

VALAMAR RIVIERA

BUSINESS RESULTS
1/1/2018 - 31/3/2018



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

for the period from 1 January 2018 to
31 March 2018

Valamar Girandella Resort 4*&5*, Rabac



EXECUTIVE SUMMARY

Key financial indicators

(in '000,000 HRK)

	1 - 3/ 2017	1 - 3/ 2018	2018/ 2017
Total revenues	64.1	65.8	2.7%
Sales revenues	27.9	38.8	39.2%
Board revenues	14.7	23.3	59.2%
Operating costs	115.5	128.5	11.3%
EBITDA	-84.6	-88.8	-5.0%
Adjusted EBITDA	-85.5	-88.7	-3.8%
EBIT	-165.6	-185.6	-12.1%
Adjusted EBIT	-166.5	-185.5	-11.4%
EBT	-147.3	-176.0	-19.5%
	31/12/ 2017	31/3/ 2018	2018/ 2017
Net debt	1,772.4	1,968.9	11.1%
Cash and cash equivalents	287.8	78.7	-71.3%
Market capitalization	5,420.3	4,977.3	-8.2%
Enterprise value	7,192.6	6,946.2	-6.0%

Key operating indicators

	1 - 3/ 2017	1 - 3/ 2018	2018/ 2017
Accommodation units (capacity)	20,852	20,648	-1.0%
Number of beds	56,662	56,267	-0.7%
Accommodation units sold	48,046	64,808	34.9%
Overnights	83,857	106,083	26.5%
Average daily rate (in HRK)	284	360	26.8%

Revenues and costs

Valamar Riviera achieved strong first-quarter results driven by the earlier Easter holiday period and successful destination events on Krk and in Dubrovnik that generated a 39% increase in sales revenues (HRK 28 million to HRK 39 million). Increased demand and active management of sales channels and prices resulted in a high 27% increase in overnights (106,083 in 2018 vs. 83,857 in 2017) and average daily rate (HRK 360 in 2018 vs. HRK 284 in 2017).

Operating costs were HRK 129 million, and due to an increased operating efficiency, their growth was slower (+11%) if compared to sales revenues. They grew mainly due to increased material costs driven by a larger business volume and increased staff costs. However, the share of staff costs in total operating expenses decreased from 29% to 27%. The staff cost increase was planned in line with the salary increase policy and the new staff hired to ensure service quality in the new premium and upscale products to be opened at the beginning of the second quarter of 2018.

First-quarter business results are not indicative because of the seasonal character of the industry in which the Group operates. First-quarter sales revenues have a very small impact on total annual revenues (in 2017 their impact was 2%), so their 39% growth in relation to the same period last year cannot be used to form full-year expectations. Furthermore, a negative EBITDA is typical for the first quarter because of a smaller business volume.

Financial result

The Group's financial result was HRK 10 million (HRK 18 million in 2017), down by HRK 8 million due to a lower positive fair value of FX forwards resulting from the lower appreciation of HRK vs. EUR in relation to last year's comparable period (1.6% in 2017 vs. 1.1% in 2018), as well as increased financial expenses related to interest on long-term loans used to finance the large investment cycle.

Enterprise value

Enterprise value fell by 6%, coinciding with the decrease in international and national stock market indices.

Investments

In line with the previously announced investment cycle worth HRK 2 billion until 2020, Valamar Riviera proceeds with large investments worth over HRK 700 million. The investments include a number of projects: the repositioning of Rabac as leading high-end holiday destination will be completed with the opening of Valamar Girandella Maro Resort 5* and the Valamar Argosy 4* Hotel will be repositioned as "adults only" accommodation. Moreover, we continue investing in raising camping quality to offer products and services with high added value. The investments also include Imperial's projects and a range of other smaller projects to improve quality, operating efficiency and energy saving. The market demand for the recently developed properties is strong, and the preparation for the start of the season is expected to be completed in time.

For details, see '2018 Investments' on page 18.

