents the fee regarding the management of Imperial's, Hoteli Makarska's and Valamar Obertauern's properties and services. The implementation of the Management contract started on 4 January 2017, 1 August 2018 and 1 February 2019, respectively.

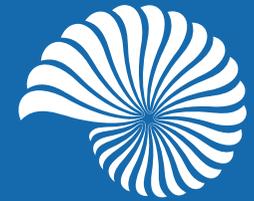
BRANCH OFFICES OF THE COMPANY

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 offices on Rab Island and in Makarska to increase the efficiency and streamline the management of operations as determined by the provisions of the concluded Hotel management contracts with Imperial d.d. and Hoteli Makarska d.d.

Istra Premium Camping Resort 5*, Poreč

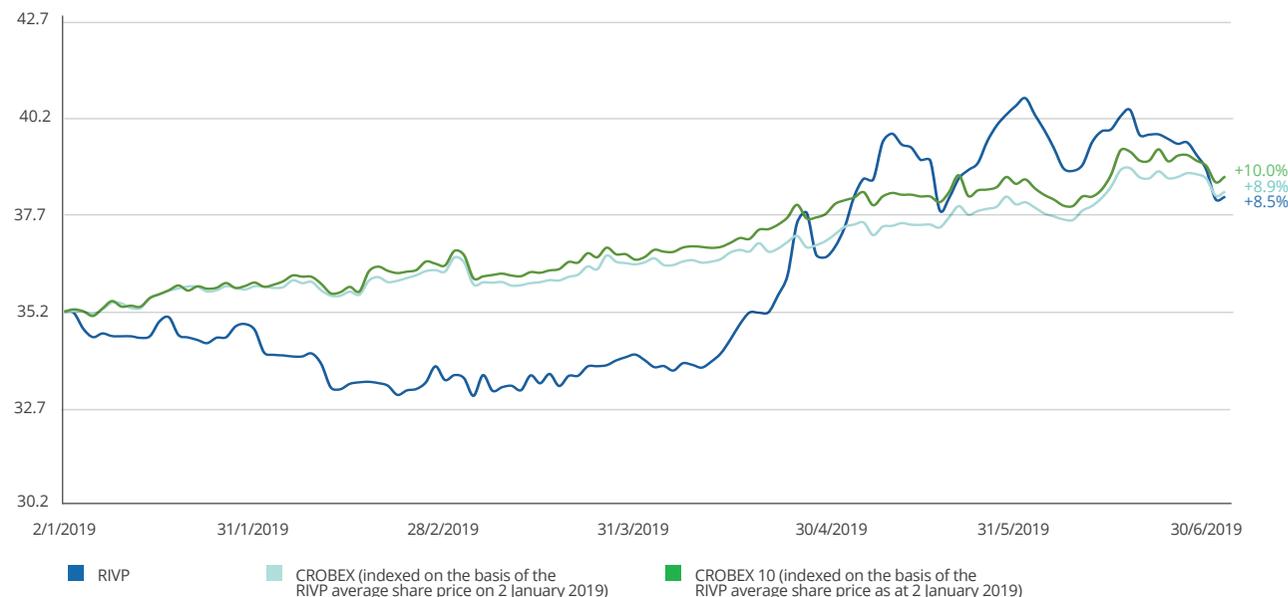


Valamar Share

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

Average RIVP share price

(in HRK)



In the period between 1 January 2019 and 30 June 2019, Valamar Riviera acquired 496,414 treasury shares at the total acquisition cost of HRK 18,196,982, representing 0.39% of the share capital and disposed of 38,057 treasury shares for dividend payout. As at 30 June 2019, the Company held a total of 3,580,961 treasury shares or 2.84% of the share capital.

During the first six months of 2019, the highest achieved share price in regular trading on the regulated market was HRK 40.80, while the lowest was HRK 32.60. Following the CROBEX and CROBEX 10 index increase by 8.9% and 10.0% respectively, Valamar's share price increased by 8.5% in the reviewed period. In the period between 1 January 2019 and 30 June 2019 Valamar

Riviera was the most traded share on the Zagreb Stock Exchange with the average regular turnover of HRK 1.0 million per day²³.

Apart from the Zagreb Stock Exchange indices and ADRIAprime joint Zagreb and Ljubljana Stock Exchanges equity index, the share is also part of the Vienna Stock Exchange indices (CROX²⁴ and SETX²⁵), the regional SEE Link indices (SEELinX and SEELinX EWI)²⁶ and the world's MSCI Frontier Markets Index. Zagrebačka banka d.d. and Interkapital vrijednosni papiri d.o.o. are responsible for the 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 averaged 27.3%²⁷.

²³ Block transactions are excluded from the calculation.

²⁴ 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.

²⁵ 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).

²⁶ 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.

²⁷ Block transactions are excluded from the calculation. Data refers to the period 1 January - 30 June 2019.

Valamar Riviera 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. During 2019 meetings were held on NASDAQ in New York, London Stock Exchange and Raiffeisen Centrobank investors conference in Zürs, Citi bank investor conference in London, Zagreb and Ljubljana Stock Exchange investor conference in Zagreb and Erste Consumer Conference 2019 in Warsaw. In the second half, we plan to participate in the following events: Wood&Co. conference in Bucharest, Belgrade and Prague, Auerbach Grayson in New York and the Erste Group conference in Stegersbach as well as non-deal roadshows in other European financial centers. Valamar Riviera will continue with this active approach to grow further value for

1st

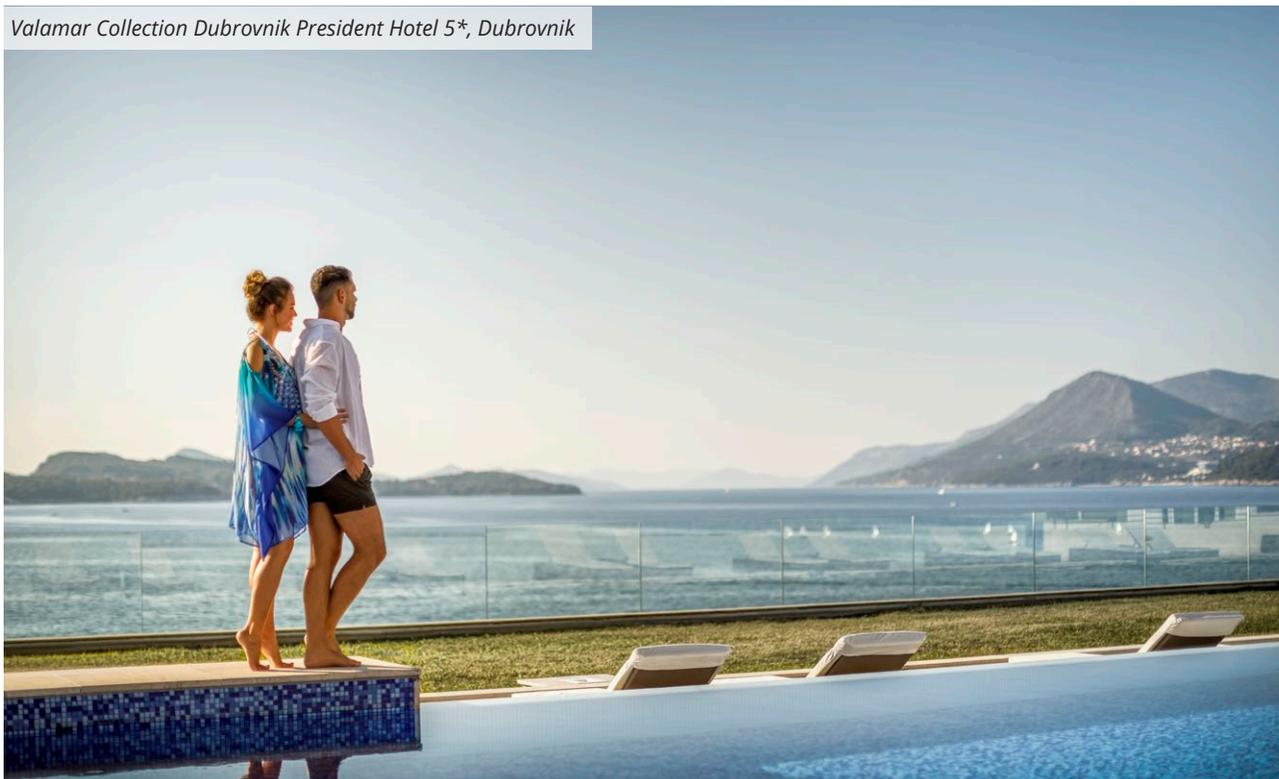
THE MOST TRADED
SHARE ON THE
ZAGREB STOCK
EXCHANGE

all its stakeholders so the Company's share can be recognized as one of the market leaders on the Croatian capital market and in the CEE region.

