VALAMAR RIVIERA

INTERIM UNAUDITED BUSINESS RESULTS 1/1/2015 - 31/12/2015

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

for the fourth quarter of 2015, including
the period from 1 January 2015 to 31 December 2015

Valamar Bellevue Hotel & Residence 4*, Rabac

EXECUTIVE SUMMARY

- Good 2015 business results are a result of the synergy of several important factors – the increase of operational efficiency stemming from the reorganisation and restructuring of business operations, significant investments in portfolio and services driving strong growth, the acquisition of the Baška companies, and, in general, a very good tourist season.

- In 2015, Valamar Riviera Group generated EBITDA in the amount of HRK 423 million (HRK 284 million in 2014), achieving a 49% growth (HRK 139 million).

- The operating income amounted to HRK 1,294 million (HRK 1,096 million in 2014), i.e. 18 percent (HRK 198 million) more compared to the same period last year. An increase in the number of overnights (+10.9%), supported by a 6.9% rise of the average daily rate, resulted in a HRK 147 million increase in board revenues to the amount of HRK 1.043 million (HRK 896 million in 2014).

- A growth in efficiency and profitability, the acquisition of the Baška companies, and a higher operating volume resulted in a 6.8 percentage points increase in the EBITDA margin reaching 32.7% (25.9% in 2014).

- Despite a significant increase in the operating income, the wider consolidation scope, and the costs of the newly acquired Baška companies, operating expenses increased twice as slow, recording a 9.5% growth. Excluding the business operations of the Baška companies, comparable operating expenses were up by modest 3.9%, building on a positive cost efficiency trend after the last year's consolidation of management and organisational and shareholding structure, as well as the restructuring of the Group.

- Valamar Riviera successfully finalised its first major acquisition in the Adriatic in purchasing participating interests and shares of the Baška companies for HRK 188 million, paid in cash, which already had a visible positive impact on revenues and EBITDA. The consolidation of the Baška companies as of 1 July 2015 resulted in a HRK 76 million increase of the operating income and a HRK 34.8 million increase of EBITDA.

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

- 2014/15 investment cycle in the amount of HRK 358 million has been completed, with largest investment, namely Valamar Isabella Island Resort 4*, achieving excellent results.

- In the portfolio structure, the largest growth in board revenues of 24% was generated by 4* and 5* hotels and resorts, thus confirming that continuous investments to increase the competitive edge of tourism products, as well as investments in innovations and quality is one of the key factors of successful and sustainable business operations in tourism.

- The enterprise value of the Company has continued positive growth trend increasing 28% as a result of increased EBITDA and high-quality debt management. On 31 December 2015, the net debt amounted to HRK 1.082.5 million, representing an increase of HRK 394.9 million as a result of (i) realised investments (withdrawal of 2014/2015 investment credit lines); (ii) newly acquired Baška companies (purchase of interests and shares and takeover of credit liabilities); and (iii) paid dividends.

PRIZES AND AWARDS

- Valamar Riviera received several awards and acknowledgements as a result of continuous investments to increase the quality of its products, services, and contents: Croatia's Leading Resort, Croatia's Leading Boutique Hotel, and Croatia's Leading Business Hotel – World Travel Awards; 2015 Award – HolidayCheck; 2015 Travellers' Choice Award and 2015 Certificate of Excellence – Tripadvisor; Proven Quality 2015 – Thomas Cook; Premium Quality Hotel Wellbeing – FIT Reisen; Zoover Award Gold 2015, Zover Award Bronze 2015, and Kids HolidayTip! Quality Mark 2015 – Zoover; Camping2be 2015 Award – Camping2be.com; Best Camping 2015 – ADAC/ANWB; Leading Campings of Europe 2015 – Leading Campings of Europe; Golden Goat – Istria Tourist Board; Employee of the Year – Kvarner County Tourist Board; Luxury Sea View Hotel of the Year – Luxury Travel Guide Global Awards 2016; Waiter of the Year, Sales and Marketing Employee of the Year, Reception Employee of the Year, and Beach of the Year – Croatian National Tourist Board; second place in the national chefs and pastry chefs championship; best results in M.I.C.E. sales – Croatian Meeting Professionals Association; European Business Award 2014/2015 – The European Business Awards.

- As a result of continuous focusing on environmental protection, sustainable development, and destinations of high quality, a number of Valamar Riviera's products received awards: Sustainable Hotel – Association of Employers in Croatian Hospitality; Travelife Gold award – Travelife; TUI Environmental Champion 2015 – TUI Deutschland; Codex Alimentarius by HACCP; ISO 9001 and ISO 14001 – ISO; Q mark – Ministry of Tourism; Blue Flag – Foundation for Environmental Education.

- Valamar Riviera is committed to investing further efforts to increase the transparency of its relations and the quality of its business and financial communication with investors. In 2015, Valamar Riviera won the first prize for best investor relations awarded by Poslovni dnevnik (Croatian daily business newspaper and Internet portal) in collaboration with the Zagreb Stock Exchange, and was declared the best managed hospitality company in the CEE region by Euromoney, the leading specialist financial magazine, the share of the year by the public, and the share with the highest turnover growth in 2015 by the Zagreb Stock Exchange.

OUTLOOK

- We have been intensively working on the preparation of investment projects aimed at future development and raising of the quality of portfolio facilities, services, and contents, but, owing to the highest VAT rate in the Mediterranean and unresolved tourism land related issues restricting the potential of the tourism sector with regard to further investments, in the following year, we will decrease our planned investments for 2016 season in-between HRK 260 million and HRK 270 million (more details under "Investments").
- Following the successful completion of the acquisition of companies in destination Baška on the island of Krk, we continue to actively pursue expansion, partnership, and acquisition options in Croatia and the region.

Valamar Dubrovnik President 5*, Dubrovnik

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SIGNIFICANT BUSINESS EVENTS

Valamar Riviera is the leading tourism company and one of the leading tourism groups, as well as a major investor in the tourism sector, its investments reaching almost HRK 2.6 billion in the last 12 years, including a HRK 188 million investment in participating interests and shares in Baška companies. The Valamar Riviera Group operates at four attractive destinations, covering the area from Istria and Kvarner to Dubrovnik, and manages around 10 percent of the categorised tourist accommodation. It is the owner of the Valamar Hotels & Resorts and Camping Adriatic brands and a hospitality facilities portfolio encompassing, together with the new acquisition, thirty hotels and resorts and thirteen campsites accommodating approximately 48,000 thousand guests a day, which makes it the biggest tourism group in Croatia in terms of capacities.

Valamar Riviera takes care of all its stakeholders' interests (several local communities it operates in, more than 21,200 shareholders, more than 4,100 employees engaged by the Group in high season, and a number of partners) through a sustainable growth and development concept based on the principles of socially responsible business operations. Further growth and development will be achieved by increasing operational efficiency, investing further into portfolio, pursuing acquisitions and partnerships, developing destinations where we operate, and training Valamar Riviera's employees.

On 27 February 2015, the Commercial Court in Rijeka, Permanent Office Pazin, registered the merger of the Valamar hoteli i ljetovališta d.o.o. company, Zagreb, with the Valamar Riviera d.d. company; on 12 November 2015, the Commercial Court in Zagreb registered the merger of the Citatis savjetovanje d.o.o. company with the Bastion upravljanje d.o.o. company, which is 100% owned by Valamar Riviera d.d. The transactions

Valamar Lacroma Dubrovnik 4*, Dubrovnik

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

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

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

On 10 June 2015, the Company concluded Contracts for the sale of interests, as well as Contracts for the transfer of interests, pursuant to which the Company purchased and acquired 100% interest in three limited liability companies: Baškaturist d.o.o., Mirta Bašćanska d.o.o., and Vala Bašćanska d.o.o., which together hold in total 250,946 shares in Hoteli Baška d.d. By acquiring additional 8,752 shares, on 30 September 2015 the Company held, either directly or indirectly, 259,698 shares accounting for 96.715% of Hoteli Baška d.d. On 10 August 2015, the Company adopted a decision initiating a procedure to transfer minority shareholders' shares of Hoteli Baška d.d., which was finalised on 15 December 2015. On 21 December 2015, the conclusion of a contract on the merger of the companies Baškaturist d.o.o., Mirta Bašćanska d.o.o., and Vala Bašćanska d.o.o. with Hoteli Baška d.d. initiated their merger procedure, which was finalised upon the entry in the Court Register on 13 January 2016, resulting in Company becoming the sole shareholder of Hoteli Baška d.d. and holding all 268,518 shares. At the beginning of February, a procedure was initiated to merge Hoteli Baška d.d. with Valamar Riviera d.d., which is expected to be finalised by the end of March 2016.

On 22 January 2016, the Company received the decision of the Permanent Court of Arbitration at the Croatian Chamber of Economy, and on 29 January 2016, the decision correcting the decision of 22 January 2016 in the case Glavice d.o.o. in bankruptcy, Opuzen, as the plaintiff / counter-defendant, vs. the Company (as the legal successor of the original defendant, the Dubrovnik-Babin Kuk d.d. company from Dubrovnik), as the defendant / counter-plaintiff, by which the Court of Arbitration fully rejected Glavice d.o.o.'s claim for the payment of HRK 64,058,078 in total, and, with regard to the counterclaim to determine Company's bankruptcy claims, established that these claims were founded to the amount of HRK 20,931,712 and awarded the Company litigation costs to the amount of HRK 822,004. Since Glavice d.o.o. is in bankruptcy, the Company is not likely to collect the established claims with the exception of litigation costs in the amount of HRK 822,004 (collected in February 2016).

Hotel Corinthia 3*, Baška

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

The Company's Management Board hereby presents the quarterly financial statements for the fourth quarter of 2015 (the period 1 January 2015 – 31 December 2015 is also included), noting that the presented statements must be viewed in the context of the above mentioned changes resulting from mergers, and that they provide information on the status of the Company and the Group, as well as on significant events.

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

The Group's income statement for the period under consideration comprises the data for the following companies: Valamar hoteli i ljetovališta d.o.o., Valamar Hotels Resorts GmbH, Puntižela d.o.o., Bastion upravljanje d.o.o., Citatis d.o.o., Elafiti babin kuk d.o.o, Magične stijene d.o.o., Palme turizam d.o.o., Bugenvilia d.o.o., and Pogača Babin kuk d.o.o., while the data for the newly acquired companies in destination Baška are included as of 1 July 2015. Furthermore, the data for the current year are not fully comparable to the data for the previous period, as the latter do not comprise the data for the newly acquired companies in destination Baška.

Valamar Isabella Island Resort 4*, Poreč

Results of the Group

Key financial indicators[1]

(in HRK)	2015	2014	2015/2014
Total revenues	1,333,493,479	1,116,462,425	19.4%
Sales revenues	1,268,724,937	1,074,223,640	18.1%
Board revenues (accomodation and bord revenues)[2]	1,043,250,301	895,865,129	16.5%
Operating expenses[3]	839,306,218	766,194,502	9.5%
EBITDA[4]	423,129,366	284,253,307	48,9%
EBITDA margin	32.7%	25.9%	680 bp
Extraordinary operations result and one-off items[5]	15,366,905	33,503,098	-54.3%
Adjusted EBITDA[6]	438,496,271	317,756,405	38.0%
Adjusted EBITDA margin[6]	33.9%	29.0%	490 bp
EBIT	171,556,869	80,004,996	114.4%
Adjusted EBIT[6]	186,923,774	113,508,094	64.7%
EBT	132,691,274	59,795,806	121.9%
EBT margin	10.3%	5.5%	480 bp
Net profit	105,273,075	52,175,149	101.8%
	31/12/2015	**31/12/2014**	**2015/2014**
Net debt[7]	1,082,520,078	687,591,961	57.4%
Net debt / EBITDA	2.56	2.42	5.8%
Net debt / Adjusted EBITDA	2.47	2.16	14.4%
Cash and cash equivalents	318,755,282	195,201,504	63.3%
Capital investments (more details in chapter "Investments")	310,552,939	381,662,188	-18.6%
ROE[8]	5.4%	2.8%	260 bp
Adjusted ROCE[9]	6.3%	4.4%	190 bp
Market capitalization[10]	2,982,235,305	2,479,755,199	20,3%
EV[11]	4,064,755,383	3,167,347,160	28,3%
EPS[12]	0.84	0.48	75.0%
DPS[13]	0.55	0.5	10.0%

1 EBIT, EBITDA and their adjusted values and respective margins are recorded on the basis of operating income.
2 In compliance with the classification under the USALI international standard for reporting in hotel industry (Uniform System of Accounts for the Lodging Industry).
3 Operating expenses include material costs, staff costs, other expenditures, and other operating expenses reduced by extraordinary expenses and one-off items.
4 EBITDA (eng. earnings before interest, taxes, depreciation and amortization) is calculated as: operating income - total operating expneses + depreciation and amortisation + value adjustments.
5 The adjustment includes extraordinary income and expenses in accordance with the USALI standard classification and one-off termination benefit costs and administrative expenses related to the process of merger and business reorganisation.
6 Adjusted by the result of extraordinary operations and one-off items.
7 Net debt: non-current and current liabilities to banks and other financial institutions + liabilities for loans, deposits and other– cash and cash equivalents – long-term and short-term investments in securities – current loans given, deposits, etc.
8 ROE refers to return on equity; calculated as: profit for the period / (capital and reserves).
9 Adjusted ROCE refers to return on capital employed; calculated as: adjusted EBIT / (capital and reserves at the end of the period + non-current and current liabilities to banks and other financial institutions - cash and cash equivalents - long-term and short-term investments in securities - loans given, deposits, etc.).
10 The number of shares as at 31 December 2015 net of treasury shares (includes 432,942 treasury shares of the subsidiary company Bastion upravljanje d.o.o.) amounts to 124,675,389, while per 31 December 2014 amounts to 125,113,784.
11 EV refers to enterprise value; calculated as market capitalization + net debt.
12 EPS refers to earnings per share calculated on the basis of net profit. Weighted average number of shares as at 31 December 2015: 124,784,807. Weighted average number of shares as at 31 December 2014: 108,769,757.
13 DPS refers to dividends per share.