EXECUTIVE SUMMARY (CONTINUED)

Acquisitions

After Croatia's Restructuring and Sale Centre (CERP) accepted Valamar Riviera's binding bid to buy a stake in Hoteli Makarska d.d., on 4 April 2018 Valamar concluded an agreement on the purchase and transfer of 55.48% (HRK 172.7 million) of Hoteli Makarska's share capital. Hoteli Makarska is a company managing a 725-key portfolio, and Valamar Riviera also concluded a cooperation agreement with AZ mandatory pension funds, in order to start their acting in concert regarding Hoteli Makarska. After the acquisition of shares, Valamar transferred 30.48% of Hoteli Makarska's share capital to AZ.

Valamar's press release is available from the Valamar Riviera corporate website (valamar-riviera.com/en/1Q2018).

OUTLOOK

A significant percentage increase in the booking of announced overnights until year-end indicates a positive business outlook for the year.

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

Following the successful acquisition of Hoteli Baška on Krk Island, Imperial on Rab Island and Hoteli Makarska in Makarska, we are considering further expansion by pursuing new partnerships and acquisition opportunities in Croatia and abroad. The investment and recapitalization offer for Helios Faros is currently being considered. Helios Faros is a company on Hvar Island undergoing bankruptcy proceedings and managing a 591-key portfolio. The offer was submitted by Valamar Riviera together with PBZ Croatia osiguranje pension fund (for details, see: "Significant Business Events", p. 6).

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

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SIGNIFICANT BUSINESS EVENTS

About Valamar Riviera

Valamar Riviera is the leading tourism company and one of the leading tourism groups in Croatia. It is also one of the largest investors in Croatian tourism with over HRK 4 billion invested in the last 14 years. Valamar Riviera owns two brands: Valamar Hotels and Resorts and Camping Adriatic. With the acquisition of Imperial d.d. on Rab Island by the end of 2016, Valamar Riviera Group is now present in five attractive destinations along the Adriatic coast – from Istria and the islands of Krk and Rab to Dubrovnik – and manages approx. 12% of Croatia's categorized tourist accommodation. Valamar Riviera's portfolio includes 30 hotels and resorts and 15 camping resorts that can welcome over 56,000 guests daily in nearly 21,000 accommodation units. Valamar Riviera is the largest tourism group in Croatia, as measured by revenues and portfolio size. Valamar Riviera cares for the interests of all its stakeholders: guests, suppliers and partners, local communities and destinations, around 22,000 shareholders, nearly 6,000 people employed during peak season and society at large. Stakeholders' interests are actively promoted through Valamar Riviera's principles of sustainable and socially responsible growth and development. The company aims at growing further through portfolio investments, new acquisitions and partnerships, by developing its destinations and human resources and by increasing operating efficiency.

Bid to buy Hoteli Makarska shares

On 27 December 2017, Valamar Riviera submitted a binding bid to buy a 55.48% stake (621,086 shares) in Hoteli Makarska d.d. (hereinafter: Hoteli Makarska), a company from Makarska with 725 keys in its portfolio. Valamar Riviera concluded a cooperation agreement with AZ, a pension fund management company from Zagreb, acting in its own

Bellevue Family Life Resort 4*, Rabac



name and on behalf of the mandatory pension funds it manages, in order to start their acting in concert regarding Hoteli Makarska. On 4 April 2018, Valamar Riviera concluded an agreement with the Republic of Croatia, represented by CERP (Restructuring and Sale Center), regarding the sale and transfer of Hoteli Makarska's shares. With this agreement, Valamar bought 621,086 ordinary shares for HRK 172.7 million. Following this acquisition, on 12 April 2018 Valamar Riviera transferred 30.48% of Hoteli Makarska's share capital (341,218 shares) to its partner AZ and retained 25.00%. After HANFA (Croatian Financial Services Supervisory Agency) approves the takeover bid, Valamar Riviera will announce its offer to take over Hoteli Makarska's ordinary voting shares, pursuant to the provisions and period prescribed by the Act on the Takeover of Joint Stock Companies.

Investment and recapitalization offer for Helios Faros

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

the joint activity of a large institutional investor and a strategic tourism investor contributing with its expertise and results. Consequently, Valamar Riviera would manage Helios Faros' development and operations through a model contract related to the management of facilities. The Bankruptcy plan still needs to be adopted by the Assembly of bankruptcy creditors and validated by the bankruptcy judge.