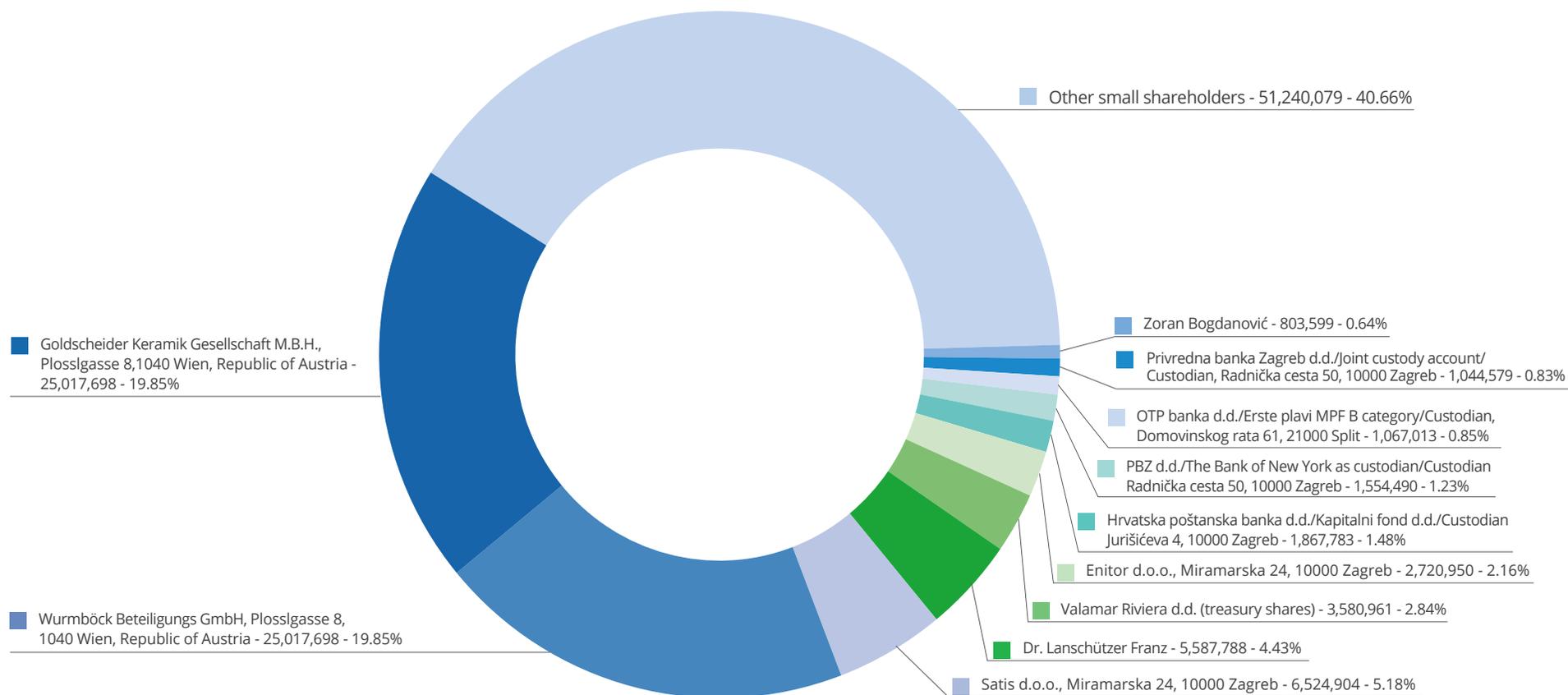
The analytical coverage of Valamar Riviera is provided by:

- 1) ERSTE bank d.d., Zagreb;
- 2) FIMA vrijednosnice d.d., Varaždin;
- 3) Interkapital vrijednosni papiri d.o.o., Zagreb;
- 4) Raiffeisenbank Austria d.d., Zagreb.

Valamar Collection Dubrovnik President Hotel 5*, Dubrovnik



OVERVIEW OF MAJOR SHAREHOLDERS AS AT 30 JUNE 2019:





Investors day and Integrated report

Representatives of the Management Board, Supervisory Board and shareholders of Valamar Riviera in front of the model of the new premium resort in the Pical zone in Poreč



INVESTORS DAY AND 2018 INTEGRATED REPORT AND CORPORATE SOCIAL RESPONSIBILITY

Poreč was the destination chosen to host the fourth Investors Day on 27 June 2019. As customary, Valamar's formula of sustainable and socially responsible investments in employees, products and destinations was presented to institutional investors by Management Board President Željko Kukurin and Management Board Member Marko Čizmek. The festive moment of the Investors Day was the presentation and the disclosure of the model of the upcoming all-year luxury five-star resort in Poreč. This year's event was attended by over 30 institutional investor representatives and nearly 40 participants via livestream. After the presentation, the participants visited the two new properties – Istra Premium Camping Resort 5* and Valamar Collection Marea Resort 5*.

The 2018 Integrated Report and Corporate Social Responsibility was presented during the General Assembly on 9 May 2019. The main aim of the report made according to G4 GRI guidelines was to present a strategic and long-term insight into Valamar's business to all key stakeholders, including shareholders, employees, partners, guests and the community, focusing especially on corporate social responsibility as the foundation of the company's sustainable business and future development. The report is available from the Zagreb Stock Exchange website and www.valamar-riviera.com.

Valamar Collection Girandella Maro Suites 5*, Rabac



Additional Information



 *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.*

ADDITIONAL INFORMATION

As one of the largest employers in Croatia (as at 30 June 2019, the Group employed 6,554 people of which 1,899 were permanent employees; the Company employed 5,594 people of which 1,576 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 second quarter of 2019 and the first half of 2019, the Company's Management Board performed the actions provided for by law and the Articles of Association with respect to the management and representation of the Company and planned a business policy that was implemented with prudent care. The Company's Management Board will continue to undertake all the necessary measures in order to ensure sustainability and business growth. The quarterly separate and consolidated financial statements for the second quarter of 2019 and the interim report of the Company's Management Board covering the period from 1 January 2019 to 30 June 2019 were adopted by the Management Board on 29 July 2019.

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

RESPONSIBILITY FOR THE QUARTERLY FINANCIAL STATEMENTS

In Poreč, 29 July 2019

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 financial reports of the 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 consolidated and unconsolidated financial statements for the second quarter and for the first half of 2019 are 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 30 June 2019 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

BALANCE SHEET (as at 30.06.2019)

Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001	0	0
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	5.310.891.538	5.651.246.873
I INTANGIBLE ASSETS (ADP 004 to 009)	003	53.726.810	65.712.247
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	46.298.666	39.390.968
3 Goodwill	006	6.567.609	6.567.609
4 Advances for the purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	860.535	3.908.600
6 Other intangible assets	009	0	15.845.070
II TANGIBLE ASSETS (ADP 011 to 019)	010	5.111.237.027	5.419.123.210
1 Land	011	973.018.037	983.512.078
2 Buildings	012	3.331.975.756	3.177.922.243
3 Plant and equipment	013	443.971.567	431.100.556
4 Tools, working inventory and transportation assets	014	132.923.120	142.635.916
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	12.350.960	12.744.497
7 Tangible assets in preparation	017	160.356.644	614.313.780
8 Other tangible assets	018	47.000.469	47.253.666
9 Investment property	019	9.640.474	9.640.474
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	20.074.375	40.570.245
1 Investments in holdings (shares) of undertakings within the group	021	0	22.800.000
2 Investments in other securities of undertakings within the group	022	0	0
3 Loans, deposits, etc. to undertakings within the group	023	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating interests	024	0	0
5 Investment in other securities of companies linked by virtue of participating interests	025	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	026	0	0
7 Investments in securities	027	4.289.892	2.150.050
8 Loans, deposits, etc. given	028	15.590.772	15.450.195
9 Other investments accounted for using the equity method	029	0	0
10 Other fixed financial assets	030	193.711	170.000
IV RECEIVABLES (ADP 032 to 035)	031	147.290	134.927
1 Receivables from undertakings within the group	032	0	0
2 Receivables from companies linked by virtue of participating interests	033	0	0
3 Customer receivables	034	0	0
4 Other receivables	035	147.290	134.927
V DEFERRED TAX ASSETS	036	125.706.036	125.706.244
C) CURRENT ASSETS (ADP 038+046+053+063)	037	332.775.548	370.105.485
I INVENTORIES (ADP 039 to 045)	038	25.447.350	23.866.578
1 Raw materials and consumables	039	25.241.646	22.810.483
2 Work in progress	040	0	0
3 Finished goods	041	0	0
4 Merchandise	042	172.328	973.175
5 Advances for inventories	043	33.376	82.920
6 Fixed assets held for sale	044	0	0
7 Biological assets	045	0	0
II RECEIVABLES (ADP 047 to 052)	046	45.442.095	131.876.184
1 Receivables from undertakings within the group	047	0	858
2 Receivables from companies linked by virtue of participating interests	048	1.380.025	0
3 Customer receivables	049	33.928.832	105.812.029
4 Receivables from employees and members of the undertaking	050	1.428.327	6.166.223
5 Receivables from government and other institutions	051	7.256.256	11.067.276
6 Other receivables	052	1.448.655	8.829.798
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	43.750	11.867.783
1 Investments in holdings (shares) of undertakings within the group	054	0	0
2 Investments in other securities of undertakings within the group	055	0	0
3 Loans, deposits, etc. to undertakings within the group	056	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating interests	057	0	0
5 Investment in other securities of companies linked by virtue of participating interests	058	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	059	43.750	0
7 Investments in securities	060	0	0
8 Loans, deposits, etc. given	061	0	10.585.275
9 Other financial assets	062	0	1.282.508
IV CASH AT BANK AND IN HAND	063	261.842.353	202.494.940
D) PREPAID EXPENSES AND ACCRUED INCOME	064	25.278.400	100.554.049
E) TOTAL ASSETS (ADP 001+002+037+064)	065	5.668.945.486	6.121.906.407
F) OFF-BALANCE SHEET ITEMS	066	58.014.172	62.276.115

BALANCE SHEET (as at 30.06.2019) (continued)

Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+081+084+087)	067	2.758.532.748	2.434.445.817
I INITIAL (SUBSCRIBED) CAPITAL	068	1.672.021.210	1.672.021.210
II CAPITAL RESERVES	069	5.304.283	5.710.563
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	94.297.196	117.156.585
1 Legal reserves	071	83.601.061	83.601.061
2 Reserves for treasury shares	072	96.815.284	136.815.284
3 Treasury shares and holdings (deductible item)	073	-86.119.149	-103.259.760
4 Statutory reserves	074	0	0
5 Other reserves	075	0	0
IV REVALUATION RESERVES	076	0	0
V FAIR VALUE RESERVE (ADP 078 to 080)	077	905.282	157.558
1 Fair value of financial assets available for sale	078	905.282	157.558
2 Cash flow hedge - effective portion	079	0	0
3 Hedge of a net investment in a foreign operation - effective portion	080	0	0
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 082-083)	081	348.674.430	425.828.367
1 Retained profit	082	348.674.430	425.828.367
2 Loss brought forward	083	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)	084	235.337.282	-160.449.491
1 Profit for the business year	085	235.337.282	0
2 Loss for the business year	086	0	160.449.491
VIII MINORITY (NON-CONTROLLING) INTEREST	087	401.993.065	374.021.025
B) PROVISIONS (ADP 089 to 094)	088	77.311.656	62.169.831
1 Provisions for pensions, termination benefits and similar obligations	089	10.114.484	10.058.193
2 Provisions for tax liabilities	090	0	0
3 Provisions for ongoing legal cases	091	67.197.172	52.111.638
4 Provisions for renewal of natural resources	092	0	0
5 Provisions for warranty obligations	093	0	0
6 Other provisions	094	0	0
C) LONG-TERM LIABILITIES (ADP 096 to 106)	095	2.284.143.535	2.561.601.541
1 Liabilities to undertakings within the group	096	0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	097	0	0
3 Liabilities to companies linked by virtue of participating interests	098	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	099	0	0
5 Liabilities for loans, deposits etc.	100	8.943.000	5.407.000
6 Liabilities to banks and other financial institutions	101	2.198.942.318	2.455.202.463
7 Liabilities for advance payments	102	0	0
8 Liabilities to suppliers	103	81.000	321.500
9 Liabilities for securities	104	0	0
10 Other long-term liabilities	105	7.615.740	33.054.285
11 Deferred tax liability	106	68.561.477	67.616.293
D) SHORT-TERM LIABILITIES (ADP 108 to 121)	107	425.784.158	921.461.912
1 Liabilities to undertakings within the group	108	3.785.129	55.747
2 Liabilities for loans, deposits, etc. of undertakings within the group	109	0	0
3 Liabilities to companies linked by virtue of participating interests	110	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	111	0	0
5 Liabilities for loans, deposits etc.	112	103.000	3.587.500
6 Liabilities to banks and other financial institutions	113	227.211.496	314.879.388
7 Liabilities for advance payments	114	38.933.044	333.279.204
8 Liabilities to suppliers	115	112.908.087	157.808.869
9 Liabilities for securities	116	0	0
10 Liabilities to employees	117	28.396.296	46.175.906
11 Taxes, contributions and similar liabilities	118	11.757.015	58.718.300
12 Liabilities arising from the share in the result	119	250.516	392.217
13 Liabilities arising from fixed assets held for sale	120	0	0
14 Other short-term liabilities	121	2.439.575	6.564.781
E) ACCRUALS AND DEFERRED INCOME	122	123.173.389	142.227.306
F) TOTAL - LIABILITIES (ADP 067+088+095+107+122)	123	5.668.945.486	6.121.906.407
G) OFF-BALANCE SHEET ITEMS	124	58.014.172	62.276.115

STATEMENT OF PROFIT OR LOSS (for the period 01.01.2019 to 30.06.2019)

Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
I OPERATING INCOME (ADP 126 to 130)	125	602.105.359	560.365.622	678.849.880	628.391.520
1 Income from sales with undertakings within the group	126	0	0	0	0
2 Income from sales (outside group)	127	586.210.323	547.332.070	662.654.177	616.482.075
3 Income from the use of own products, goods and services	128	232.662	89.663	294.476	101.604
4 Other operating income with undertakings within the group	129	0	0	0	0
5 Other operating income (outside the group)	130	15.662.374	12.943.889	15.901.227	11.807.841
II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)	131	689.468.702	462.164.499	831.882.760	549.675.903
1 Changes in inventories of work in progress and finished goods	132	0	0	0	0
2 Material costs (ADP 134 to 136)	133	199.265.116	161.046.042	237.896.258	189.078.875
a) Costs of raw materials and consumables	134	132.029.528	112.406.688	152.679.404	127.081.101
b) Costs of goods sold	135	1.034.339	993.362	1.213.270	1.182.985
c) Other external costs	136	66.201.249	47.645.992	84.003.584	60.814.789
3 Staff costs (ADP 138 to 140)	137	220.926.532	158.544.238	270.411.581	189.440.591
a) Net salaries and wages	138	134.227.430	95.716.646	165.581.945	114.834.517
b) Tax and contributions from salary costs	139	56.053.696	40.655.176	69.778.442	49.590.255
c) Contributions on salaries	140	30.645.406	22.172.416	35.051.194	25.015.819
4 Depreciation	141	194.096.778	97.413.163	237.687.024	119.684.303
5 Other costs	142	64.428.225	36.451.755	74.461.234	44.545.333
6 Value adjustments (ADP 144+145)	143	83.577	11.384	46.435	45.478
a) fixed assets other than financial assets	144	0	0	0	0
b) current assets other than financial assets	145	83.577	11.384	46.435	45.478
7 Provisions (ADP 147 to 152)	146	0	0	0	0
a) Provisions for pensions, termination benefits and similar obligations	147	0	0	0	0
b) Provisions for tax liabilities	148	0	0	0	0
c) Provisions for ongoing legal cases	149	0	0	0	0
d) Provisions for renewal of natural resources	150	0	0	0	0
e) Provisions for warranty obligations	151	0	0	0	0
f) Other provisions	152	0	0	0	0
8 Other operating expenses	153	10.668.474	8.697.917	11.380.228	6.881.323
III. FINANCIAL INCOME (ADP 155 to 164)	154	45.552.574	21.435.930	18.819.308	16.677.801
1 Income from investments in holdings (shares) of undertakings within the group	155	0	0	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	156	0	0	0	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	157	0	0	0	0
4 Other interest income from operations with undertakings within the group	158	0	0	0	0
5 Exchange rate differences and other financial income from operations with undertakings within the group	159	0	0	0	0
6 Income from other long-term financial investments and loans	160	0	0	0	0
7 Other interest income	161	246.094	159.431	149.549	60.425
8 Exchange rate differences and other financial income	162	40.757.012	18.076.077	12.824.547	12.520.294
9 Unrealised gains (income) from financial assets	163	2.738.644	1.971.070	2.611.448	2.110.758
10 Other financial income	164	1.810.824	1.229.352	3.233.764	1.986.324
IV FINANCIAL EXPENSES (ADP 166 to 172)	165	30.447.215	15.947.595	46.467.698	23.672.636
1 Interest expenses and similar expenses with undertakings within the group	166	0	0	0	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	167	0	0	0	0
3 Interest expenses and similar expenses	168	24.016.874	12.627.958	28.134.847	15.683.764
4 Exchange rate differences and other expenses	169	2.766.740	752.293	3.441.842	796.154
5 Unrealised losses (expenses) from financial assets	170	2.957.564	2.146.623	13.961.727	6.792.211
6 Value adjustments of financial assets (net)	171	0	0	1.690	0
7 Other financial expenses	172	706.037	420.721	927.592	400.507
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS	173	0	0	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	174	0	0	0	0
VII. SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	175	0	0	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	176	0	0	0	0
IX TOTAL INCOME (ADP 125+154+173+174)	177	647.657.933	581.801.552	697.669.188	645.069.321
X TOTAL EXPENDITURE (ADP 131+165+175+176)	178	719.915.917	478.112.094	878.350.458	573.348.539
XI PRE-TAX PROFIT OR LOSS (ADP 177-178)	179	-72.257.984	103.689.458	-180.681.270	71.720.782
1 Pre-tax profit (ADP 177-178)	180	0	103.689.458	0	71.720.782
2 Pre-tax loss (ADP 178-177)	181	-72.257.984	0	-180.681.270	0
XII INCOME TAX	182	0	0	-821.951	0
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)	183	-72.257.984	103.689.458	-179.859.319	71.720.782
1. Profit for the period (ADP 179-182)	184	0	103.689.458	0	71.720.782
2. Loss for the period (ADP 182-179)	185	-72.257.984	0	-179.859.319	0

STATEMENT OF PROFIT OR LOSS (for the period 01.01.2019 to 30.06.2019) (continued)

Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)					
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 187-188)	186	0	0	0	0
1 Pre-tax profit from discontinued operations	187	0	0	0	0
2 Pre-tax loss on discontinued operations	188	0	0	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS	189	0	0	0	0
1 Discontinued operations profit for the period (ADP 186-189)	190	0	0	0	0
2 Discontinued operations loss for the period (ADP 189-186)	191	0	0	0	0

TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)

XVI PRE-TAX PROFIT OR LOSS (ADP 179+186)	192	0	0	0	0
1 Pre-tax profit (ADP 192)	193	0	0	0	0
2 Pre-tax loss (ADP 192)	194	0	0	0	0
XVII INCOME TAX (ADP 182+189)	195	0	0	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 192-195)	196	0	0	0	0
1 Profit for the period (ADP 192-195)	197	0	0	0	0
2 Loss for the period (ADP 195-192)	198	0	0	0	0

APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)

XIX PROFIT OR LOSS FOR THE PERIOD (ADP 200+201)	199	-72.257.984	103.689.458	-179.859.319	72.542.732
1 Attributable to owners of the parent	200	-63.336.319	104.526.412	-160.449.491	74.577.915
2 Attributable to minority (non-controlling) interest	201	-8.921.665	-836.954	-19.409.828	-2.035.183

STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)

I PROFIT OR LOSS FOR THE PERIOD	202	-72.257.984	103.689.458	-179.859.319	71.720.782
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 204 to 211)	203	22.324	22.324	-936.312	-936.312
1 Exchange rate differences from translation of foreign operations	204	0	0	0	0
2 Changes in revaluation reserves of fixed tangible and intangible assets	205	0	0	0	0
3 Profit or loss arising from subsequent measurement of financial assets available for sale	206	22.324	22.324	-936.312	-936.312
4 Profit or loss arising from effective cash flow hedging	207	0	0	0	0
5 Profit or loss arising from effective hedge of a net investment in a foreign operation	208	0	0	0	0
6 Share in other comprehensive income/loss of companies linked by virtue of participating interests	209	0	0	0	0
7 Actuarial gains/losses on the defined benefit obligation	210	0	0	0	0
8 Other changes in equity unrelated to owners	211	0	0	0	0
III TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	212	4.465	4.465	-188.588	-188.588
IV NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 203-212)	213	17.859	17.859	-747.724	-747.724
V COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 202+213)	214	-72.240.125	103.707.317	-180.607.043	70.973.058

APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)

VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 216+217)	215	-72.240.125	103.707.317	-180.607.043	70.973.058
1 Attributable to owners of the parent	216	-63.318.460	104.544.271	-161.197.215	73.008.241
2 Attributable to minority (non-controlling) interest	217	-8.921.665	-836.954	-19.409.828	-2.035.183

STATEMENT OF CASH FLOWS - indirect method (for the period 01.01.2019 to 30.06.2019)

Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
CASH FLOW FROM OPERATING ACTIVITIES			
1 Pre-tax profit	001	-72.257.984	-180.681.270
2 Adjustments (ADP 003 to 010):	002	186.109.439	246.433.428
a) Depreciation	003	194.096.777	237.687.024
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-1.261.928	3.353.168
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	0	-1.172.586
d) Interest and dividend income	006	-238.713	-8.939.488
e) Interest expenses	007	24.016.874	28.108.883
f) Provisions	008	6.506.882	-15.216.847
g) Exchange rate differences (unrealised)	009	-37.151.265	-8.443.608
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	140.812	11.056.882
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	113.851.455	65.752.158
3 Changes in the working capital (ADP 013 to 016)	012	125.383.560	278.942.801
a) Increase or decrease in short-term liabilities	013	320.674.450	404.531.164
b) Increase or decrease in short-term receivables	014	-80.763.080	-83.980.984
c) Increase or decrease in inventories	015	-3.200.773	1.580.773
d) Other increase or decrease in working capital	016	-111.327.037	-43.188.152
II Cash from operations (ADP 011+012)	017	239.235.015	344.694.959
4 Interest paid	018	-1.610.301	-27.521.760
5 Income tax paid	019	-1.383.371	-2.602.656
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	236.241.343	314.570.543
CASH FLOW FROM INVESTMENT ACTIVITIES			
1 Cash receipts from sales of fixed tangible and intangible assets	021	2.880.078	3.557.927
2 Cash receipts from sales of financial instruments	022	0	2.431.824
3 Interest received	023	151.633	164.745
4 Dividends received	024	87.080	8.790.336
5 Cash receipts from repayment of loans and deposits	025	802.668	58.269
6 Other cash receipts from investment activities	026	0	0
III Total cash receipts from investment activities (ADP 021 to 026)	027	3.921.459	15.003.101
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-427.225.224	-546.173.956
2 Cash payments for the acquisition of financial instruments	029	0	0
3 Cash payments for loans and deposits for the period	030	-105.848	-10.541.525
4 Acquisition of a subsidiary, net of cash acquired	031	0	-22.800.000
5 Other cash payments from investment activities	032	-172.463.254	-18.295.781
IV Total cash payments from investment activities (ADP 028 to 032)	033	-599.794.326	-597.811.262
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)	034	-595.872.867	-582.808.161
CASH FLOW FROM FINANCING ACTIVITIES			
1 Cash receipts from the increase in initial (subscribed) capital	035	0	0
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036	0	0
3 Cash receipts from credit principals, loans and other borrowings	037	583.118.608	449.136.901
4 Other cash receipts from financing activities	038	1.029.010	3.545.064
V Total cash receipts from financing activities (ADP 035 to 038)	039	584.147.618	452.681.965
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-237.710.139	-96.766.805
2 Cash payments for dividends	041	-111.730.149	-128.787.372
3 Cash payments for finance lease	042	0	0
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043	-7.372.039	-18.237.583
5 Other cash payments from financing activities	044	0	0
VI Total cash payments from financing activities (ADP 040 to 044)	045	-356.812.327	-243.791.760
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039+045)	046	227.335.291	208.890.205
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	0	0
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	-132.296.233	-59.347.413
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	287.836.954	261.842.353
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (ADP 048+049)	050	155.540.721	202.494.940