Key business indicators

	2015	2014	2015/2014
Number of accommodation units (capacity)	17,783	16,056	10.8%
Accommodation units sold	2,115,421	1,941,534	9.0%
Overnights	4,750,823	4,284,979	10.9%
Full occupancy days	119	121	-1.7%
Annual occupancy (%)	33%	33%	0 bp
ADR[14] (in HRK)	493	461	6.9%
RevPAR[15] (in HRK)	58,665	55,796	5.1%

Following the Group's strategic focus on the key drivers of business expansion and long-term objectives, the Group has achieved a high 18% operating income growth rate and a high 48.9% EBITDA growth rate, resulting in a 32.7% EBITDA margin.

A 9,0% increase of accommodation units sold and a 6.9% growth of the average daily rate per accommodation unit (6.7% excluding the business operations of Hoteli Baška d.d. in 2015 for comparability purposes), on top of favourable weather conditions, brand strength and management expertise, are attributed to the effect of four key strategy drivers: (i) the continued enhancement of the competitive strength and the improvement of services and facilities quality; (ii) focusing on sales, marketing, and operating excellence with a view to achieving profitability and sustainable growth; (iii) strategic acquisitions aimed at expanding our product portfolio and ensuring further growth of the Group; and (iv) the development of destinations, products, and value added services.

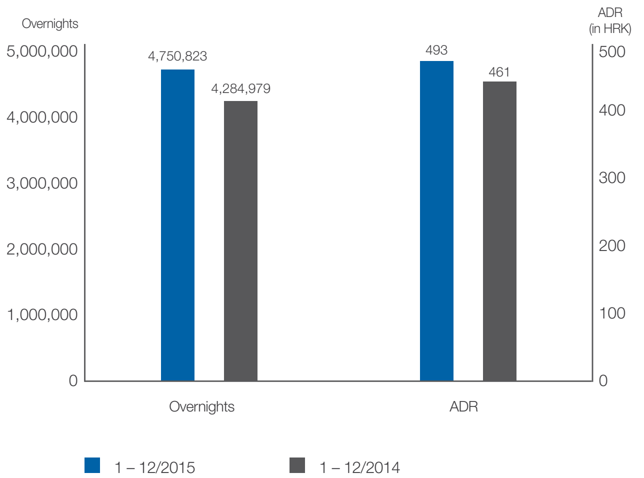
Good response to marketing and sales activities (particularly first-minute offers) and growth in segments which are generating a higher average daily rate (individuals and M.I.C.E.[16)] during the pre-season and at the beginning of the season have resulted in stronger initial booking, thus creating a good base for pricing policy management during the season. Creating a high-quality contractual basis with partners also has increased the quality in managing distribution, sales channels, optimum prices, and marketing and sales activities in high season and post-season.

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

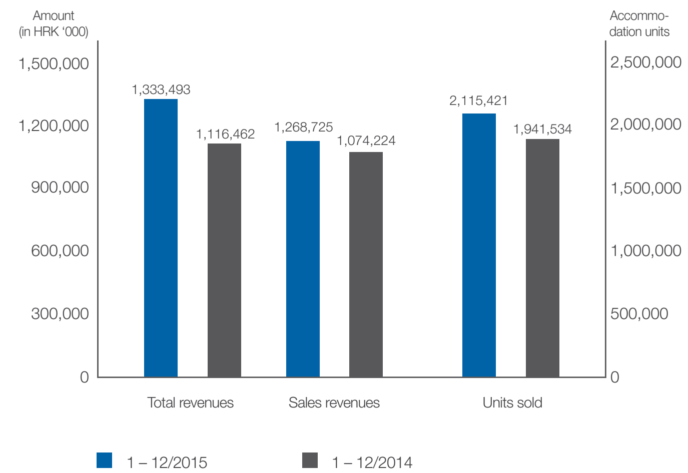
15 Revenue per accommodation unit is recorded on the basis of cumulative board revenues (accommodation and board's food and beverage revenues). Note: In 2015, it is impacted by the consolidation of Baška companies' business operations solely for the period July – December 2015, which, in combination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

16 Meetings, incentives, conferencing, exhibitions.

Overnights and ADR



Revenues and accommodation units sold



Despite an increase in operating volume, the wider consolidation scope, and the acquisition of the Baška companies, which have brought a 18.1% increase in sales revenues to HRK 1.294 million, operating expenses increased twice as slow, recording a 9.5% growth. Excluding the business operations of the Baška companies, operating expenses[17] were up by modest 3.9%, building on a positive cost efficiency trend after the consolidation of management and organisational and shareholding structure, as well as the restructuring of the Group. Revenue volume increase and streamlined cost management have resulted in an increase of EBITDA of HRK 138.9 million, i.e. of adjusted EBITDA by 38.0% to HRK 438.4 million[18]. Profit before tax and net profit follow the exceptional growth rates with an increase of 121.9%, respectively 102.0% to HRK 132.7 million, respectively HRK 105.3 million, with a 10.3% EBT margin (5.5% in 2014). Compared to 2014, there is a strong 18.1% increase in sales revenues to HRK 1,268.7 million (resulting mainly from the increased volume of physical indicators and average daily rate, as well as the increased sale of à la carte food and beverages by 35%), i.e. a 19.4% increase in total revenues to HRK 1,333.5 million, such an increase being a result not only of sales revenue growth, but also of growth in revenues coming from one-off reversals of provisions for termination benefits, foreign exchange gains. The acquisition of the Baška companies, investments in combination with a good response to marketing and sales activities, with the focus on the earlier mentioned changed marketing mix and price optimisation, have resulted in an increase in the number of accommodation units sold by 173,887 (reaching in total 2,115,421), including the increase of the average daily rate to HRK 493. National sales revenues amount to HRK 106.0 million, accounting for 7.9% of total revenues (7.8% in 2014), and are 21.4% above the previous comparable period. Sales revenues generated on international markets are 17.8% up and amount to HRK 1,162.7 million, accounting for 87.2% of total revenues (88.4% in 2014), while other operating and financial income accounts for 4.9% of total revenues. Other operating income of the Group, amounting to HRK 25.3 million, accounts for 1.9% (2.0% in 2014) of total revenues, indicating a 15.9% growth and resulting mainly from the one-off income from the reversal of provisions for termination benefits paid and, to a lesser extent, from the consolidation of other income generated by the companies in destination Baška.

17 Operating expenses include material costs, staff costs, other expenditures and other operating expenses reduced by extraordinary expenses and one-off items.
18 Adjustments have been made for: (i) the effect of extraordinary result (net income to the amount of HRK 7.8 million in 2015, i.e. income to the amount of HRK 13.2 million in the comparative period last year); (ii) the effect of one-off revenues and expenses for termination benefits in 2015 (income from the reversal of provisions for termination benefits paid to the amount of HRK 8.5 million and termination benefit costs to the amount of HRK 15.6 million); (iii) the effect of one-off termination benefit costs and administrative expenses related to the, merger and restructuring process in 2014 (to the amount of HRK 20.2 million), and the effect of one-off costs related to the acquisition of new interests in the Baška companies in 2015 to the amount of HRK 0.5 million.

Total operating expenses of Valamar Riviera Group

(in HRK)	2015	2014	2015/2014
Operating expenses	838,396,818	766,194,502	9.4%
Total operating expenses	1,122,480,064	1,016,066,119	10.5%
Material costs	398,167,101	371,219,973	7.3%
Staff costs	327,901,582	302,053,281	8.6%
Depreciation and amortisation	232,922,484	202,845,280	14.8%
Other expenditures	125,029,183	103,468,815	20.8%
Provisions	5,353,888	11,845,597	102.6%
Value adjustments	18,650,013	24,633,173	-41.3%
Other operating expenses	14,455,813	21,363,298	-32.3%

Compared to the last year, in 2015, total operating expenses are up 10.5%, mainly coming from increased operating volume and the acquisition of the Baška companies. Excluding the consolidation of the Baška companies, the positive effects of management consolidation and restructuring at all Valamar Group levels are still present, visible in a modest 5.3% growth of operating expenses. Accounting for 35.5% (36.5% in 2014) of total operating expenses, material costs have increased by 7.3% to HRK 398.2 million; out of which 4.1% is a result of Baška companies consolidation and the rest primarily from higher raw materials and materials costs, the most significant being the increase of direct food and beverage costs (increased operating volume and higher à la carte spending) and, to a lesser extent, the increase of water and electricity consumption (increased operating volume, new investments, and replacement of fuel oil with environmentally friendlier energy products).

Staff costs amount to HRK 327.9 million, accounting for 29.2% of total operating expenses (29.7% in 2014). An 8.6% increase in staff costs in 2015 comes from the takeover of employees from the newly acquired Baška companies and partially from an increase in employees' salaries on two occasions (1.5% in November 2014 and 1.5% in June 2015). Depreciation and amortisation amount to HRK 232.9 million (HRK 202.8 million in 2014), accounting for 20.8% (20.0% in 2014) of operating expenses, their 14.8% increase being a result of an intensive 2014/15 investment cycle and, to a lesser extent, the wider consolidation scope. Other operating expenses amount to HRK 14.5 million, indicating a 41.3% decrease, mainly as a result of lower compensations for damages coming from disputes and lower non-written-off value of depreciated assets. Increase in value adjustments of HRK 17.2 million refers to write-off of receivable for given advance to Glavice d.o.o. (more details in chapter "Significant business events"). Costs provisions, amounting to HRK 5.4 million, are down HRK 5.1 million and mostly refer to provisions related to initiated disputes. Other expenses are up 20.8%, i.e. HRK 21.6 million, as a result of the Baška companies consolidation and termination benefits paid.

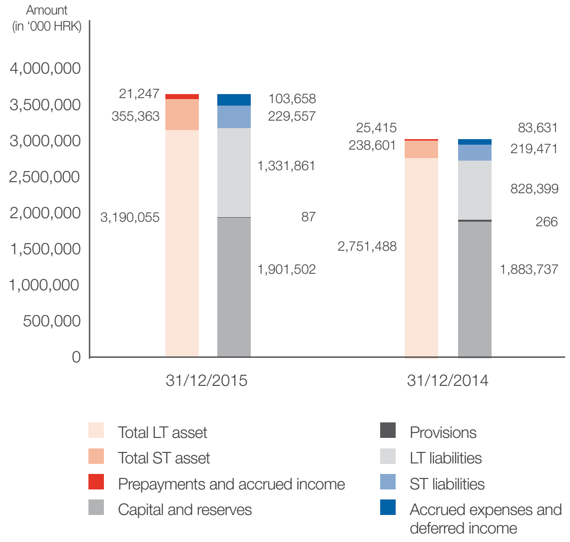
Group's financial income in the reporting period amounts to HRK 39.5 million and is HRK 19.1 million, i.e. 93.5% above the same period last year. Total foreign exchange gains are HRK 21.3 million higher, whereby we point to the amended policy for accounting for unrealised foreign exchange differences and their recording in the quarterly dynamics. Revenues from interest income on placements are HRK 4.7 million lower due to the lower amount of available cash funds (as a consequence of dividend distribution to shareholders of Valamar Riviera and the acquisition of Hoteli Baška d.d. carried out in the second half of the year to the amount of HRK 188.2 million) and the general decrease in market interest rates. Other financial income is HRK 2.7 million higher, resulting mainly (to the amount of HRK 2.3 million) from the valuation and reversal of unrealised derivatives positions during their realisation in the current year (forward transactions contracted for 2015 and interest swap).

Group's financial costs in the reporting period amount to HRK 78.3 million, accounting for 6.5% of total expenses (3.8% in 2014), and are HRK 37.7 million higher compared to the same period last year. Interest expenses and foreign exchange differences record a HRK 35.1 million increase, while the valuation of contracted IRSs and forwards during the year, including the reversal of their positions during realisation, has resulted in HRK 2.7 million additional expenses. Foreign exchange rate losses on existing loan portfolio, which record a HRK 29.2 million increase (resulting mainly from the appreciation of the Swiss franc exchange rate in the first quarter), are the biggest single item of financial costs. Please note the changed (quarterly) dynamics in recoding unrealised foreign exchange differences. The increase in interest expenses in the amount of HRK 6.0 million is a result of an increase in non-current liabilities driven by the withdrawal of funds from granted credit lines for financing the 2014/2015 investment cycle and the consolidation of the Baška companies since July 2015.