Statutory change

On 26 January 2018, Valamar Riviera received a notification by EPIC, Goldscheider und Wurmböck Unternehmensberatungsgesellschaft m.b.H. with registered office in Vienna, 8 Plösslgasse, Republic of Austria, regarding the changes in the percentage of voting rights- (fall below the voting rights threshold), caused by the transfer of 55,594,884 shares due to the demerger agreement and status change, i.e. the demerger of EPIC, Goldscheider und Wurmböck Unternehmensberatungsgesellschaft m.b.H., as demerging company and EPIC Hospitality Holding GmbH with registered office in Vienna, 8 Plösslgasse, Republic of Austria, as transferee company. As evidenced by the received notifications, the structure of members in the transferee company is indirectly identical to the structure of members in the demerging company. Consequently, no changes occurred in the controlling persons, since the members in EPIC Hospitality Holding GmbH are indirectly the same persons and hold the same stakes as the members in EPIC, Goldscheider und Wurmböck Unternehmensberatungsgesellschaft m.b.H. Consequently, on the same day, Valamar Riviera received a notification by EPIC Hospitality Holding GmbH regarding the acquisition of 55,594,884 RIVP shares without nominal value, acquired through the demerger and representing 44.11% of the Company's share capital.

At its meeting held on 8 March 2018, the Supervisory Board approved the draft of the Joint Merger Plan pursuant to which EPIC Hospitality Holding is planned to be merged into Valamar Riviera, in line with legal provisions. The document was submitted to the court register of the Commercial court in Pazin on 9 March 2018. Valamar Riviera and EPIC Hospitality Holding made a joint proposal for the appointment of a

merger auditor and the Commercial court in Pazin accepted the proposed appointment. The Joint Merger Plan was prepared as a notary public document after carrying out the procedures prescribed by existing regulations that precede the approval by the general assemblies. The auditor KPMG Croatia d.o.o. prepared the Report on the Merger Audit on 15 March 2018 and the management boards of the companies prepared the Joint Merger Report on 19 March 2018, while the Supervisory Board prepared on 20 March 2018 the Report of the Supervisory Board of Valamar Riviera on the Merger of Epic Hospitality Holding GmbH with Valamar Riviera. The final decision regarding the approval of the proposed merger will be rendered by the general assemblies of the companies taking part in the merger (the General Assembly of Valamar Riviera will be held on 8 May 2018).

According to the proposed draft of the Joint Merger Plan, the transferor or acquired company will convey all its assets, rights and liabilities to the transferee, and in return, the transferee will give 55,594,884 shares in the transferee to the transferor members (as an aliquot part of their stake in the transferor). Following this, the transferor members will become direct shareholders in Valamar Riviera.

As a result of the intended merger, the following two family companies and one private individual will become direct shareholders in Valamar Riviera: Wurmböck Beteiligungs GmbH (Wurmböck family), Goldscheider Keramik Gesellschaft m.b.H. (Goldscheider family) and Dr. Franz Lanschützer.

Since EPIC Hospitality Holding is a newly established special purpose vehicle, the intended merger does not affect Valamar Riviera's balance sheet, income statement, employment, operating profit and other financial and business indicators, and it is also tax neutral for both companies so the transferee will not be burdened by any liabilities. This status change will secure continuity in the shareholding structure, thus enabling the continuation of the Company's transparent management, care for employees, focus on destination development and business model sustainability. Furthermore, Valamar Riviera will retain its market-leading position and the long-term trust of the controlling shareholders.

Loans agreements

On 12 February 2018, Valamar Riviera concluded an agreement with OTP banka Hrvatska and OTP Bank Nyrt from Hungary regarding a club loan for a total of EUR 40 million. On 6 March 2018, Valamar Riviera concluded an agreement with the European Investment Bank from Luxembourg (hereinafter: EIB) regarding a loan of EUR 16 million. This is the first EIB transaction in Croatia that involves the direct financing of a private sector company that benefits from the support of the EU budget guarantee under the European Fund for Strategic Investments, the financing component of the Investment Plan for Europe. These transactions were concluded to finance long-term investments and they confirm the trust of the investment and financing community in the further development of Valamar Riviera.