STATEMENT OF CHANGES IN EQUITY (for the period 01.01.2019 to 30.06.2019)
Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Attributable to owners of the parent															Minority (non-controlling) interest	Total capital and reserves
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets available for sale	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent			
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 on the first day of the previous business year	01	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	
2 Changes in accounting policies	02	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
3 Correction of errors	03	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	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	
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0	0	0	0	235.337.282	235.337.282	3.850.224	239.187.506	
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
7 Changes in revaluation reserves of fixed tangible and intangible assets	07	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
8 Profit or loss arising from subsequent measurement of financial assets available for sale	08	0	0	0	0	0	0	0	0	338.982	0	0	0	0	338.982	0	338.982	
9 Profit or loss arising from effective cash flow hedge	09	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
12 Actuarial gains/losses on the defined benefit obligation	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
13 Other changes in equity unrelated to owners	13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
14 Tax on transactions recognised directly in equity	14	0	0	0	0	0	0	0	0	-67.797	0	0	0	0	-67.797	0	-67.797	
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
16 Increase in initial (subscribed) capital arising from the reinvestment of profit	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
17 Increase in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
18 Redemption of treasury shares/holdings	18	0	0	0	0	51.705.655	0	0	0	0	0	0	0	0	-51.705.655	0	-51.705.655	
19 Payment of share in profit/dividend	19	0	356.885	0	0	-393.563	0	0	0	0	0	0	-111.730.149	0	-110.979.701	0	-110.979.701	
20 Other distribution to owners	20	0	1.344.492	0	0	-1.082.563	0	0	0	0	0	0	0	0	2.427.055	0	2.427.055	
21 Transfer to reserves according to the annual schedule	21	0	0	0	52.000.000	0	0	-9.529.123	0	0	0	0	197.265.686	-243.596.016	-3.859.453	167.016.901	163.157.448	
22 Increase in reserves arising from the pre-bankruptcy settlement procedure	22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
23 Balance on the last day of the previous business year reporting period (ADP 04 to 22)	23	1.672.021.210	5.304.283	83.601.061	96.815.284	86.119.149	0	0	0	905.282	0	0	348.674.430	235.337.282	2.356.539.683	401.993.065	2.758.532.748	
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																		
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	24	0	0	0	0	0	0	0	0	271.185	0	0	0	0	271.185	0	271.185	
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+24)	25	0	0	0	0	0	0	0	0	271.185	0	0	0	235.337.282	235.608.467	3.850.224	239.458.691	
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 22)	26	0	1.701.377	0	52.000.000	50.229.529	0	-9.529.123	0	0	0	0	85.535.537	-243.596.016	-164.117.754	167.016.901	2.899.147	
Current period																		
1 Balance on the first day of the current business year	27	1.672.021.210	5.304.283	83.601.061	96.815.284	86.119.149	0	0	0	905.282	0	0	348.674.430	235.337.282	2.356.539.683	401.993.065	2.758.532.748	
2 Changes in accounting policies	28	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
3 Correction of errors	29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
4 Balance on the first day of the current business year (restated) (ADP 27 to 29)	30	1.672.021.210	5.304.283	83.601.061	96.815.284	86.119.149	0	0	0	905.282	0	0	348.674.430	235.337.282	2.356.539.683	401.993.065	2.758.532.748	
5 Profit/loss of the period	31	0	0	0	0	0	0	0	0	0	0	0	0	-160.449.491	-160.449.491	-19.409.828	-179.859.319	
6 Exchange rate differences from translation of foreign operations	32	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
7 Changes in revaluation reserves of fixed tangible and intangible assets	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
8 Profit or loss arising from subsequent measurement of financial assets available for sale	34	0	0	0	0	0	0	0	0	-936.312	0	0	0	0	-936.312	0	-936.312	
9 Profit or loss arising from effective cash flow hedge	35	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	36	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	37	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
12 Actuarial gains/losses on the defined benefit obligation	38	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
13 Other changes in equity unrelated to owners	39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
14 Tax on transactions recognised directly in equity	40	0	0	0	0	0	0	0	0	188.588	0	0	0	0	188.588	0	188.588	
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	41	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
16 Increase in initial (subscribed) capital arising from the reinvestment of profit	42	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
17 Increase in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
18 Redemption of treasury shares/holdings	44	0	0	0	0	18.196.981	0	0	0	0	0	0	0	0	-18.196.981	0	-18.196.981	
19 Payment of share in profit/dividend	45	0	406.280	0	0	-1.056.370	0	0	0	0	0	0	-131.289.870	0	-129.827.220	-7.704.009	-137.531.229	
20 Other distribution to owners	46	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
21 Transfer to reserves according to the annual schedule	47	0	0	0	40.000.000	0	0	0	0	0	0	0	208.443.807	-235.337.282	13.106.525	-858.203	12.248.322	
22 Increase in reserves arising from the pre-bankruptcy settlement procedure	48	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
23. Balance as at 31 December of the current period (ADP 30 to 48)	49	1.672.021.210	5.710.563	83.601.061	136.815.284	103.259.760	0	0	0	157.558	0	0	425.828.367	-160.449.491	2.060.424.792	374.021.025	2.434.445.817	
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																		
I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 32 to 40)	50	0	0	0	0	0	0	0	0	-747.724	0	0	0	0	-747.724	0	-747.724	
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 31 + 50)	51	0	0	0	0	0	0	0	0	-747.724	0	0	0	-160.449.491	-161.197.215	-19.409.828	-180.607.043	
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 41 to 48)	52	0	406.280	0	40.000.000	17.140.611	0	0	0	0	0	0	77.153.937	-235.337.282	-134.917.676	-8.562.212	-143.479.888	

NOTES TO FINANCIAL STATEMENTS - TFI

Name of the issuer:

Valamar Riviera d.d.

Personal identification

number (OIB): **36201212847**

Reporting period:

01.01. to 30.06.2019

Notes to financial statements for quarterly periods include:

- a) an explanation of business events relevant to understanding changes in the statement of financial position and financial performance for the quarterly reporting period of the issuer with respect to the last business year: information is provided regarding these events and relevant information published in the last annual financial statement is updated
- b) information on the access to the latest annual financial statements, for the purpose of understanding information published in the notes to financial statements drawn up for the quarterly reporting period
- c) a statement explaining that the same accounting policies are applied while drawing up financial statements for the quarterly reporting period as in the latest annual financial statements or, in the case where the accounting policies have changed, a description of the nature and effect of the changes
- d) a description of the financial performance in the case of the issuer whose business is seasonal.

Reporting period: from 01.01.2019 to 30.06.2019

Year: 2019

Quarter: 2.

Quarterly financial statements

Registration number (MB):	<u>3474771</u>	Issuer's home Member State code	<u>HR</u>
Entity's registration number (MBS):	<u>040020883</u>		
Personal identification number (OIB):	<u>36201212847</u>	LEI	<u>529900DUWS1DGNEK4C68</u>
Institution code:	<u>30577</u>		
Name of the issuer:	<u>Valamar Riviera d.d.</u>		
Postcode and town:	<u>52440</u>	<u>Poreč</u>	
Street and house number:	<u>Stancija Kaligari 1</u>		
E-mail address:	<u>uprava@riviera.hr</u>		
Web address:	<u>www.valamar-riviera.com</u>		
Number of employees (end of the reporting period):	<u>3090</u>		
Consolidated report:	<u>KN</u>		
Audited:	<u></u>		
Names of subsidiaries (according to IFRS):	Registered office:	MB:	
<u></u>	<u></u>	<u></u>	

Bookkeeping firm:	<u>No</u>
Contact person:	<u>Sopta Anka</u> (only name and surname of the contact person)
Telephone:	<u>052 408 188</u>
E-mail address:	<u>anka.sopta@riviera.hr</u>
Audit firm:	<u></u> (name of the audit firm)
Certified auditor:	<u></u> (name and surname)



L.S.