Profitability indicators of Valamar Riviera Group[19]

	2015	2014	2015/2014
EBITDA margin	32.7%	25.9%	680 bp
Adjusted EBITDA margin	33.9%	29.0%	490 bp
EBIT margin	13.3%	7.3%	600 bp
Prilagođena EBIT margin	14.4%	10.4%	400 bp
EBT margin	10.3%	5.5%	480 bp
Net profit margin	8.1%	4.8%	330 bp
ROA	3.0%	1.7%	130 bp
ROE	5.5%	2.8%	270 bp
Adjusted ROCE	6.3%	4.4%	190 bp

Assets and liabilities



Valuation of Valamar Riviera Group

	31/12/2015	31/12/2014	2015/2014
Average share price per 31 Decemeber	23.92	19.82	20.7%
Market capitalization (in HRK)	2,982,235,305	2,479,755,199	20.3%
EV (in HRK)	4,064,755,383	3,167,347,160	28.3%
EPS	0.84	0.48	75.0%
DPS	0.55	0.5	10.0%
EV / Sales revenues	3.2x	2.9x	10.3%
EV / EBITDA	9.6x	11.1x	-13.5%
EV / Adjusted EBITDA	9.3x	10.0x	-7.0%
EV / EBIT	23.7x	39.6x	-40.2%
EV / Adjusted EBIT	21.7x	27.9x	-22.2%

As at 31 December 2015, compared to 31 December 2014, the total value of the Group's assets is 18.3% higher. The reason for such an increase in assets value and other balance sheet items is to be considered in the context of disclosing the fair value of assets and liabilities of the newly acquired Baška companies in compliance with the provisions of IFRS 3 on the day of acquisition (30 June 2015). The total share capital and reserves have increased from HRK 1,884 million to HRK 1,902 million, mostly as a result of the generated profit adjusted for distributed dividend and the purchase of treasury shares. Total non-current liabilities are 60.8% higher, amounting to HRK 1,331.9 million as at 31 December 2015, primarily driven by (i) inflow of credits of the newly acquired Baška companies amounting to HRK 138.6 million; (ii) the utilisation of credit lines for financing the 2014/2015 investment cycle (a total of HRK 265.8 million was withdrawn in 2015, and HRK 190,2 million for refinancing the acquisition of Hoteli Baška d.d.); (iii) deferred tax liabilities disclosed for the difference in fair value of material assets of the acquired Baška companies as established on the acquisition date to the amount of HRK 20.4 million, and (iv) foreign exchange rate differences on existing loan portfolio (HRK 19.9 million). Total current liabilities amount to HRK 229.6 million and are 4.6% lower compared to 31 December 2014, primarily due to higher current liabilities to banks (increase of 34.7% to HRK 139.8 million coming from the payment of the current instalment of the non-current debt).

Cash and cash equivalents as at 31 December 2015 amount to HRK 318.8 million, where this year's impact of the consolidation of the Baška companies amounts to HRK 12.5 million, indicating an exceptionally strong cash potential from operating activities, which, together with external debt, provides for a smooth continuation of future investing activities.

19 The margins are stated on the basis of operating income.

Key operating indicators of Valamar Riviera Group per destinations[20]

DESTINATION	Poreč			Rabac			Krk[21]			Dubrovnik			Other segmets[22]	
	2015	2014	2015/2014	2015	2014	2015/2014	2015	2014	2015/2014	2015	2014	2015/2014	2015	2014
Number of accommodation units (capacity)	10,592	10,390	1.9%	1,913	1,913	0.0%	3,318	1,800	84.3%	1,961	1,953	0.4%	/	/
Annual occupancy rate (%)	31%	31%	0 bp	38%	35%	300 bp	29%	33%	-400 bp	42%	42%	0 bp	/	/
Full occupancy days	113	114	-0.9%	138	127	8.7%	107	122	-12.3%	153	153	0.0%	/	/
Accommodation units sold	1,195,798	1,180,632	1.3%	263,064	243,337	8.1%	356,269	218,966	62.7%	300,290	298,599	0.6%	/	/
Overnights	2,716,812	2,669,360	1.8%	598,486	551,898	8.4%	863,065	492,801	75.1%	572,460	570,920	0.3%	/	/
ADR[13]	430	397	8.3%	546	539	1.3%	376	296	27.0%	838	773	8.4%	/	/
Board revenues (in HRK)	514,060,909	469,017,283	9.6%	143,606,002	131,226,344	9.4%	134,035,119	64,713,323	107.1%	251,548,271	230,908,178	8.9%	/	/
Adjusted EBITDA[23] (in HRK)	303,823,058	271,243,164	12.0%	79,821,108	71,870,108	11.1%	88,965,226	40,312,005	120.7%	155,780,384	120,472,942	29.3%	-189,893,505	-186,141,813
RevPAR[14] (in HRK)	48,534	45,141	7.5%	75,068	68,597	9.4%	40,402	35,972	12.3%	128,276	118,233	8.5%	/	/

At all destinations where it operates, the Group has achieved excellent sales results, its board revenue growth rates ranging from 8.9% to high 107.1%[20]. The number of overnights is higher by 1.8% on the Istrian west coast, in Rabac by 9.4%, on the island of Krk by 75.1% (effect of the consolidation of Hoteli Baška d.d.; excluding the effect of the consolidation of Hoteli Baška d.d., the number of overnights at the Krk destination is up 7.8%), while the number of overnights in Dubrovnik is flat to 2014.

Board revenues in Poreč and Puntižela destinatoin are up HRK 45 million, as a result of a 1.3% increase of accommodation units sold and an 8.3% growth of the average daily rate per accommodation unit. Poreč hotels have recorded a 15.1% increase in board revenues, coming from a 10.7% increase in average daily rates and a 4% increase of the number of accommodations units sold, where newly invested hotels (Valamar Isabella Island Resort 4* and Valamar Zagreb 4*) have a significant impact on hotel operations growth. Individual sales channels have recorded the highest revenue growth per sales channels in Poreč hotels, followed by groups and allotment. The growth in board revenues from Poreč apartments is most strongly driven by Valamar Isabella Castle, while certain lower category facilities have recorded lower growth, resulting in more attention being paid to high-quality distribution through fixed allotment and group segment, as well as to high-quality scheduling of events and placement of pre-seasonal activities promoting longer stays instead of increasing prices, with a view to maintaining board revenues. Apart from the usually good placement of groups in October, in post-season, Poreč saw an excellent response of sports groups as part of the Christmas tournament, as well as of individuals during the New Year holidays, resulting in four open and excellently booked hotels (Valamar Diamant 4*, Valamar Crystal 4*, Valamar Zagreb 4*, and Valamar Riviera 4*).

The Rabac destination has recorded a HRK 12.4 million growth in board revenues to HRK 143.6 million, driven by an 8.1 % increase in the number of accommodation units sold and a 1.3% growth of the average daily rate per accommodation unit. Higher category facilities (Valamar Sanfior 4* and Valamar Bellevue 4*) and certain lower category facilities are particularly worth mentioning. Namely, a successful replacement of the sales mix and carefully planned marketing activities and promotions in lower category facilities have helped to maintain continuous booking entries and, as a consequence, high board revenue growth rates (Mediteran 2*, Marina 2*, and Girandella 2*). The growth of board revenues and accommodation units sold has been mostly driven by good group segment performance in the pre-season in 3* facilities and the increase of the individual segment during the season. In the post-season, more accommodation units were sold as a result of a better response of the group segment and a good response to the New Year's offering, while the following hotels were open: Valamar Casa & Sanfior 4*, Miramar 3*, Allegro 3*.

A 137,303, i.e. 62.7% increase in the number of accommodation units sold at the Krk destination and a 27.0% growth of the average daily rate to HRK 376 have resulted in a 107.1% increase in board revenues. Such high growth rates are driven by the consolidation of the Hoteli Baška d.d. company. In relation to the comparable period last year[24], stable Hoteli Baška d.d. facilities have achieved a 12.8% growth of daily average rates and a

20 According to the classification under the USALI international standard for reporting in hotel industry (Uniform System of Accounts for the Lodging Industry).

21 In the 2015, the consolidation of the business operations of Baška companies for the period July – December 2015 is included, while the Baška companies are not included in the overview of 2014.

22 Other segments include business of central operations, laundry, sport, central kitchen, strategic rentals, etc.

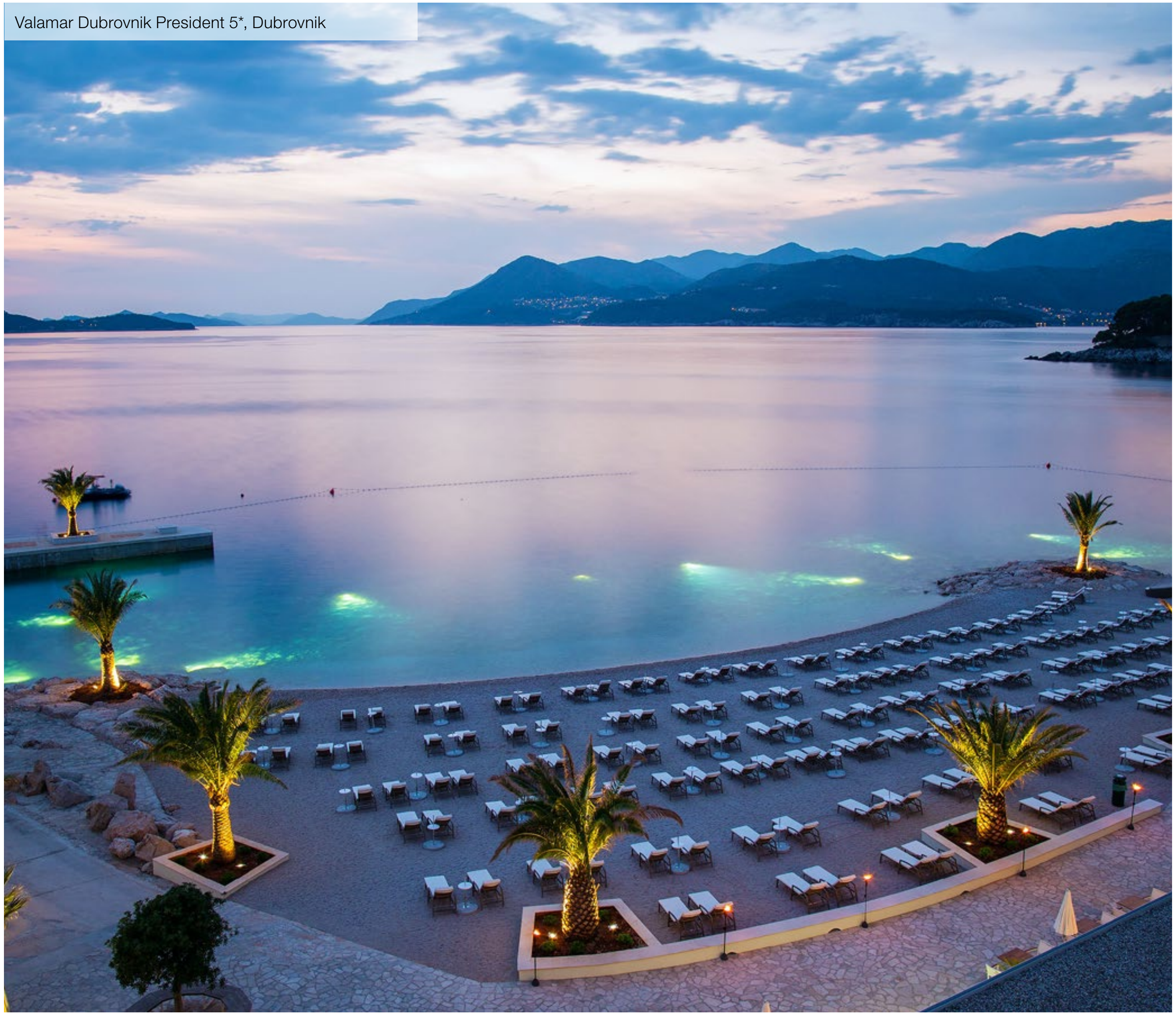
23 When calculating adjusted EBITDA, internal allocation of revenues and expenses as well as inter-segment revenues and expenses are excluded from the calculation.

24 Comparable period refers to the period July - December 2015 compared to July - December 2014.

17.6% growth in board revenues as a result of carefully planned positioning of hotels on the market and increased control of the allotment channel over the contracted quotas in order to allow for the additional entry of the individual channel, which generally achieves a higher average daily rate. This year's positive business results accomplished in October have contributed to an exceptionally successful unification of autumn manifestations in Baška. Excluding the impact of the consolidation of Hoteli Baška d.d., the Krk destination has achieved a high 9.6% growth in board revenues. In the Koralj 3* hotel, the individuals segments has recorded the highest board revenue growth. Intensified marketing activities and an improved pricing policy in earlier invested facilities on the island of Krk, Krk campsite and Stara Baška campsite, have led to high growth rates of average daily rates and board revenues.

Recent investments in higher category facilities at the Dubrovnik destination (Valamar Dubrovnik President 5*, Valamar Argosy 4*) have resulted in HRK 251.5 million board revenues, i.e. a 9.4% increase compared to the same period last years, particularly driven by a 8.4% increase of the average daily rate. Particularly noteworthy are the Valamar Argosy 4* hotel, accounting for high board revenues growth rates, and the Valamar Dubrovnik President 5* hotel, generating an exceptional growth in board revenues coming from its further focusing on high-end segment (individual segment) and M.I.C.E. and from an increase in the number of days during which it is open (46 in relation to the previous year as a result of investment in raising quality to 5*). Comparing marketing and sales channels, the board revenues growth at the Dubrovnik destination has been driven by the replacement of allotment and groups with the individuals channel. In the post-season, Valamar Lacroma 4* recorded a good response in the M.I.C.E. and group segment from the American and Far East markets.