General Assembly of Valamar Riviera

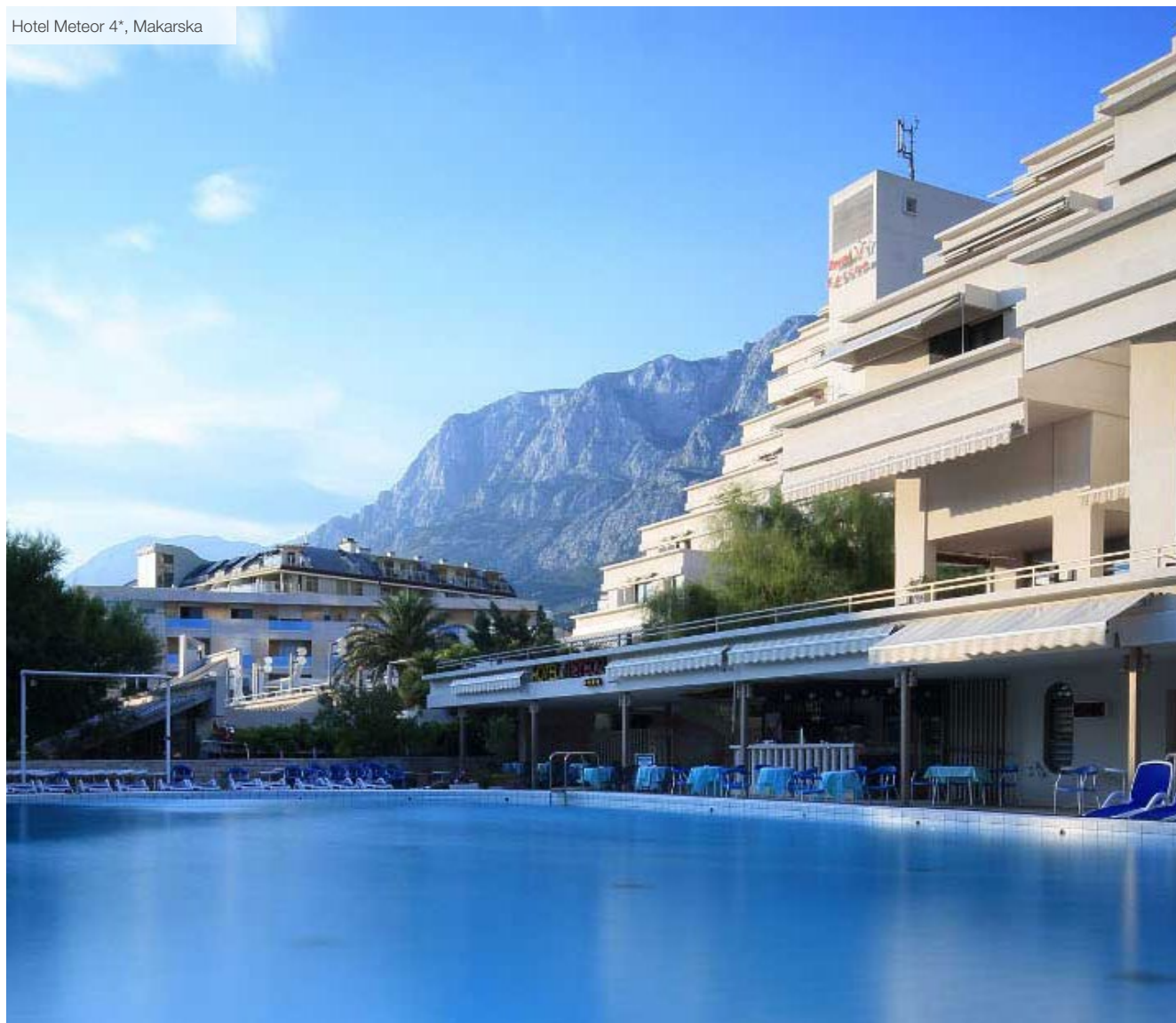
The Management Board met on 20 February 2018, while the Supervisory Board met on 27 February 2018 in order to determine the 2017 4Q audited financial statements and the 2017 audited annual financial statements. The Management Board decided on 21 March 2018 to convoke the General Assembly on 8 May 2018 at 11:00 at the Valamar Sanfior Hotel in Rabac.