(authorized representative's signature)

BALANCE SHEET (as at 30.06.2019)

Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001	0	0
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	4.745.258.461	4.999.340.225
I INTANGIBLE ASSETS (ADP 004 to 009)	003	52.117.007	64.001.951
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	44.689.688	37.680.672
3 Goodwill	006	6.567.609	6.567.609
4 Advances for the purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	859.710	3.908.600
6 Other intangible assets	009	0	15.845.070
II TANGIBLE ASSETS (ADP 011 to 019)	010	3.956.425.253	4.177.237.635
1 Land	011	644.865.439	644.865.438
2 Buildings	012	2.589.871.537	2.465.685.270
3 Plant and equipment	013	398.353.730	386.905.810
4 Tools, working inventory and transportation assets	014	113.623.233	115.216.457
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	3.269.078	9.651.638
7 Tangible assets in preparation	017	150.627.634	499.052.759
8 Other tangible assets	018	46.174.128	46.219.789
9 Investment property	019	9.640.474	9.640.474
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	635.859.184	657.255.985
1 Investments in holdings (shares) of undertakings within the group	021	616.200.941	639.836.177
2 Investments in other securities of undertakings within the group	022	0	0
3 Loans, deposits, etc. to undertakings within the group	023	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating interests	024	0	0
5 Investment in other securities of companies linked by virtue of participating interests	025	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	026	0	0
7 Investments in securities	027	3.959.812	1.829.613
8 Loans, deposits, etc. given	028	15.558.431	15.450.195
9 Other investments accounted for using the equity method	029	0	0
10 Other fixed financial assets	030	140.000	140.000
IV RECEIVABLES (ADP 032 to 035)	031	147.290	134.927
1 Receivables from undertakings within the group	032	0	0
2 Receivables from companies linked by virtue of participating interests	033	0	0
3 Customer receivables	034	0	0
4 Other receivables	035	147.290	134.927
V DEFERRED TAX ASSETS	036	100.709.727	100.709.727
C) CURRENT ASSETS (ADP 038+046+053+063)	037	228.130.083	276.951.768
I INVENTORIES (ADP 039 to 045)	038	22.899.786	20.698.430
1 Raw materials and consumables	039	22.761.740	19.791.387
2 Work in progress	040	0	0
3 Finished goods	041	0	0
4 Merchandise	042	138.046	907.043
5 Advances for inventories	043	0	0
6 Fixed assets held for sale	044	0	0
7 Biological assets	045	0	0
II RECEIVABLES (ADP 047 to 052)	046	36.668.851	99.684.664
1 Receivables from undertakings within the group	047	1.879.447	3.840.768
2 Receivables from companies linked by virtue of participating interests	048	0	0
3 Customer receivables	049	29.757.242	81.504.731
4 Receivables from employees and members of the undertaking	050	1.366.667	5.873.766
5 Receivables from government and other institutions	051	2.275.769	402.162
6 Other receivables	052	1.389.726	8.063.237
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	28.300	11.852.333
1 Investments in holdings (shares) of undertakings within the group	054	0	0
2 Investments in other securities of undertakings within the group	055	0	0
3 Loans, deposits, etc. to undertakings within the group	056	28.300	28.300
4 Investments in holdings (shares) of companies linked by virtue of participating interests	057	0	0
5 Investment in other securities of companies linked by virtue of participating interests	058	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	059	0	0
7 Investments in securities	060	0	0
8 Loans, deposits, etc. given	061	0	10.541.525
9 Other financial assets	062	0	1.282.508
IV CASH AT BANK AND IN HAND	063	168.533.146	144.716.341
D) PREPAID EXPENSES AND ACCRUED INCOME	064	24.218.271	93.129.260
E) TOTAL ASSETS (ADP 001+002+037+064)	065	4.997.606.815	5.369.421.253
F) OFF-BALANCE SHEET ITEMS	066	54.446.042	54.409.875

BALANCE SHEET (as at 30.06.2019) (continued)
Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+081+084+087)	067	2.474.760.657	2.204.323.508
I INITIAL (SUBSCRIBED) CAPITAL	068	1.672.021.210	1.672.021.210
II CAPITAL RESERVES	069	5.304.283	5.710.563
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	94.297.196	117.197.186
1 Legal reserves	071	83.601.061	83.601.061
2 Reserves for treasury shares	072	96.815.284	136.815.284
3 Treasury shares and holdings (deductible item)	073	-86.119.149	-103.219.159
4 Statutory reserves	074	0	0
5 Other reserves	075	0	0
IV REVALUATION RESERVES	076	0	0
V FAIR VALUE RESERVE (ADP 078 to 080)	077	905.282	157.558
1 Fair value of financial assets available for sale	078	905.282	157.558
2 Cash flow hedge - effective portion	079	0	0
3 Hedge of a net investment in a foreign operation - effective portion	080	0	0
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 082-083)	081	462.953.210	539.646.072
1 Retained profit	082	462.953.210	539.646.072
2 Loss brought forward	083	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)	084	239.279.476	-130.409.081
1 Profit for the business year	085	239.279.476	0
2 Loss for the business year	086	0	130.409.081
VIII MINORITY (NON-CONTROLLING) INTEREST	087	0	0
B) PROVISIONS (ADP 089 to 094)	088	35.699.314	35.699.314
1 Provisions for pensions, termination benefits and similar obligations	089	7.894.989	7.894.989
2 Provisions for tax liabilities	090	0	0
3 Provisions for ongoing legal cases	091	27.804.325	27.804.325
4 Provisions for renewal of natural resources	092	0	0
5 Provisions for warranty obligations	093	0	0
6 Other provisions	094	0	0
C) LONG-TERM LIABILITIES (ADP 096 to 106)	095	2.001.600.459	2.277.288.719
1 Liabilities to undertakings within the group	096	0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	097	0	0
3 Liabilities to companies linked by virtue of participating interests	098	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	099	0	0
5 Liabilities for loans, deposits etc.	100	0	0
6 Liabilities to banks and other financial institutions	101	1.978.757.713	2.229.130.665
7 Liabilities for advance payments	102	0	0
8 Liabilities to suppliers	103	0	0
9 Liabilities for securities	104	0	0
10 Other long-term liabilities	105	7.615.740	33.054.286
11 Deferred tax liability	106	15.227.006	15.103.768
D) SHORT-TERM LIABILITIES (ADP 108 to 121)	107	374.287.286	722.249.900
1 Liabilities to undertakings within the group	108	196.105	185.063
2 Liabilities for loans, deposits, etc. of undertakings within the group	109	0	0
3 Liabilities to companies linked by virtue of participating interests	110	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	111	0	0
5 Liabilities for loans, deposits etc.	112	0	0
6 Liabilities to banks and other financial institutions	113	203.359.113	212.683.827
7 Liabilities for advance payments	114	34.734.630	280.903.468
8 Liabilities to suppliers	115	102.714.900	135.571.144
9 Liabilities for securities	116	0	0
10 Liabilities to employees	117	22.822.891	39.317.280
11 Taxes, contributions and similar liabilities	118	9.464.523	47.868.844
12 Liabilities arising from the share in the result	119	9.600	9.600
13 Liabilities arising from fixed assets held for sale	120	0	0
14 Other short-term liabilities	121	985.524	5.710.674
E) ACCRUALS AND DEFERRED INCOME	122	111.259.099	129.859.812
F) TOTAL - LIABILITIES (ADP 067+088+095+107+122)	123	4.997.606.815	5.369.421.253
G) OFF-BALANCE SHEET ITEMS	124	54.446.042	54.409.875

STATEMENT OF PROFIT OR LOSS (for the period 01.01.2019 to 30.06.2019)

Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
I OPERATING INCOME (ADP 126 to 130)	125	563.387.946	521.759.923	597.050.968	555.306.183
1 Income from sales with undertakings within the group	126	7.644.461	4.195.740	14.793.123	7.851.603
2 Income from sales (outside group)	127	546.710.709	511.219.473	574.546.162	543.017.788
3 Income from the use of own products, goods and services	128	216.771	81.718	113.261	55.734
4 Other operating income with undertakings within the group	129	4.650	4.650	132.669	96.629
5 Other operating income (outside the group)	130	8.811.355	6.258.342	7.465.753	4.284.429
II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)	131	631.197.682	421.830.327	711.826.470	471.125.530
1 Changes in inventories of work in progress and finished goods	132	0	0	0	0
2 Material costs (ADP 134 to 136)	133	189.795.229	152.285.799	209.338.726	166.588.509
a) Costs of raw materials and consumables	134	124.392.386	105.040.246	132.820.510	110.493.918
b) Costs of goods sold	135	1.013.485	972.745	1.160.398	1.135.398
c) Other external costs	136	64.389.358	46.272.808	75.357.818	54.959.193
3 Staff costs (ADP 138 to 140)	137	208.080.612	149.043.257	238.311.947	167.087.739
a) Net salaries and wages	138	126.070.355	89.884.037	144.942.651	101.189.568
b) Tax and contributions from salary costs	139	53.158.972	38.324.227	62.170.507	43.816.364
c) Contributions on salaries	140	28.851.285	20.834.993	31.198.789	22.081.807
4 Depreciation	141	169.063.523	84.603.406	191.534.970	95.929.945
5 Other costs	142	61.161.442	34.685.592	67.785.050	40.566.268
6 Value adjustments (ADP 144+145)	143	83.578	11.385	46.436	45.478
a) fixed assets other than financial assets	144	0	0	0	0
b) current assets other than financial assets	145	83.578	11.385	46.436	45.478
7 Provisions (ADP 147 to 152)	146	0	0	0	0
a) Provisions for pensions, termination benefits and similar obligations	147	0	0	0	0
b) Provisions for tax liabilities	148	0	0	0	0
c) Provisions for ongoing legal cases	149	0	0	0	0
d) Provisions for renewal of natural resources	150	0	0	0	0
e) Provisions for warranty obligations	151	0	0	0	0
f) Other provisions	152	0	0	0	0
8 Other operating expenses	153	3.013.298	1.200.888	4.809.341	907.591
III. FINANCIAL INCOME (ADP 155 to 164)	154	43.165.609	20.436.309	26.652.002	24.746.618
1 Income from investments in holdings (shares) of undertakings within the group	155	0	0	8.703.256	8.703.256
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	156	0	0	0	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	157	0	0	0	0
4 Other interest income from operations with undertakings within the group	158	0	0	186.986	186.986
5 Exchange rate differences and other financial income from operations with undertakings within the group	159	0	0	0	0
6 Income from other long-term financial investments and loans	160	0	0	0	0
7 Other interest income	161	202.686	151.919	138.128	57.330
8 Exchange rate differences and other financial income	162	38.514.273	17.177.339	12.022.748	11.762.817
9 Unrealised gains (income) from financial assets	163	2.738.644	1.971.070	2.611.448	2.110.758
10 Other financial income	164	1.710.006	1.135.981	2.989.436	1.925.471
IV FINANCIAL EXPENSES (ADP 166 to 172)	165	27.779.757	14.845.332	42.285.581	21.299.132
1 Interest expenses and similar expenses with undertakings within the group	166	0	0	0	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	167	0	0	0	0
3 Interest expenses and similar expenses	168	22.074.175	11.654.888	24.461.683	13.573.392
4 Exchange rate differences and other expenses	169	2.099.729	652.133	2.983.424	557.444
5 Unrealised losses (expenses) from financial assets	170	2.957.564	2.146.623	13.961.727	6.792.211
6 Value adjustments of financial assets (net)	171	0	0	0	0
7 Other financial expenses	172	648.289	391.688	878.747	376.085
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS	173	0	0	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	174	0	0	0	0
VII. SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	175	0	0	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	176	0	0	0	0
IX TOTAL INCOME (ADP 125+154+173+174)	177	606.553.555	542.196.232	623.702.970	580.052.801
X TOTAL EXPENDITURE (ADP 131+165+175+176)	178	658.977.439	436.675.659	754.112.051	492.424.662
XI PRE-TAX PROFIT OR LOSS (ADP 177-178)	179	-52.423.884	105.520.573	-130.409.081	87.628.139
1 Pre-tax profit (ADP 177-178)	180	0	105.520.573	0	87.628.139
2 Pre-tax loss (ADP 178-177)	181	-52.423.884	0	-130.409.081	0
XII INCOME TAX	182	0	0	0	0
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)	183	-52.423.884	105.520.573	-130.409.081	87.628.139
1. Profit for the period (ADP 179-182)	184	0	105.520.573	0	87.628.139
2. Loss for the period (ADP 182-179)	185	-52.423.884	0	-130.409.081	0

STATEMENT OF PROFIT OR LOSS (for the period 01.01.2019 to 30.06.2019) (continued)

Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Same period of the previous year		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)					
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 187-188)	186	0	0	0	0
1 Pre-tax profit from discontinued operations	187	0	0	0	0
2 Pre-tax loss on discontinued operations	188	0	0	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS	189	0	0	0	0
1 Discontinued operations profit for the period (ADP 186-189)	190	0	0	0	0
2 Discontinued operations loss for the period (ADP 189-186)	191	0	0	0	0

TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)

XVI PRE-TAX PROFIT OR LOSS (ADP 179+186)	192	0	0	0	0
1 Pre-tax profit (ADP 192)	193	0	0	0	0
2 Pre-tax loss (ADP 192)	194	0	0	0	0
XVII INCOME TAX (ADP 182+189)	195	0	0	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 192-195)	196	0	0	0	0
1 Profit for the period (ADP 192-195)	197	0	0	0	0
2 Loss for the period (ADP 195-192)	198	0	0	0	0

APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)

XIX PROFIT OR LOSS FOR THE PERIOD (ADP 200+201)	199	0	0	0	0
1 Attributable to owners of the parent	200	0	0	0	0
2 Attributable to minority (non-controlling) interest	201	0	0	0	0

STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)

I PROFIT OR LOSS FOR THE PERIOD	202	-52.423.884	105.547.775	-130.409.081	87.628.139
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 204 to 211)	203	22.324	22.324	-936.312	-936.312
1 Exchange rate differences from translation of foreign operations	204	0	0	0	0
2 Changes in revaluation reserves of fixed tangible and intangible assets	205	0	0	0	0
3 Profit or loss arising from subsequent measurement of financial assets available for sale	206	22.324	22.324	-936.312	-936.312
4 Profit or loss arising from effective cash flow hedging	207	0	0	0	0
5 Profit or loss arising from effective hedge of a net investment in a foreign operation	208	0	0	0	0
6 Share in other comprehensive income/loss of companies linked by virtue of participating interests	209	0	0	0	0
7 Actuarial gains/losses on the defined benefit obligation	210	0	0	0	0
8 Other changes in equity unrelated to owners	211	0	0	0	0
III TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	212	4.465	4.465	-188.588	-188.588
IV NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 203-212)	213	17.859	17.859	-747.724	-747.724
V COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 202+213)	214	-52.406.025	105.565.634	-131.156.805	86.880.415

APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)

VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 216+217)	215	0	0	0	0
1 Attributable to owners of the parent	216	0	0	0	0
2 Attributable to minority (non-controlling) interest	217	0	0	0	0