Valamar Dubrovnik President 5*, Dubrovnik



Key operating indicators of Valamar Riviera Group per products[20]

PRODUCT	Hotels and resorts 4* and 5*[25]			Hotels and resorts 2* and 3*[25]			Campsites			Other segments[22]	
	2015	2014	2015/2014	2015	2014	2015/2014	2015	2014	2015/2014	2015	2014
Number of accommodation units (capacity)	3,255	2,734	19.1%	4,638	4,384	5.8%	9,891	8,938	10.7%	/	/
Annual occupancy rate (%)	44%	46%	-200 bb	37%	38%	-100 bb	27%	27%	0 bb	/	/
Full occupancy days	161	166	-3.0%	136	139	-2.2%	97	98	-1.0%	/	/
Accommodation units sold	522,473	454,362	15.0%	631,597	609,599	3.6%	961,351	877,573	9.5%	/	/
Overnights	1,094,168	914,841	19.6%	1,417,379	1,357,631	4.4%	2,239,276	2,012,507	11.3%	/	/
ADR[13]	947	879	7.7%	527	509	3.5%	224	212	5.7%	/	/
Board revenues[14] (in HRK)	494,706,285	399,424,923	23.9%	332,736,726	310,115,411	7.3%	215,807,290	186,324,795	15.8%	/	/
Adjusted EBITDA[22] (in HRK)	288,604,298	212,379,542	35.9%	187,944,823	167,514,513	12.2%	151,840,655	124,004,163	22.4%	-189,893,505	-186,141,813
RevPAR[14] (in HRK)	151,983	146,095	4.0%	71,745	70,738	1.4%	21,820	20,846	4.7%	/	/

Generating HRK 494.7 million board revenues and almost a 24%, i.e. HRK 95.3 million growth, facilities belonging to the 4* and 5* hotels and resorts segment have made the largest contribution to the increase of total board revenues. The impact of the consolidation of Hoteli Baška d.d. in the 4* and 5* segment is only 4.1%, while the remaining part is linked in particular to excellent sales results of Valamar Isabella Island Resort 4* and the Valamar Dubrovnik President 5* hotel, as well as other invested facilities. Precisely these new, investment-driven products and facilities of higher category are expected to make positive contributions in the years to come, since they allow for better marketing and sales channels management as a result of higher demand. The Tamaris 4* cluster has also recorded stable sales results owing to high-quality distribution of allotments and groups in the pre-season, which has provided for a stable base used to develop activities in the individual channel. In relation to the comparable period last year[23], hotels and resorts belonging to the 4* and 5* segment at the Baška destination have recorded a 15.0% increase in board revenues, mainly driven by a 13.5% growth of the average daily rate. Such growth rates are driven by an amended pricing policy in the Zvonimir 4* hotel in relation to the previous year, while in Atrium Residence 4* and Villa Adria 4*, average daily rates are up as a result of higher sales through carefully selected first-minute activities and active monitoring of the realisation of their optimum profitability in line with the market status.

The increase in the number of accommodation units sold to 631,597 and a 3.5% growth of the average daily rate have led to a 7.3%, i.e. HRK 22.6 million increase in board revenues from 2* and 3* hotels and resorts. This increase is impacted by the business operations of Corinthia 3*, consolidated for the third and fourth quarters of 2015, which, in relation to the same period last year, has generated a high growth coming from investments in the restoration of its exterior, collaboration with allotment partners in the post-season, and its promotion as a family hotel. Lanterna apartments have maintained the optimum combination of marketing segments with a view to ensuring a stable revenue continuity. Apartments will be still facing challenges arising from a growing online presence of private accommodations in all sales channels, whose low prices affect 2* and 3* facilities' results.

HRK 29.5 million higher board revenues generated by campsites are a result of an increase in the number of accommodation units sold by 83,778 and a HRK 12 higher average daily rate. Higher board revenues are mostly driven by the consolidation of Hoteli Baška d.d.; excluding the effect of the said consolidation, the campsites have generated 6.3% higher board revenues, mainly coming from the increase of the average daily rate. As to campsites, noteworthy are particularly invested campsites, i.e. Krk campsite and Stara Baška campsite, as well as Marina campsite in Rabac, while Poreč campsites indicate a stable increase in board revenues, with the Lanterna campsite having the largest impact on board revenues growth. The newly acquired campsites, i.e. the Bunculuka nudist campsite 4*, which in combination with specific environment does not have a great number of direct competitors, and the Zablaće campsite have generated a stable board revenues growth in relation to the comparable last year's period in which they operated, as a result of an increase in the number of accommodation units sold due to the active management of price optimisation with regard to mobile homes and plots.

25 In the 2015, the consolidation of the business operations of Baška companies for the period July – December 2015 is included, while the Baška companies are not included in the overview of 2014. Products are classified based on the obtained categorization.

Results of the Company

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

In 2015, the Company generated a total of HRK 1,269.3 million revenues, exceeding the same period 2014 by HRK 169.8 million, or 15.4%. Company's sales revenues (HRK 1,183.2 million) make 93.2% of total revenues (96.9% in 2014), sales revenues generated on international markets accounting for 85.6% of total revenues (88.8% in 2014) and those generated on the domestic market for 7.6% of total revenues (8.1% in 2014). Foreign sales revenues are 11.3% and domestic sales revenues 8.9% above the same period 2014. Company's other operating income, amounting to HRK 21.8 million and being 18.4% higher, accounts for 1.7% of total revenues (1.7% in 2014), the increase being primarily driven by the reversal of provisions for termination benefits paid.

Material costs amount to HRK 409.5 million and are up 4.7% compared to 2014, accounting for 38.2% of operating expenses (37.6% in 2014). Staff costs amount to HRK 307.6 million, accounting for 28.7% of operating expenses (24.9% in 2014), which is an increase of 18.7%. 2015 staff costs include the data concerning the merged subsidiary Valamar hoteli i ljetovališta d.o.o. only for the period following the merger. Their growth is primarily driven by the takeover of employees from all merged companies and, to a lesser extent, by increased employees' salaries.

Company's financial income in the reporting period amounts to HRK 64.3 million, making it HRK 48.3 million higher compared to the same period last year. The biggest growth item is the dividend revenue from the merged companies Valamar hoteli i ljetovališta d.o.o. and Puntižela d.o.o., amounting in total to HRK 26.18 million. Total foreign exchange gains are HRK 20.8 million higher, whereby we point to the amended policy for accounting for unrealised foreign exchange differences and their recording in the quarterly dynamics. Revenues generated from dividends and profit interests are up HRK 0.6 million. Revenues from interest income on placements are HRK 1.6 million lower due to the lower amount of available cash funds (as a consequence of dividend distribution to shareholders of Valamar Riviera and the acquisition of Hoteli Baška d.d. carried out in the second half of the year to the amount of HRK 188.2 million) and the general decrease in market interest rates. Other financial income is HRK 2.2 million higher, resulting from the fair valuation and reversal of unrealised derivatives positions during their realisation in the current year (forward transactions contracted for 2015 and interest swap).

Company's financial costs in the reporting period amount to HRK 71 million and are HRK 37.7 million higher compared to the same period last year. Interest expenses and foreign exchange differences record a HRK 34.3 million increase, while the valuation of contracted IRSs and forwards during the year, including the reversal of their positions during realisation, has resulted in HRK 3.4 million additional expenses. Foreign exchange rate losses on existing loan portfolio, which record a HRK 28.2 million increase (resulting mainly from the appreciation of the Swiss franc exchange rate in the first quarter of the year), are the biggest single item of financial costs. Please note the changed (quarterly) dynamics in recoding unrealised foreign exchange differences. A HRK 2.5 million increase in interest expenses is mainly a result of an increase in non-current liabilities driven by the withdrawal of funds from granted credit lines for financing the 2014/2015 investment cycle.

Valamar Isabella Island Resort 4*, Poreč

Following the Company's strategic focus on the key holders of business expansion and long-term objectives in combination with an increased revenue volume, streamlined business operations, and cost efficiency after the last year's consolidation of management and organisational and shareholder structure of the then group, in relation to the previous year the Company has achieved a 363.9% increase of EBT, which amounts to HRK 126.6 million, at the same time increasing its operating profit by 199.1% to HRK 133.3 million. Company's gross margin is up 8.0 percentage points and amounts to 10.5% (2.5% in 2014). Net profit is HRK 102.9 million higher and amounts HRK 126.6 million.

As at 31 December 2015, Company's total assets amount to HRK 3,556 million, which is HRK 361.0 million above the previous period.

INVESTMENTS

During 2015, capitalised investments in the existing tangible fixed assets portfolio amounted to HRK 311 million[26]. The largest one (a two year investment worth HRK 281 million), which is also one of the largest investments in the Croatian tourism, is the luxurious family Valamar Isabella Island Resort 4* on the island of Sveti Nikola, which was formally opened at the beginning of June 2015 and which offers in total 334 four-star-category units accommodating almost 800 guests. During the two-year construction and renovation, 108 studios in 28 villas were renovated, mostly using the furniture made by the Croatian manufacturers, and, after more than 25 years, the Miramare annex is back in function, with 36 hotel suits with open sea views, along with a 250 m2 swimming pool with a large restaurant, as well as the castle from 1887, with 10 luxuriously decorated apartments, renovated under a conservationist's supervision. At the same time, the oldest integrally preserved lighthouse in the Mediterranean was renovated. The total of 334 four-star accommodation units provide accommodation for almost 800 guests. The Isabella hotel (former Fortuna from 1986) has 180 newly furnished rooms, a new wellness centre, and a large modern outdoor 600 m2 swimming pool, as well as the children's one of 50 m2, with a view on the Poreč waterfront. The island is comprised of two zones, one being quiet and the other one for guests looking for activities. Outdoor swimming pools, six types of island beaches marked with Blue Flags, and seven à la carte restaurants and bars add to the accommodation offer. Diverse services include the professional babysitting service. Also, the resort has a youth club, a wedding hall, and a congress centre of 500 m2 accommodating up to 400 people. Along with properties, renovation also covered the purchase of a new ferry and the renovation of vessels for the transport of guests. On the island, ten electric vehicles are intended for guests, and ten are available to staff. Valamar Isabella Island Resort 4* is the culmination of years-long efforts to create a facility that would bring together guests' wishes, market demands, needs of Poreč and Istria as destinations, nature protection, history conservation, and respect of urban green areas, within a sustainable budgetary framework.

[26] Refers to activated investments and advance payments for investments booked through 2015; a portion of the total investment cycle 2014/15 (amounting HRK 358 million) was already booked in previous years.

Valamar Isabella Island Resort 4*, Poreč

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

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

It should be noted that more than HRK 4 million has been invested in the Marina campsite in Rabac in 2015, and, as a result, this campsite now has a new relax infinity swimming pool located immediately next to the sea and the newly renovated beach and equipped for the initial training of divers. Also, a children's swimming pool with a tanning deck was built in the immediate vicinity of the Maro Club and the newly constructed children's playground. With these investments, this season, the Marina campsite in Rabac has become the first campsite in Croatia with a swimming pool and a special offer for divers (mobile homes near the diving centre, equipped with storages for diving equipment and other facilities). This year, the Ježevac campsite on the island of Krk has introduced 15 new Superior mobile homes and 10 new Comfort plots, while the Škrila campsite, with an investment of above HRK 4 million, has welcomed guests with completely renovated certain zones, shops, the restaurant terrace, beach, and the beach bar. From this year on, the visitors of the Naturist Resort Solaris campsite can use 4 new Luxury Mare plots equipped with grills and parasols and located on the most attractive sites in the campsite. The Solitudo campsite in Dubrovnik has prepared for its guests 4 new Comfort and Superior mobile homes, and its guests can enjoy a wide variety of facilities, such as an outdoor swimming pool, a swimming pool for children, a wellness centre, tennis courts, and the renovated Solitudo Bistro, with the special note that this is the only campsite in the city of Dubrovnik.