Quarterly Financial Statements

The Management Board hereby presents the unaudited quarterly financial statements for the period from 1 January 2018 to 31 March 2018. These statements must be viewed in the context of the mergers and acquisitions specified below, and they provide information on the state of the Company and Group, as well as significant events.

The Company's balance sheet and income statement for the reviewed period include the merged companies: Puntizela d.o.o. for the period following the merger, i.e. as of 1 April 2017 and Elafiti Babin Kuk d.o.o. as of 29 December 2017.

Hotel Meteor 4*, Makarska



RESULTS OF THE GROUP

Key financial indicators¹

	1 - 3/2017	1 - 3/2018	2018/2017
Total revenues	64,088,362	65,826,381	2.7%
Sales revenues	27,913,573	38,848,253	39.2%
Board revenues (accommodation and board revenues) ²	14,651,779	23,320,742	59.2%
Operating costs ³	115,473,721	128,541,939	11.3%
EBITDA ⁴	-84,582,590	-88,838,658	-5.0%
Extraordinary operations result and one-off items ⁵	907,805	-89,957	/
Adjusted EBITDA ⁶	-85,490,395	-88,748,701	-3.8%
EBIT	-165,632,828	-185,594,466	-12.1%
Adjusted EBIT ⁶	-166,540,633	-185,504,509	-11.4%
EBT	-147,277,080	-175,977,442	-19.5%
EBT margin	-441.2%	-421.9%	1,930 bp
	31/12/2017	31/3/2018	2018/2017
Net debt ⁷	1,772,353,634	1,968,900,560	11.1%
Cash and cash equivalents	274,650,648	78,695,044	-71.3%
Market capitalization ⁸	5,420,289,760	4,977,280,785	-8.2%
EV ⁹	7,389,190,320	6,946,181,345	-6.0%

¹ Classified according to the Quarterly Financial Statement (TFI POD-RDG). EBIT, EBITDA and their adjusted values and respective margins are recorded on the basis of operating income.

² In compliance with the classification under the USALI international standard for reporting in hotel industry (Uniform System of Accounts for the Lodging Industry).

³ Operating costs include material costs, staff costs, other costs, and other operating costs reduced by extraordinary expenses and one-off items.

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

⁵ Adjustments were made for (i) extraordinary income (in the amount of HRK 2.0 million in 2018, and HRK 3.4 million in 2017), (ii) extraordinary expenses (in the amount of HRK 1.9 million in 2018, and HRK 2.4 million in 2017), and (iii) termination benefit costs (in the amount of HRK 0.2 million in 2018, and HRK 0.2 million in 2017).

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 The number of shares as at 31 December 2017 net of treasury shares amounts to 124,233,091, while per 31 March 2018 amounts to 124,214,644.

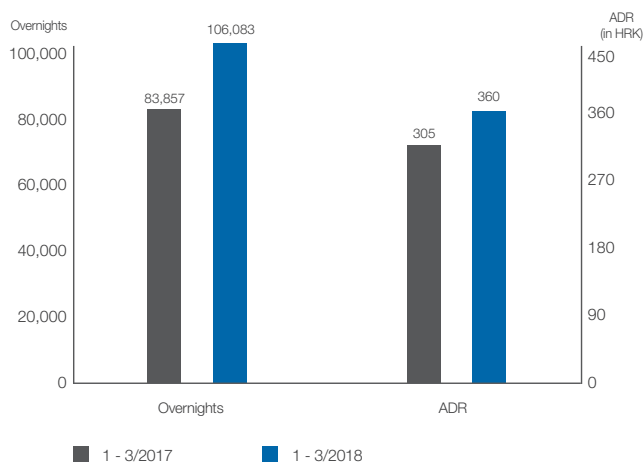
⁹ EV refers to enterprise value; calculated as market capitalization + net debt.