STATEMENT OF CASH FLOWS - indirect method (for the period 01.01.2019 to 30.06.2019)**Submitter: Valamar Riviera d.d.**

in HRK

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
CASH FLOW FROM OPERATING ACTIVITIES			
1 Pre-tax profit	001	-52.423.884	-130.409.081
2 Adjustments (ADP 003 to 010):	002	154.012.757	208.736.349
a) Depreciation	003	169.063.523	191.534.970
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-2.190.916	-180.483
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	0	-1.172.586
d) Interest and dividend income	006	-195.305	-8.928.464
e) Interest expenses	007	22.074.174	24.461.683
f) Provisions	008	78.081	0
g) Exchange rate differences (unrealised)	009	-34.954.012	-8.035.653
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	137.212	11.056.882
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	101.588.873	78.327.268
3 Changes in the working capital (ADP 013 to 016)	012	129.897.587	240.354.361
a) Increase or decrease in short-term liabilities	013	296.969.248	338.499.890
b) Increase or decrease in short-term receivables	014	-72.377.815	-62.566.390
c) Increase or decrease in inventories	015	3.328.209	2.201.357
d) Other increase or decrease in working capital	016	-98.022.055	-37.780.496
II Cash from operations (ADP 011+012)	017	231.486.460	318.681.629
4 Interest paid	018	-2.600.433	-24.098.195
5 Income tax paid	019	53.533	9.342
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	228.939.560	294.592.776
CASH FLOW FROM INVESTMENT ACTIVITIES			
1 Cash receipts from sales of fixed tangible and intangible assets	021	2.880.078	903.360
2 Cash receipts from sales of financial instruments	022	0	2.431.824
3 Interest received	023	108.225	153.722
4 Dividends received	024	87.080	8.790.336
5 Cash receipts from repayment of loans and deposits	025	802.668	58.719
6 Other cash receipts from investment activities	026	33.664	0
III Total cash receipts from investment activities (ADP 021 to 026)	027	3.911.715	12.337.961
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-378.070.717	-406.659.394
2 Cash payments for the acquisition of financial instruments	029	0	0
3 Cash payments for loans and deposits for the period	030	-105.848	-10.660.071
4 Acquisition of a subsidiary, net of cash acquired	031	-172.913.837	-23.635.237
5 Other cash payments from investment activities	032	0	-18.295.781
IV Total cash payments from investment activities (ADP 028 to 032)	033	-551.090.402	-459.250.483
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)	034	-547.178.687	-446.912.522
CASH FLOW FROM FINANCING ACTIVITIES			
1 Cash receipts from the increase in initial (subscribed) capital	035	0	0
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036	0	0
3 Cash receipts from credit principals, loans and other borrowings	037	556.462.315	356.079.343
4 Other cash receipts from financing activities	038	1.014.128	0
V Total cash receipts from financing activities (ADP 035 to 038)	039	557.476.443	356.079.343
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-228.291.907	-88.296.057
2 Cash payments for dividends	041	-110.979.701	-121.083.363
3 Cash payments for finance lease	042	0	0
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043	-7.372.039	-18.196.982
5 Other cash payments from financing activities	044	0	0
VI Total cash payments from financing activities (ADP 040 to 044)	045	-346.643.647	-227.576.402
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039+045)	046	210.832.796	128.502.941
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	0	0
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	-107.406.331	-23.816.805
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	237.400.810	168.533.146
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (ADP 048+049)	050	129.994.479	144.716.341

STATEMENT OF CHANGES IN EQUITY (for the period 01.01.2019 to 30.06.2019)
Submitter: Valamar Riviera d.d.

in HRK

Item	ADP code	Attributable to owners of the parent														Minority (non-controlling) interest	Total capital and reserves
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets available for sale	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent		
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 on the first day of the previous business year	01	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
2 Changes in accounting policies	02	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Correction of errors	03	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	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
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0	0	0	0	239.279.476	239.279.476	0	239.279.476
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7 Changes in revaluation reserves of fixed tangible and intangible assets	07	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Profit or loss arising from subsequent measurement of financial assets available for sale	08	0	0	0	0	0	0	0	0	338.982	0	0	0	0	338.982	0	338.982
9 Profit or loss arising from effective cash flow hedge	09	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on the defined benefit obligation	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 Tax on transactions recognised directly in equity	14	0	0	0	0	0	0	0	0	-67.797	0	0	0	0	-67.797	0	-67.797
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Increase in initial (subscribed) capital arising from the reinvestment of profit	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Increase in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	18	0	0	0	0	51.705.655	0	0	0	0	0	0	0	0	-51.705.655	0	-51.705.655
19 Payment of share in profit/dividend	19	0	356.885	0	0	-393.563	0	0	0	0	0	0	-111.730.149	0	-110.979.701	0	-110.979.701
20 Other distribution to owners	20	0	1.344.492	0	0	-1.082.564	0	0	0	0	0	0	0	0	2.427.056	0	2.427.056
21 Transfer to reserves according to the annual schedule	21	0	0	0	52.000.000	0	0	-9.529.123	0	0	0	0	189.508.197	-231.979.074	0	0	0
22 Increase in reserves arising from the pre-bankruptcy settlement procedure	22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23 Balance on the last day of the previous business year reporting period (ADP 04 to 22)	23	1.672.021.210	5.304.283	83.601.061	96.815.284	86.119.149	0	0	0	905.282	0	0	462.953.210	239.279.476	2.474.760.657	0	2.474.760.657
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																	
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	24	0	0	0	0	0	0	0	0	271.185	0	0	0	0	271.185	0	271.185
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+24)	25	0	0	0	0	0	0	0	0	271.185	0	0	0	239.279.476	239.550.661	0	239.550.661
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 22)	26	0	1.701.377	0	52.000.000	50.229.528	0	-9.529.123	0	0	0	0	77.778.048	-231.979.074	-160.258.300	0	-160.258.300
Current period																	
1 Balance on the first day of the current business year	27	1.672.021.210	5.304.283	83.601.061	96.815.284	86.119.149	0	0	0	905.282	0	0	462.953.210	239.279.476	2.474.760.657	0	2.474.760.657
2 Changes in accounting policies	28	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Correction of errors	29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Balance on the first day of the current business year (restated) (ADP 27 to 29)	30	1.672.021.210	5.304.283	83.601.061	96.815.284	86.119.149	0	0	0	905.282	0	0	462.953.210	239.279.476	2.474.760.657	0	2.474.760.657
5 Profit/loss of the period	31	0	0	0	0	0	0	0	0	0	0	0	0	-130.409.081	-130.409.081	0	-130.409.081
6 Exchange rate differences from translation of foreign operations	32	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7 Changes in revaluation reserves of fixed tangible and intangible assets	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Profit or loss arising from subsequent measurement of financial assets available for sale	34	0	0	0	0	0	0	0	0	-936.312	0	0	0	0	-936.312	0	-936.312
9 Profit or loss arising from effective cash flow hedge	35	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	36	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	37	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on the defined benefit obligation	38	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 Tax on transactions recognised directly in equity	40	0	0	0	0	0	0	0	0	188.588	0	0	0	0	188.588	0	188.588
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	41	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Increase in initial (subscribed) capital arising from the reinvestment of profit	42	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Increase in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	44	0	0	0	0	18.196.981	0	0	0	0	0	0	0	0	-18.196.981	0	-18.196.981
19 Payment of share in profit/dividend	45	0	406.280	0	0	-1.096.971	0	0	0	0	0	0	-122.586.614	0	-121.083.363	0	-121.083.363
20 Other distribution to owners	46	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 Transfer to reserves according to the annual schedule	47	0	0	0	40.000.000	0	0	0	0	0	0	0	199.279.476	-239.279.476	0	0	0
22 Increase in reserves arising from the pre-bankruptcy settlement procedure	48	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23. Balance as at 31 December of the current period (ADP 30 to 48)	49	1.672.021.210	5.710.563	83.601.061	136.815.284	103.219.159	0	0	0	157.558	0	0	539.646.072	-130.409.081	2.204.323.508	0	2.204.323.508
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																	
I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 32 to 40)	50	0	0	0	0	0	0	0	0	-747.724	0	0	0	0	-747.724	0	-747.724
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 31 + 50)	51	0	0	0	0	0	0	0	0	-747.724	0	0	0	-130.409.081	-131.156.805	0	-131.156.805
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 41 to 48)	52	0	406.280	0	40.000.000	17.100.010	0	0	0	0	0	0	76.692.862	-239.279.476	-139.280.344	0	-139.280.344

NOTES TO FINANCIAL STATEMENTS - TFI

Name of the issuer:

Valamar Riviera d.d.

Personal identification

number OIB: **36201212847**

Reporting period:

01.01. to 30.06.2019

Notes to financial statements for quarterly periods include:

- a) an explanation of business events relevant to understanding changes in the statement of financial position and financial performance for the quarterly reporting period of the issuer with respect to the last business year: information is provided regarding these events and relevant information published in the last annual financial statement is updated
- b) information on the access to the latest annual financial statements, for the purpose of understanding information published in the notes to financial statements drawn up for the quarterly reporting period
- c) a statement explaining that the same accounting policies are applied while drawing up financial statements for the quarterly reporting period as in the latest annual financial statements or, in the case where the accounting policies have changed, a description of the nature and effect of the changes
- d) a description of the financial performance in the case of the issuer whose business is seasonal.

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