In 2016, Valamar Riviera continues its investment cycle with a view to increasing the quality of services and contents and repositioning its portfolio towards higher category facilities. Investments in-between HRK 260 million HRK 270 million[27] will be focused on further increasing the quality of its portfolio of hotels, apartments, and campsites, with particular emphasis (more than 50% of total 2016 investments) being placed on the development of accommodation, services, and contents in campsites operating under the Camping Adriatic by Valamar brand. After completing another investment cycle, the Krk campsite, as member of the prestigious "Leading Campings of Europe" association, will become the first five-

Campsite Krk, Krk (rendering)

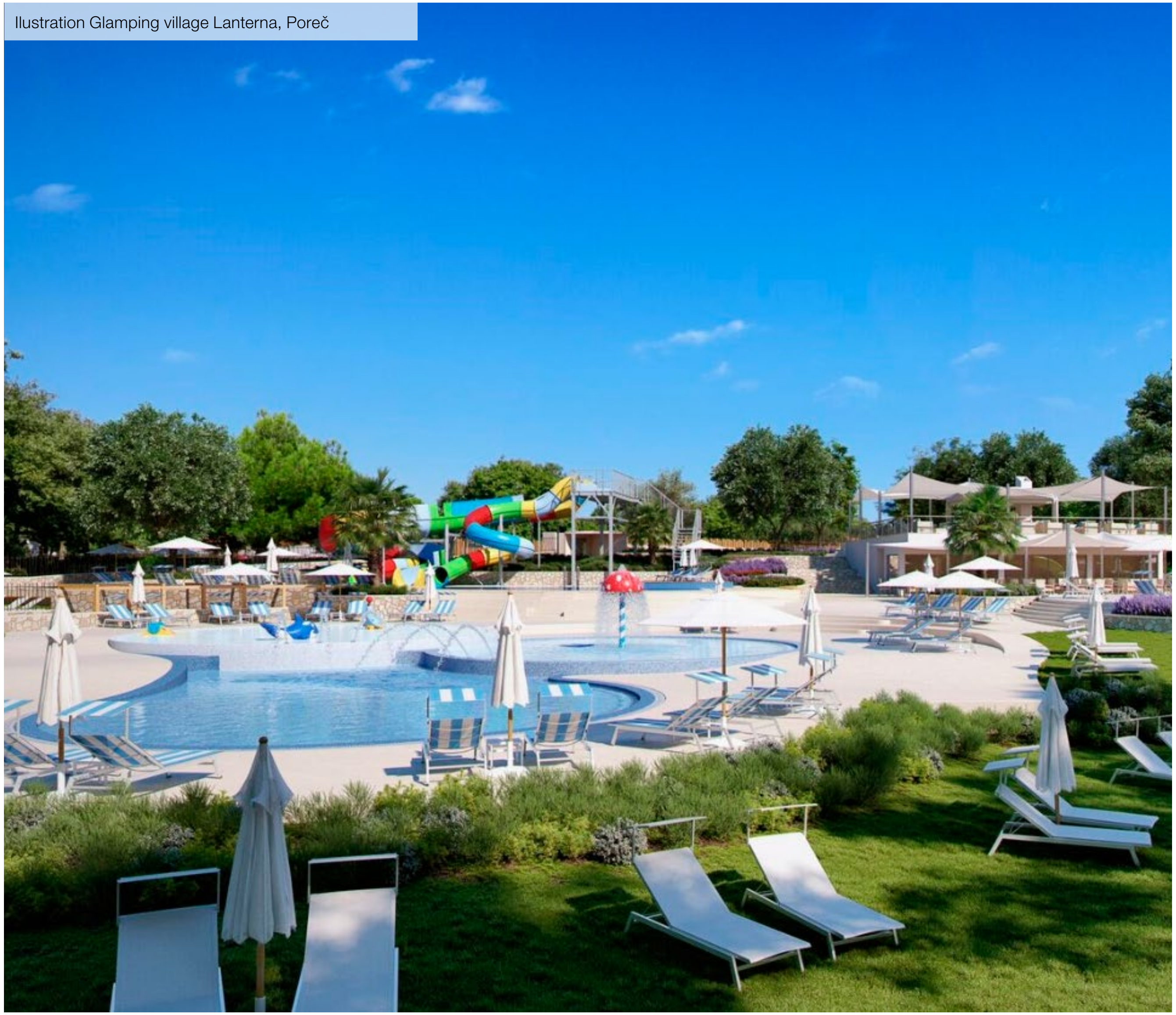
star campsite in the Republic of Croatia. In the new season, guests can expect completely new accommodation capacities and public contents. Furthermore, Valamar Riviera is investing in the leading Istrian campsite Lanterna, also a member of the "Leading Campings of Europe" association, thus raising the campsite category from 3 to 4 stars; investments will be focused in the completion of the Istrian Village project with new accommodation capacities, the continuation of the successful Glamping project in the luxurious camping segment, two completely new thematic accommodation zones, and raising the level of public contents. Investments are also being made with a view to increasing the quality of other campsites on the island of Krk, in Istria, and in Dubrovnik by improving accommodation, beach offer, and hospitality contents. A HRK 12 million investment will continue developing the last year's successful project Isabella Island Resort in order to raise the quality of a part of products and services to a five-star level (Miramare annex, castle and 7 villas). A range of other projects, which will considerably increase the quality of offer and experience at all destinations by generating new contents and improving the existing ones, is also in the pipeline (the adaptation of a multifunctional hall in Poreč, further continued investments in beaches, investments in the improvement of personal accommodation, IT and business digitalisation projects, investments in technological processes and energy savings in laundry rooms aimed at environmental protection, and investments in other energy efficiency related projects).

[27] A portion already recorded in 2015.

The camping segment has a potential to develop into innovative camping resorts, i.e. resorts offering accommodation and services with higher additional value and aimed at high-end guests; however, such projects are still difficult to develop due to unresolved tourism land related issues, and thus Valamar Riviera is limited to partial investments into premises and contents in the campsites. The resolving of tourism land concessions would release a potential for stronger repositioning of campsites both in the Valamar Riviera's portfolio and the entire Croatia, placing campsites at a high competitiveness level compared to the best camping resorts in Europe.

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

Ilustration Glamping village Lanterna, Poreč



The risks of the Company and the Group

Macro-economic development risk

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

Risk related to the change of tax and other regulations

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

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

Valamar Isabella Island Resort 4*, Poreč

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

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

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

Financial risks

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

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

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

1) Foreign exchange risk

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

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

2) Interest rate risk

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

3) Credit risk

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

4) Price risk

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

5) Liquidity risk

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

6) Share-related risks

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

Business risk

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

Risk related to the tourism branch of the economy

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

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

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

Environmental risks

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

Related-party transactions

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

The transactions with related parties within the Group are effected at regular commercial terms and conditions and at market prices. In the period under consideration, revenues resulting from related-party transactions amounted to HRK 1.0 million and HRK 26.2 million dividend revenues (in 2014: HRK 2.7 million) for the Company, and HRK 18 thousand (in 2014: HRK 28 thousand) for the Group, while expenses amounted to HRK 32.8 million (in 2014: HRK 131.1 million[28]) for the Company, and HRK 477 thousand (in 2014: HRK 83 million) for the Group.

Balances of related-party receivables and liabilities as at 31 December 2015 amounted to: HRK 165.0 million receivables for the Company (at the end of 2014: HRK 192.6 million[29]), and HRK 458 for the Group (at the end of 2014: HRK 5 thousand); and HRK 205 thousand liabilities for the Company (at the end of 2014: HRK 5.0 million), and HRK 71 thousand for the Group (at the end of 2014: HRK 83 thousand).

Branch offices of the Company

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

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

[28] For the most part refers to the procurement, marketing and reservation center fee paid to Valamar hoteli i ljetovališta d.o.o.

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

Shares

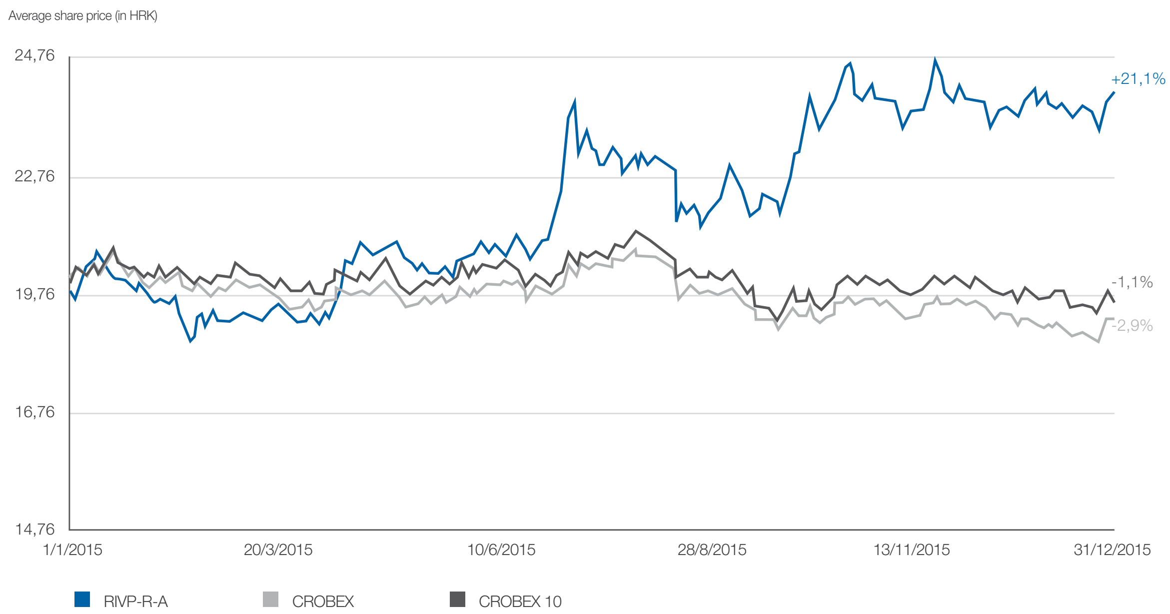
In the period from 1 January 2015 to 31 December 2015, the Company purchased 971,176 treasury shares on the regulated market, at the total purchase cost of HRK 21,140,090, which makes 0.771% of the registered capital, and released, for the purpose of rewarding its senior managers in accordance with performance management projects, 47,598 shares to the amount of HRK 929,952, which makes 0.038% of the registered capital. On 31 December 2015, the Company held in total 1,352,153 treasury shares, or 1.073% of the registered capital.

In the period from 1 January 2015 to 31 December 2015, the highest recorded share price on the regulated market was HRK 24.94, while the lowest was HRK 18.55. In the period under consideration, the Company's share price increased by 21.1%, exceeding both CROBEX and CROBEX 10 indices development, which fell by 2.9%, respectively 1.1%. With the average trading turnover of 813 thousand a day[30], the Valamar Riviera's share is among the 3 most frequently traded shares on the Zagreb Stock Exchange. Apart from the Zagreb Stock Exchange indices, the share makes a component part of the Vienna Stock Exchange indices (CROX[31] and SETX[32]).

On 19 June 2016, Valamar Riviera d.d., Zagrebačka banka d.d., and Interkapital vrijednosni papiri d.o.o. concluded Contracts for the performance of specialist tasks referring to ordinary shares of the Company listed in the Official Market of Zagrebačka burza d.d. (Market Making). The specialists started performing specialist trading tasks pursuant to the Contracts concerned on 1 July 2015 with an average support to Valamar Riviera's share trading turnover of 42.6%[33].

The Company actively holds meetings and conference calls with domestic and foreign investors (over 70 meetings and conference calls were held in the period from 1 January 2015 to 31 December 2015) in order to provide support to high-level transparency, to the creation of additional liquidity, to the increase of share value, and to the involvement of investors who can contribute to further growth of the Company's value for the benefit of all stakeholders, all with a view to making the Valamar Riviera's share recognisable as the leading Croatian tourism share.

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

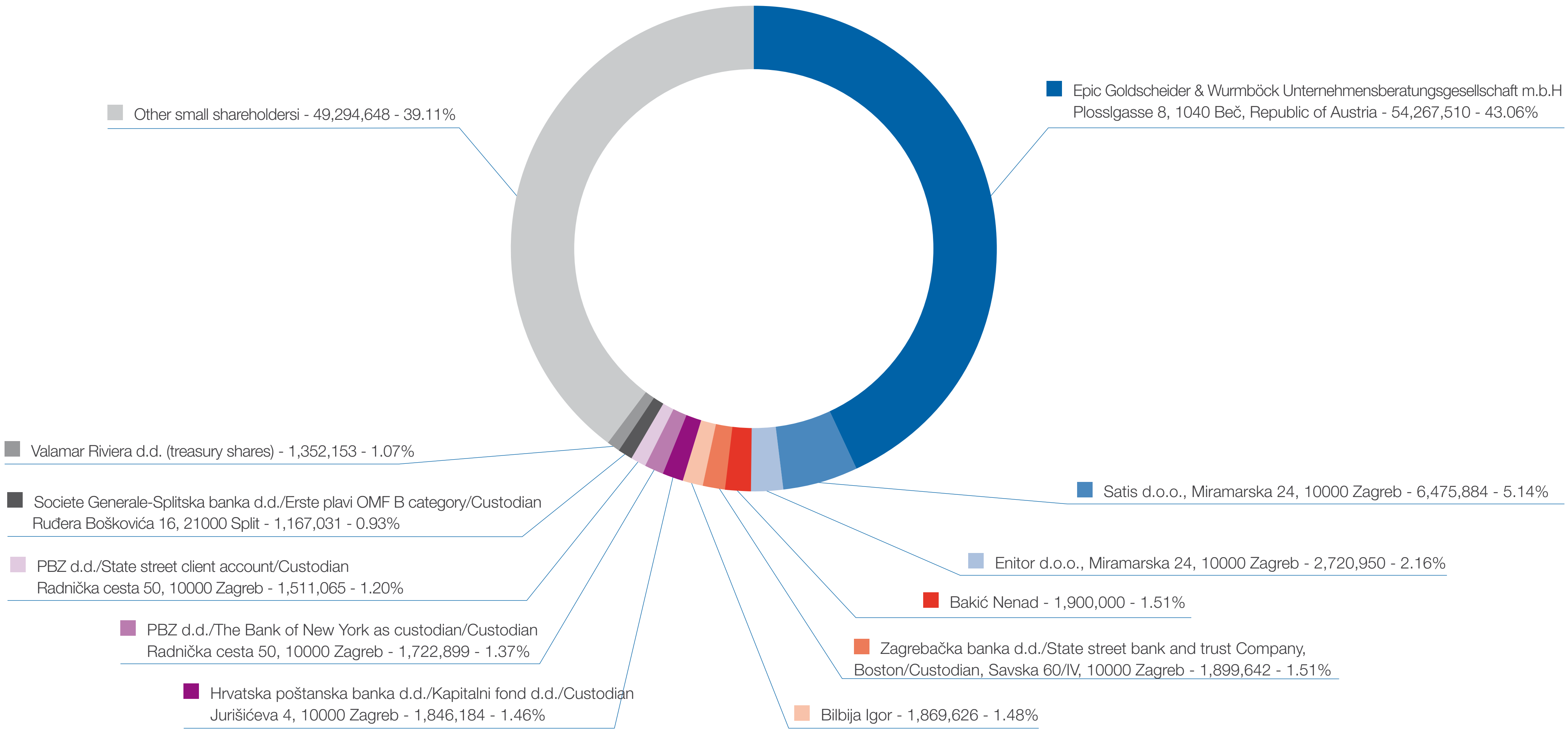


Analytical coverage of Valamar Riviera is provided by:

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

30 Block transactions are excluded from the calculation.
31 Croatian Traded Index (CROX) is a capitalization-weighted price index and is made up of 12 most liquid and highest capitalized shares of Zagreb Stock Exchange.
32 South-East Europe Traded Index (SETX) is a capitalization-weighted price index consisting of blue chip stocks traded on stock exchanges in the region of South-eastern Europe (shares listed in Bucharest, Ljubljana, Sofia, Belgrade and Zagreb).
33 Block transactions are excluded from the calculation. The data refers to the period 1/7 - 31/12/2015.

Overview of major shareholders as at 31 December 2015:



Other Information

From year to year, Valamar Riviera has been paying more and more attention to sustainable business operations, including systematic environmental conservation, rational use of resources, waste management, and projects related to renewable energy and conservation of natural resources. More than HRK 17 million was invested in energy efficiency projects in the period from 2012 to 2015. The Company and Group's facilities are holders of a number of national and international environmental certificates and acknowledgements thanks to their sustainable business operations and respect of the highest environmental protection standards. Owing to the application of world trends and best practices of sustainable business operations in their management, Valamar Dubrovnik President 5*, Valamar Zagreb 4*, and Valamar Bellevue 4* hotels were awarded in May 2015 the "Sustainable Hotel" certificate by the Association of Employers in Croatian Hospitality (UPUHH). Valamar Dubrovnik President 5* was awarded the superior certificate, while Valamar Zagreb 4* and Valamar Bellevue 4* received basic certificates. In 2015, 16 Valamar hotels received, i.e. renewed their "Travelife Golden Award" certificates. Travelife is an international certification system promoting sustainability in the tourism sector. In August 2015, Valamar Club Tamaris 4* was granted the TUI Environmental Champions 2015 award. The 2016 plan includes the procurement of electricity from renewable sources, which would result in a reduction of greenhouse gases production at an annual level by more than 60%, and the certification of the energy management system in compliance with the ISO 50001 standard.

Responsibility to the stakeholders and the community we operate in is one of the basic Valamar Riviera's principles and the basis for a long-term business success. All of Valamar Riviera's business operations take place within the framework of its relation to guests, employees, partners, community, environment, and investors, and thus Valamar Riviera strives towards integrating the principles of social responsibility in its business activities across all segments and on a day-to-day basis.

Valamar Riviera systematically and continuously invests in human resources development by applying top quality practices and an integral strategic approach to human resources management . As one of the largest employers in Croatia (on 31 December 2015, the Company employed 1,901 workers, 972 of them permanent and 929 seasonal, while in the high season the Group employs more than 4.100 workers), Valamar Riviera will continue taking care of its employees' satisfaction, motivation, incentives, and professional training in order to continuously improve the quality of services we provide and to increase the competitive strength of our tourism products.

By the end of April 2016, Valamar Riviera will publish its first integrated report covering sustainable development and financial performance in accordance with the internationally recognised Global Reporting Initiative's (GRI) G4 Sustainability Reporting Guidelines. Valamar Riviera has expressed its intention to join the Croatian Business Council for Sustainable Development and expects to be admitted to its membership in March 2016.


Camping Solitudo, Dubrovnik

In the course of the fourth quarter of 2015 (including the period 1 January 2015 – 31 December 2015), the Company's Management Board performed the actions provided for by law and the Articles of Association with respect to the management and representation of the Company, and planned a business policy that was implemented with prudent care. The Company's Management Board will continue to undertake all the necessary measures in order to ensure sustainability and business growth. The quarterly separate and consolidated financial statements for the fourth quarter of 2015 (including the period 1 January 2015 to 31 December 2015) were adopted by the Management Board on 9 February 2016.

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

Responsibility for the quarterly financial statements

In Poreč, 9 February 2015

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

STATEMENT

According to our best knowledge

- The set of provisional, unaudited, consolidated and unconsolidated financial statements for 2015 includes the quarterly reports for the fourth quarter of 2015, prepared in accordance with applicable standards of financial reporting gives a true and fair view of the assets and liabilities, profit and loss, financial position and operations of the Company and the companies included in consolidation

- Report of the Company's Management board for the period from 1st January to 31st December 2015 including the period from 1st October to 31st December 2015 contains the true presentation of development, results and position of the Company and companies included in the consolidation, with description of significant risks and uncertainties which the Company and companies included in consolidation are exposed

VALAMAR RIVIERA d.d.
POREČ (5)

Marko Čižmek
Management board member

Ljubica Grbac
director of Department of Finance
and Accounting

Reporting period: from 1.1.2015 to 31.12.2015

Quarterly financial report TFI-POD

Tax number (MB):	3474771			
Company registration number (MBS):	040020883			
Personal identification number (OIB):	36201212847			
Issuing company:	Valamar Riviera d.d.			
Postal code and place	52440	Poreč		
Street and house number:	Stancija Kaligari 1			
E-mail address:	uprava@riviera.hr			
Internet address:	www.valamar-riviera.com			
Municipality/city code and name:	348	Poreč		
County code and name:	18	Istarska	Number of employees: (period end)	2.010
			NKD code:	5510
Consolidated report:	YES			

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

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

Documents disclosed:

1. Financial statements
(Balance Sheet, Income Statement, Cash Flow Statement, Statement of Changes in Equity and notes to financial statements)
2. Management Interim Report
3. Declaration of the persons responsible for preparing the issuer's statements

VALAMAR RIVIERA d.d.
POREČ (5)

L.S.

(signature of the person authorized to represent the company)

Balance Sheet (as of 31.12.2015)
Company: Valamar Riviera d.d.

Position	AOP	Previous period	Current period
1	2	3	4
ASSETS			
A) RECEIVABELS FOR SUBSCRIBED NOT PAID CAPITAL	**001**		
B) NON-CURRENT ASSETS (003+010+020+029+033)	**002**	**2.751.488.491**	**3.190.055.142**
I. INTANGIBLE ASSETS (004 to 009)	**003**	**15.086.357**	**17.006.943**
1. Expenditure for development	004		
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	8.512.338	6.446.204
3. Goodwill	006	6.567.609	6.567.609
4. Advances for purchase of intangible assets	007		
5. Intangible assets in progress	008	6.410	111.766
6. Other intangible assets	009		3.881.364
II. PROPERTY, PLANT AND EQUIPMENT (011 to 019)	**010**	**2.608.821.021**	**3.065.294.774**
1. Land	011	584.990.827	659.328.328
2. Buildings	012	1.632.961.854	2.052.868.793
3. Plant and equipement	013	165.833.466	203.822.037
4. Tools, working inventory and transportation assets	014	51.856.611	64.897.404
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	20.807.049	5.072.180
7. Tangible assets in progress	017	107.706.274	32.731.559
8. Other tangible assets	018	21.732.890	24.833.592
9. Investment in real-estate	019	22.932.050	21.740.881
III. NON-CURRENT FINANCIAL ASSETS (021 to 028)	**020**	**43.432.067**	**46.547.373**
1. Share in related parties	021	1.339.638	1.241.421
2. Loans to related parties	022		
3. Participating interests (shares)	023	140.000	140.000
4. Loans to companies with participating interest	024		
5. Investments in securities	025	41.952.429	44.761.794
6. Loans, deposits, etc.	026		404.158
7. Other non-current financial assets	027		
8. Equity-accounted investments	028		
IV. RECEIVABLES (030 to 032)	**029**	**732.724**	**645.153**
1. Receivables from related parties	030		
2. Receivables arising from sales on credit	031	372.432	286.116
3. Other receivables	032	360.292	359.037
V. DEFERRED TAX ASSET	**033**	**83.416.322**	**60.560.899**
C) CURRENT ASSETS (035+043+050+058)	**034**	**238.600.677**	**355.363.412**
I. INVENTORIES (036 to 042)	**035**	**7.278.488**	**9.761.018**
1. Raw materials and supplies	036	6.329.111	8.951.383
2. Production in progress	037		
3. Finished products	038		
4. Merchandise	039	204.383	64.641
5. Advances for inventories	040		
6. Long term assets held for sale	041	744.994	744.994
7. Biological assets	042		
II. RECEIVABLES (044 to 049)	**043**	**34.888.703**	**26.681.432**
1. Receivables from related parties	044		458
2. Receivables from end-customers	045	19.301.006	13.147.988
3. Receivables from participating parties	046		253
4. Receivables from employees and members of the company	047	345.834	485.727
5. Receivables from government and other institutions	048	10.641.936	9.285.057
6. Other receivables	049	4.599.927	3.761.949
III. CURRENT FINANCIAL ASSETS (051 to 057)	**050**	**1.231.982**	**165.680**
1. Share in related parties	051		
2. Loans to related parties	052		
3. Participating interests (shares)	053		
4. Loans to companies with participating interest	054		
5. Investments in securities	055	1.091.162	
6. Loans, deposits, etc.	056	140.820	24.845
7. Other financial assets	057		140.835
IV. CASH AND CASH EQUIVALENTS	**058**	**195.201.504**	**318.755.282**
D) PREPAYMENTS AND ACCRUED INCOME	**059**	**25.415.099**	**21.247.239**
E) TOTAL ASSETS (001+002+034+059)	**060**	**3.015.504.267**	**3.566.665.793**
F) OFF BALANCE SHEET ITEMS	**061**	**54.834.429**	**54.743.063**

Balance Sheet (as of 31.12.2015) (continued)
Company: Valamar Riviera d.d.

Position	AOP	Previous period	Current period
1	2	3	4
EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	**062**	**1.883.736.622**	**1.901.502.277**
I. SUBSCRIBED SHARE CAPITAL	**063**	**1.672.021.210**	**1.672.021.210**
II. CAPITAL RESERVES	**064**	**-18.596.391**	**-373.815**
III.RESERVES FROM PROFIT (066+067-068+069+070)	**065**	**94.257.647**	**62.737.202**
1. Legal reserves	066	60.724.657	61.906.040
2. Reserve for own shares	067	24.344.407	34.344.407
3. Treasury shares and shares (deductible items)	068	13.303.107	33.513.245
4. Statutory reserves	069		
5. Other reserves	070	22.491.690	
IV. REVALUATION RESERVES	**071**	**29.413.744**	**31.189.526**
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	**072**	**55.168.035**	**30.576.912**
1. Retained earnings	073	55.168.035	30.576.912
2. Loss carried forward	074		
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	**075**	**51.381.272**	**105.253.373**
1. Net profit for the period	076	51.381.272	105.253.373
2. Net loss for the period	077		
VII. MINORITY INTEREST	**078**	**91.105**	**97.869**
B) PROVISIONS (080 to 082)	**079**	**266.430**	**87.186**
1. Provisions for pensions, severance pay and similar liabilities	080		
2. Provisions for tax liabilities	081	55.574	16.011
3. Other provisions	082	210.856	71.175
C) NON-CURRENT LIABILITIES (084 to 092)	**083**	**828.398.720**	**1.331.861.034**
1. Liabilites to related parties	084		
2. Liabilities for loans, deposits, etc.	085		
3. Liabilities to banks and other financial institutions	086	822.163.177	1.306.223.976
4. Liabilities for advances	087		
5. Trade payables	088		
6. Commitments on securities	089		
7. Liabilities to companies with participating interest	090		
8. Other non-current liabilities	091	3.937.690	2.833.087
9. Deferred tax liabilities	092	2.297.853	22.803.971
D) CURRENT LIABILITIES (094 to 105)	**093**	**219.471.425**	**229.556.759**
1. Liabilites to related parties	094	108.119	70.585
2. Liabilities for loans, deposits, etc.	095		
3. Liabilities to banks and other financial institutions	096	103.814.699	139.838.023
4. Liabilities for advances	097	12.627.056	14.788.881
5. Trade payables	098	77.024.650	47.731.018
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to emloyees	101	15.929.103	15.738.902
9. Taxes, contributions and similar liabilities	102	9.009.700	7.870.246
10. Liabilities arising from share in the result	103	12.418	45.653
11. Liabilities arising from non-current assets held for sale	104		2.832
12. Other current liabilities	105	945.680	3.470.619
E) ACCRUED EXPENSES AND DEFERRED INCOME	**106**	**83.631.070**	**103.658.537**
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	**107**	**3.015.504.267**	**3.566.665.793**
G) OFF BALANCE SHEET ITEMS	**108**	**54.834.429**	**54.743.063**
ADDITION TO BALANCE SHEET (only for consolidated financial statements)			
ISSUED CAPITAL AND RESERVES			
1. Attributable to majority owners	109	1.883.645.517	1.901.404.408
2. Attributable to minority interest	110	91.105	97.869

Income statement (period 1.1.2015. to 31.12.2015.)
Company: Valamar Riviera d.d.

Position	AOP	Previous period		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
I. OPERATING INCOME (112 to 113)	**111**	**1.096.071.115**	**77.529.929**	**1.294.036.934**	**71.104.167**
1. Sales revenues	112	1.074.223.640	65.059.005	1.268.724.937	64.362.245
2. Other operating revenues	113	21.847.475	12.470.924	25.311.997	6.741.922
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	**114**	**1.016.066.119**	**230.894.193**	**1.122.480.065**	**276.788.540**
1. Change in inventories of work in progress	115				
2. Material expenses (117 to 119)	116	371.219.973	62.052.987	398.167.101	65.216.857
a) Costs of raw materials	117	187.532.913	21.704.823	210.542.502	25.379.274
b) Cost of goods sold	118	1.235.445	151.208	1.438.513	68.269
c) Other material expenses	119	182.451.615	40.196.956	186.186.086	39.769.314
3. Employee benefits expenses (121 to 123)	120	302.053.281	108.219.551	327.901.582	89.387.072
a) Net salaries	121	177.416.391	60.394.239	195.479.135	52.265.815
b) Tax and contributions from salary expenses	122	82.124.072	33.019.426	86.030.732	24.624.493
c) Contributions on salary	123	42.512.819	14.805.887	46.391.715	12.496.764
4. Depreciation and amortisation	124	202.845.280	52.411.840	232.922.484	54.973.124
5. Other expenses	125	103.468.815	-22.452.771	125.029.184	38.005.143
6. Write down of assets (127+128)	126	1.403.031	1.179.654	18.650.013	17.938.304
a) non-current assets (except financial assets)	127			16.839.165	16.839.165
b) current assets (except financial assets)	128	1.403.031	1.179.654	1.810.848	1.099.139
7. Provisions	129	10.442.566	10.442.566	5.353.888	5.353.888
8. Other operating costs	130	24.633.173	19.040.366	14.455.813	5.914.152
III. FINANCIAL INCOME (132 to 136)	**131**	**20.391.310**	**13.541.029**	**39.456.545**	**9.115.766**
1. Interest, foreign exchange differences, dividends and similar income from related parties	132	18.306	18.306		
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	15.431.409	12.459.825	32.029.548	7.112.557
3. Income from investments in associates and joint ventures	134				
4. Unrealised gains (income) from financial assets	135	3.169.080	681.495	5.496.413	1.436.469
5. Other financial income	136	1.772.515	381.403	1.930.584	566.740
IV. FINANCIAL EXPENSES (138 to 141)	**137**	**40.600.500**	**22.007.607**	**78.322.140**	**15.633.276**
1. Interest, foreign exchange differences, dividends and similar expenses from related parties	138	1.537.267	1.537.267		
2. Interest, foreign exchange differences, dividends and similar expenses from third parties	139	35.329.122	17.547.498	72.055.572	14.247.404
3. Unrealised losses (expenses) from financial assets	140	2.002.193	2.002.193	4.722.854	272.145
4. Other financial expenses	141	1.731.918	920.649	1.543.714	1.113.727
V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES	**142**				
VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES	**143**				
VII. EXTRAORDINARY - OTHER INCOME	**144**				
VIII. EXTRAORDINARY - OTHER EXPENSES	**145**				
IX. TOTAL INCOME (111+131+142+144)	**146**	**1.116.462.425**	**91.070.958**	**1.333.493.479**	**80.219.933**
X. TOTAL EXPENSES (114+137+143+145)	**147**	**1.056.666.619**	**252.901.800**	**1.200.802.205**	**292.421.816**
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	**148**	**59.795.806**	**-161.830.842**	**132.691.274**	**-212.201.883**
1. Profit before taxes (146-147)	149	59.795.806	0	132.691.274	0
2. Loss before taxes (147-146)	150	0	161.830.842	0	212.201.883
XII. TAXATION	**151**	**7.620.657**	**7.620.657**	**27.418.199**	**27.418.199**
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	**152**	**52.175.149**	**-169.451.499**	**105.273.075**	**-239.620.082**
1. Profit for the period (149-151)	153	52.175.149	0	105.273.075	0
2. Loss for the period (151-148)	154	0	169.451.499	0	239.620.082

Income statement (period 1.1.2015. to 31.12.2015.) (continued)
Company: Valamar Riviera d.d.

Position	AOP	Previous period		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	155	52.162.211	-169.464.437	105.253.373	-238.333.094
2. Attributable to minority interest	156	12.939	12.939	19.702	-1.286.988
STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)					
I. PROFIT OR LOSS FOR THE PERIOD (=152)	**157**	**52.175.149**	**-169.451.499**	**105.273.075**	**-239.620.082**
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 to 165)	**158**	**4.089.608**	**4.089.608**	**2.465.421**	**2.465.421**
1. Exchange differences from international settlement	159				
2. Changes in revaluation reserves of long-term tangible and intangible assets	160				
3. Profit or loss from re-evaluation of financial assets held for sale	161	4.089.608	4.089.608	2.465.421	2.465.421
4. Profit or loss from cash flow hedging	162				
5. Profit or loss from hedging of foreign investments	163				
6. Share of other comprehensive income/loss from associated companies	164				
7. Actuarial gains/losses from defined benefit plans	165				
III. TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**166**	**817.922**	**817.922**	**493.084**	**493.084**
IV. NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD (158-166)	**167**	**3.271.686**	**3.271.686**	**1.972.337**	**1.972.337**
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	**168**	**55.446.835**	**-166.179.813**	**107.245.412**	**-237.647.745**
ADDITION TO STATEMENT OF OTHER COMPREHENSIVE INCOME (only for consolidated financial statements)					
VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	169	55.433.897	-166.192.751	107.225.710	-236.360.757
2. Attributable to minority interest	170	12.939	12.939	19.702	-1.286.988

Cash flow statement - indirect method (period 1.1.2015. to 31.12.2015.)
Company: Valamar Riviera d.d.

Position	AOP	Previous period	Current period
1	2	3	4
CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	001	59.795.806	132.691.274
2. Depreciation and amortisation	002	202.845.280	232.922.484
3. Increase of current liabilities	003	1.666.471	
4. Decrease of current receivables	004	14.254.196	8.207.271
5. Decrease of inventories	005		
6. Other cash flow increases	006	17.027.170	44.394.172
I. Total increase of cash flow from operating activities	**007**	**295.588.923**	**418.215.201**
1. Decrease of current liabilities	008	2.648.397	25.937.989
2. Increase of current receivables	009	10.301.984	
3. Increase of inventories	010	105.983	2.482.530
4. Other cash flow decreases	011	6.662.550	27.295.769
II. Total decrease of cash flow from operating activities	**012**	**19.718.914**	**55.716.288**
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	**013**	**275.870.009**	**362.498.913**
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	**014**	**0**	**0**
CASH FLOW FROM INVESTING ACTIVITIES			
1. Proceeds from sale of non-current assets	015		
2. Proceeds from sale of non-current financial assets	016		
3. Interest received	017		
4. Dividend received	018		
5. Other proceeds from investing activities	019		22.713.290
III. Total cash inflows from investing activities	**020**	**0**	**22.713.290**
1. Purchase of non-current assets	021	429.979.911	691.316.823
2. Purchase of non-current financial assets	022	40.358.974	
3. Other cash outflows from investing activities	023		3.115.305
IV. Total cash outflows from investing activities	**024**	**470.338.885**	**694.432.128**
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	**025**	**0**	**0**
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	**026**	**470.338.885**	**671.718.838**
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issue of equity securities and debt securities	027	204.357.809	6.763
2. Proceeds from loans and borrowings	028	100.638.689	520.084.123
3. Other proceeds from financing activities	029	71.954.900	1.706.281
V. Total cash inflows from financing activities	**030**	**376.951.398**	**521.797.167**
1. Repayment of loans and bonds	031		
2. Dividends paid	032	62.975.890	68.922.466
3. Repayment of finance lease	033		
4. Purchase of treasury shares	034	336.958	20.100.998
5. Other cash outflows from financing activities	035	147.076.113	
VI. Total cash outflows from financing activities	**036**	**210.388.961**	**89.023.464**
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	**037**	**166.562.437**	**432.773.703**
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	**038**	**0**	**0**
Total increases of cash flows	039	442.432.446	123.553.778
Total decreases of cash flows	040	470.338.885	0
Cash and cash equivalents at the beginning of period	041	223.105.134	195.201.504
Increase of cash and cash equivalents	042		123.553.778
Decrease of cash and cash equivalents	043	27.906.439	
Cash and cash equivalents at the end of period	044	195.198.695	318.755.282

STATEMENT OF CHANGES IN EQUITY (period 1.1.2015. to 31.12.2015.)
Company: Valamar Riviera d.d.

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed share capital	001	1.672.021.210	1.672.021.210
2. Capital reserves	002	-18.596.391	-373.815
3. Reserves from profit	003	94.257.647	62.737.202
4. Retained earnings or loss carried forward	004	55.168.035	30.576.912
5. Net profit or loss for the period	005	51.381.272	105.253.373
6. Revaluation of tangible assets	006		
7. Revaluation of intangible assets	007		
8. Revaluation of available for sale assets	008	29.413.744	31.189.526
9. Other revaluation	009		
10. Total equity and reserves (AOP 001 to 009)	**010**	**1.883.645.517**	**1.901.404.408**
11. Foreign exchange differences ffrom foreign investments	011		
12. Current and deferred taxes	012		
13. Cash flow hedge	013		
14. Change of accounting policies	014		
15. Correction of significant mistakes of prior period	015		
16. Other changes	016		
17.Total increase or decrease of equity (AOP 011 to 016)	**017**	**0**	**0**
17 a. Attributable to majority owners	018	1.883.645.517	1.901.404.408
17 b. Attributable to minority interest	019	91.105	97.869

Reporting period: from 1.1.2015 to 31.12.2015

Quarterly financial report TFI-POD

Tax number (MB):	3474771			
Company registration number (MBS):	040020883			
Personal identification number (OIB):	36201212847			
Issuing company:	Valamar Riviera d.d.			
Postal code and place	52440	Poreč		
Street and house number:	Stancija Kaligari 1			
E-mail address:	uprava@riviera.hr			
Internet address:	www.valamar-riviera.com			
Municipality/city code and name:	348	Poreč		
County code and name:	18	Istarska	Number of employees: (period end)	1.901
			NKD code:	5510
Consolidated report:	NO			
Companies of the consolidation subject (according to IFRS):	Seat:		MB:	

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

Documents disclosed:

1. Financial statements
   (Balance Sheet, Income Statement, Cash Flow Statement, Statement of Changes in Equity and notes to financial statements)
2. Management Interim Report
3. Declaration of the persons responsible for preparing the issuer's statements

VALAMAR RIVIERA d.d.
POREČ (5)

L.S.

(signature of the person authorized to represent the company)

Balance Sheet (as of 31.12.2015)
Company: Valamar Riviera d.d.

Position	AOP	Previous period	Current period
1	2	3	4
ASSETS			
A) RECEIVABELS FOR SUBSCRIBED NOT PAID CAPITAL	**001**		
B) NON-CURRENT ASSETS (003+010+020+029+033)	**002**	**2.934.693.969**	**3.171.719.710**
I. INTANGIBLE ASSETS (004 to 009)	**003**	**8.156.685**	**9.202.261**
1. Expenditure for development	004		
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	8.150.275	9.090.495
3. Goodwill	006		
4. Advances for purchase of intangible assets	007		
5. Intangible assets in progress	008	6.410	111.766
6. Other intangible assets	009		
II. PROPERTY, PLANT AND EQUIPMENT (011 to 019)	**010**	**2.281.695.410**	**2.379.794.741**
1. Land	011	518.328.470	519.577.779
2. Buildings	012	1.379.186.088	1.525.902.691
3. Plant and equipement	013	164.971.179	189.682.352
4. Tools, working inventory and transportation assets	014	50.212.919	63.877.369
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	20.168.936	5.072.180
7. Tangible assets in progress	017	107.593.195	32.557.369
8. Other tangible assets	018	21.726.121	24.663.310
9. Investment in real-estate	019	19.508.502	18.461.691
III. NON-CURRENT FINANCIAL ASSETS (021 to 028)	**020**	**440.999.450**	**625.876.740**
1. Share in related parties	021	401.967.938	584.753.048
2. Loans to related parties	022		
3. Participating interests (shares)	023	140.000	140.000
4. Loans to companies with participating interest	024		
5. Investments in securities	025	38.891.512	40.983.692
6. Loans, deposits, etc.	026		
7. Other non-current financial assets	027		
8. Equity-accounted investments	028		
IV. RECEIVABLES (030 to 032)	**029**	**163.186.378**	**136.460.510**
1. Receivables from related parties	030	162.453.654	135.815.357
2. Receivables arising from sales on credit	031	372.432	286.116
3. Other receivables	032	360.292	359.037
V. DEFERRED TAX ASSET	**033**	**40.656.046**	**20.385.458**
C) CURRENT ASSETS (035+043+050+058)	**034**	**236.076.707**	**363.445.425**
I. INVENTORIES (036 to 042)	**035**	**7.124.242**	**9.604.766**
1. Raw materials and supplies	036	6.329.111	8.810.975
2. Production in progress	037		
3. Finished products	038		
4. Merchandise	039	50.137	48.797
5. Advances for inventories	040		
6. Long term assets held for sale	041	744.994	744.994
7. Biological assets	042		
II. RECEIVABLES (044 to 049)	**043**	**61.014.573**	**51.857.599**
1. Receivables from related parties	044	28.734.473	29.181.921
2. Receivables from end-customers	045	18.155.016	12.765.099
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	324.333	485.286
5. Receivables from government and other institutions	048	10.039.908	7.009.354
6. Other receivables	049	3.760.843	2.415.939
III. CURRENT FINANCIAL ASSETS (051 to 057)	**050**	**1.749.282**	**185.980**
1. Share in related parties	051		
2. Loans to related parties	052	517.300	20.300
3. Participating interests (shares)	053		
4. Loans to companies with participating interest	054		
5. Investments in securities	055	1.091.162	
6. Loans, deposits, etc.	056	140.820	24.845
7. Other financial assets	057		140.835
IV. CASH AND CASH EQUIVALENTS	**058**	**166.188.610**	**301.797.080**
D) PREPAYMENTS AND ACCRUED INCOME	**059**	**23.979.421**	**20.594.349**
E) TOTAL ASSETS (001+002+034+059)	**060**	**3.194.750.097**	**3.555.759.484**
F) OFF BALANCE SHEET ITEMS	**061**	**54.802.077**	**54.717.679**

Balance Sheet (as of 31.12.2015) (continued)
Company: Valamar Riviera d.d.

Position	AOP	Previous period	Current period
1	2	3	4
EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	**062**	**2.079.320.752**	**2.088.393.090**
I. SUBSCRIBED SHARE CAPITAL	**063**	**1.672.021.210**	**1.672.021.210**
II. CAPITAL RESERVES	**064**	**-8.395.862**	**109.139**
III.RESERVES FROM PROFIT (066+067-068+069+070)	**065**	**98.724.306**	**67.203.861**
1. Legal reserves	066	60.724.657	61.906.040
2. Reserve for own shares	067	24.344.407	34.344.407
3. Treasury shares and shares (deductible items)	068	8.836.448	29.046.586
4. Statutory reserves	069		
5. Other reserves	070	22.491.690	
IV. REVALUATION RESERVES	**071**	**29.750.702**	**31.431.842**
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	**072**	**263.592.748**	**211.961.240**
1. Retained earnings	073	263.592.748	211.961.240
2. Loss carried forward	074		
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	**075**	**23.627.648**	**105.665.798**
1. Net profit for the period	076	23.627.648	105.665.798
2. Net loss for the period	077		
VII. MINORITY INTEREST	**078**		
B) PROVISIONS (080 to 082)	**079**	**0**	**0**
1. Provisions for pensions, severance pay and similar liabilities	080		
2. Provisions for tax liabilities	081		
3. Other provisions	082		
C) NON-CURRENT LIABILITIES (084 to 092)	**083**	**819.921.751**	**1.164.439.231**
1. Liabilites to related parties	084		
2. Liabilities for loans, deposits, etc.	085		
3. Liabilities to banks and other financial institutions	086	813.686.208	1.158.888.007
4. Liabilities for advances	087		
5. Trade payables	088		
6. Commitments on securities	089		
7. Liabilities to companies with participating interest	090		
8. Other non-current liabilities	091	3.937.690	2.833.086
9. Deferred tax liabilities	092	2.297.853	2.718.138
D) CURRENT LIABILITIES (094 to 105)	**093**	**217.599.944**	**205.346.633**
1. Liabilites to related parties	094	1.040.930	204.906
2. Liabilities for loans, deposits, etc.	095		
3. Liabilities to banks and other financial institutions	096	102.569.327	125.355.698
4. Liabilities for advances	097	12.574.155	12.944.972
5. Trade payables	098	80.051.034	43.376.126
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to emloyees	101	14.673.785	14.943.850
9. Taxes, contributions and similar liabilities	102	5.790.568	6.643.162
10. Liabilities arising from share in the result	103		
11. Liabilities arising from non-current assets held for sale	104		
12. Other current liabilities	105	900.145	1.877.919
E) ACCRUED EXPENSES AND DEFERRED INCOME	**106**	**77.907.649**	**97.580.530**
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	**107**	**3.194.750.097**	**3.555.759.484**
G) OFF BALANCE SHEET ITEMS	**108**	**54.802.077**	**54.717.679**
ADDITION TO BALANCE SHEET (only for consolidated financial statements)			
ISSUED CAPITAL AND RESERVES			
1. Attributable to majority owners	109		
2. Attributable to minority interest	110	0	0

Income statement (period 1.1.2015. to 31.12.2015.)
Company: Valamar Riviera d.d.

Position	AOP	Previous period		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
I. OPERATING INCOME (112 to 113)	**111**	**1.083.433.150**	**65.195.049**	**1.204.969.547**	**66.899.401**
1. Sales revenues	112	1.065.052.873	55.976.411	1.183.210.564	61.665.828
2. Other operating revenues	113	18.380.277	9.218.638	21.758.983	5.233.573
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	**114**	**1.038.872.090**	**243.338.360**	**1.071.675.392**	**258.270.122**
1. Change in inventories of work in progress	115				
2. Material expenses (117 to 119)	116	391.059.890	60.977.968	409.536.254	66.669.912
a) Costs of raw materials	117	184.560.788	19.459.084	196.614.988	19.181.240
b) Cost of goods sold	118	1.137.090	52.853	1.434.435	68.268
c) Other material expenses	119	205.362.011	41.466.030	211.486.831	47.420.404
3. Employee benefits expenses (121 to 123)	120	259.089.555	65.255.825	307.624.037	82.376.312
a) Net salaries	121	154.962.804	37.940.652	183.152.101	47.620.582
b) Tax and contributions from salary expenses	122	66.912.074	17.807.428	80.386.936	22.897.173
c) Contributions on salary	123	37.214.677	9.507.745	44.085.000	11.858.557
4. Depreciation and amortisation	124	186.440.866	46.344.483	206.773.719	45.881.991
5. Other expenses	125	167.064.044	41.358.233	116.426.717	35.571.031
6. Write down of assets (127+128)	126	1.195.654	972.277	18.650.013	17.938.304
a) non-current assets (except financial assets)	127			16.839.165	16.839.165
b) current assets (except financial assets)	128	1.195.654	972.277	1.810.848	1.099.139
7. Provisions	129	10.225.325	10.225.325	4.958.192	4.958.192
8. Other operating costs	130	23.796.756	18.204.249	7.706.460	4.874.380
III. FINANCIAL INCOME (132 to 136)	**131**	**15.993.864**	**9.144.103**	**64.297.030**	**8.371.090**
1. Interest, foreign exchange differences, dividends and similar income from related parties	132			26.181.223	0
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	11.081.848	8.110.784	31.071.703	6.750.774
3. Income from investments in associates and joint ventures	134				
4. Unrealised gains (income) from financial assets	135	3.169.080	681.495	5.496.413	1.436.469
5. Other financial income	136	1.742.935	351.823	1.547.691	183.847
IV. FINANCIAL EXPENSES (138 to 141)	**137**	**33.270.258**	**16.990.495**	**71.017.461**	**12.443.832**
1. Interest, foreign exchange differences, dividends and similar expenses from related parties	138	1.030.254	1.030.254		
2. Interest, foreign exchange differences, dividends and similar expenses from third parties	139	29.460.012	13.991.518	64.938.151	11.245.218
3. Unrealised losses (expenses) from financial assets	140	1.345.894	1.345.894	4.722.854	272.145
4. Other financial expenses	141	1.434.099	622.830	1.356.456	926.469
V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES	**142**				
VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES	**143**				
VII. EXTRAORDINARY - OTHER INCOME	**144**				
VIII. EXTRAORDINARY - OTHER EXPENSES	**145**				
IX. TOTAL INCOME (111+131+142+144)	**146**	**1.099.427.014**	**74.339.152**	**1.269.266.577**	**75.270.491**
X. TOTAL EXPENSES (114+137+143+145)	**147**	**1.072.142.349**	**260.328.856**	**1.142.692.853**	**270.713.954**
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	**148**	**27.284.665**	**-185.989.704**	**126.573.724**	**-195.443.463**
1. Profit before taxes (146-147)	149	27.284.665	0	126.573.724	0
2. Loss before taxes (147-146)	150	0	185.989.704	0	195.443.463
XII. TAXATION	**151**	**3.639.513**	**3.639.513**	**20.907.926**	**20.907.926**
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	**152**	**23.645.152**	**-189.629.217**	**105.665.798**	**-216.351.389**
1. Profit for the period (149-151)	153	23.645.152	0	105.665.798	0
2. Loss for the period (151-148)	154	0	189.629.217	0	216.351.389

Income statement (period 1.1.2015. to 31.12.2015.) (continued)
Company: Valamar Riviera d.d.

Position	AOP	Previous period		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	155	23.645.152	-189.629.217	105.665.798	-216.351.389
2. Attributable to minority interest	156				
STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)					
I. PROFIT OR LOSS FOR THE PERIOD (=152)	**157**	**23.645.152**	**-189.629.217**	**105.665.798**	**-216.351.389**
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 to 165)	**158**	**-720.061**	**-720.061**	**2.101.424**	**2.101.424**
1. Exchange differences from international settlement	159				
2. Changes in revaluation reserves of long-term tangible and intangible assets	160				
3. Profit or loss from re-evaluation of financial assets held for sale	161	-720.061	-720.061	2.101.424	2.101.424
4. Profit or loss from cash flow hedging	162				
5. Profit or loss from hedging of foreign investments	163				
6. Share of other comprehensive income/loss from associ atied companies	164				
7. Actuarial gains/losses from defined benefit plans	165				
III. TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**166**	**-144.012**	**-144.012**	**420.285**	**420.285**
IV. NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD (158-166)	**167**	**-576.049**	**-576.049**	**1.681.139**	**1.681.139**
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	**168**	**23.069.103**	**-190.205.266**	**107.346.937**	**-214.670.250**
ADDITION TO STATEMENT OF OTHER COMPREHENSIVE INCOME (only for consolidated financial statements)					
VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	169				
2. Attributable to minority interest	170				

Cash flow statement - indirect method (period 1.1.2015. to 31.12.2015.)
Company: Valamar Riviera d.d.

Position	AOP	Previous period	Current period
1	2	3	4
CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	001	23.645.152	126.573.724
2. Depreciation and amortisation	002	186.440.866	206.773.719
3. Increase of current liabilities	003	17.480.076	
4. Decrease of current receivables	004	193.269.047	9.160.098
5. Decrease of inventories	005	45.029	
6. Other cash flow increases	006		51.347.122
I. Total increase of cash flow from operating activities	**007**	**420.880.170**	**393.854.663**
1. Decrease of current liabilities	008		34.003.715
2. Increase of current receivables	009		
3. Increase of inventories	010		2.480.523
4. Other cash flow decreases	011	166.426.616	684.319
II. Total decrease of cash flow from operating activities	**012**	**166.426.616**	**37.168.557**
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	**013**	**254.453.554**	**356.686.106**
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	**014**	**0**	**0**
CASH FLOW FROM INVESTING ACTIVITIES			
1. Proceeds from sale of non-current assets	015		
2. Proceeds from sale of non-current financial assets	016		
3. Interest received	017		
4. Dividend received	018		
5. Other proceeds from investing activities	019		
III. Total cash inflows from investing activities	**020**	**0**	**0**
1. Purchase of non-current assets	021	397.535.140	305.918.626
2. Purchase of non-current financial assets	022	90.422.177	
3. Other cash outflows from investing activities	023		183.833.489
IV. Total cash outflows from investing activities	**024**	**487.957.317**	**489.752.115**
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	**025**	**0**	**0**
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	**026**	**487.957.317**	**489.752.115**
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issue of equity securities and debt securities	027	204.357.809	
2. Proceeds from loans and borrowings	028	89.110.408	367.988.170
3. Other proceeds from financing activities	029	79.275.190	
V. Total cash inflows from financing activities	**030**	**372.743.407**	**367.988.170**
1. Repayment of loans and bonds	031		
2. Dividends paid	032	62.975.890	68.922.466
3. Repayment of finance lease	033		
4. Purchase of treasury shares	034		21.140.090
5. Other cash outflows from financing activities	035	132.810.577	9.251.135
VI. Total cash outflows from financing activities	**036**	**195.786.467**	**99.313.691**
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	**037**	**176.956.940**	**268.674.479**
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	**038**	**0**	**0**
Total increases of cash flows	039	431.410.494	135.608.470
Total decreases of cash flows	040	487.957.317	0
Cash and cash equivalents at the beginning of period	041	222.755.699	166.188.610
Increase of cash and cash equivalents	042		135.608.470
Decrease of cash and cash equivalents	043	56.546.823	
Cash and cash equivalents at the end of period	044	166.208.876	301.797.080

STATEMENT OF CHANGES IN EQUITY (period 1.1.2015. to 31.12.2015.)
Company: Valamar Riviera d.d.

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed share capital	001	1.672.021.210	1.672.021.210
2. Capital reserves	002	-8.395.862	109.139
3. Reserves from profit	003	98.724.306	67.203.861
4. Retained earnings or loss carried forward	004	263.592.748	211.961.240
5. Net profit or loss for the period	005	23.627.648	105.665.798
6. Revaluation of tangible assets	006		
7. Revaluation of intangible assets	007		
8. Revaluation of available for sale assets	008	29.750.702	31.431.842
9. Other revaluation	009		
10. Total equity and reserves (AOP 001 to 009)	**010**	**2.079.320.752**	**2.088.393.090**
11. Foreign exchange differences from foreign investments	011		
12. Current and deferred taxes	012		
13. Cash flow hedge	013		
14. Change of accounting policies	014		
15. Correction of significant mistakes of prior period	015		
16. Other changes	016		
17.Total increase or decrease of equity (AOP 011 to 016)	**017**	**0**	**0**
17 a. Attributable to majority owners	018		
17 b. Attributable to minority interest	019		

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