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

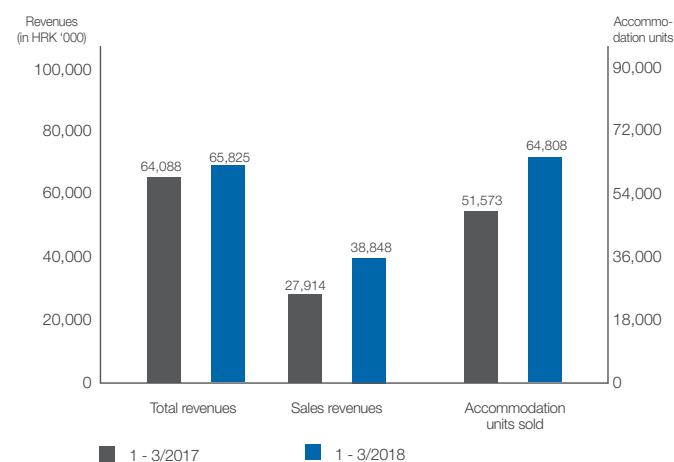
Key business indicators

	1 - 3/2017	1 - 3/2018	2018/2017
Number of accommodation units (capacity)	20,852	20,648	-1.0%
Number of beds	56,662	56,267	-0.7%
Accommodation units sold	51,573	64,808	25.7%
Overnights	83,857	106,083	26.5%
ADR ¹⁰ (in HRK)	284	360	26.8%

Overnights and ADR



Revenues and accommodation units sold



Steered by sustainability and social responsibility, Valamar Riviera's success is based on continual portfolio investments, acquisitions and partnerships and the development of our employees and destinations. As one of Valamar Riviera's key strategic goals, the investments in the preparation for this year's tourist season are HRK 705 million and they focus on the further increase of competitiveness and quality of properties and services.

Revenues

In the first quarter of 2018, total revenues were HRK 65.8 million, up by 2.7% (+HRK 1.7 million) and resulting from the following:

i) strong growth in sales revenues, up by 39.2% (+HRK 10.9 million) to HRK 38.8 million, mainly driven by board revenues (+59.2%; +HRK 8.7 million).

Due to this year's earlier Easter holidays, special attention was given to preparing numerous products, experiences and reasons for visiting. All the marketing segments grew in the first quarter compared to the same period last year (individuals and allotments in particular) with HRK 23.3 million in board revenues and 106,083 overnights reported, while the average daily rate grew by 26.8% to HRK 360 thanks to an active price and channel management.

Domestic sales revenues were HRK 15.3 million and represented 23.3% of total revenues (22.5% in 2017). They

grew by 6.3% in relation to the previous comparable period. International sales revenues were HRK 23.5 million, up by HRK 10.8 million and represented 35.8% of total revenues (21.1% in 2017).

ii) other operating revenues fell by 47.7% (-HRK 2.6 million) to HRK 2.9 million.

iii) financial income fell by -21.5% (-HRK 6.6 million) to HRK 24.1 million due to a lower positive fair value of FX forwards resulting from a lower appreciation of HRK vs. EUR in relation to last year's comparable period (1.6% in 2017 vs. 1.1% in 2018).

Other operating and financial income represented 41.0 % of total revenues (56.4% in 2017).

Total operating expenses of Valamar Riviera Group¹¹

(in HRK)	1 - 3/2017	1 - 3/2018	2018/2017
Operating costs ¹²	115,473,721	128,541,939	11.3%
Total operating expenses	199,013,724	227,304,203	14.2%
Material costs	33,247,324	38,219,074	15.0%
Staff costs	57,712,808	62,382,294	8.1%
Depreciation and amortisation	81,030,737	96,683,615	19.3%
Other costs	24,471,641	27,976,470	14.3%
Provisions and value adjustments	19,501	72,193	270.2%
Other operating expenses	2,531,713	1,970,557	-22.2%

Total operating expenses

Total operating expenses were HRK 227.3 million and grew by 14.2% (+HRK 28.3 million) or twice as slow if compared to operating revenues. The breakdown of total operating expenses is the following:

i) material costs represented 16.8% (16.7% in 2017), up by 15.0% (+HRK 5.0 million) to HRK 38.2 million mainly due to the increased costs of raw materials and consumables (especially direct food and beverage costs and energy consumption costs) driven by a larger business volume.

ii) staff costs represented 27.4% in the current year (their share in total expenses decreased from 29.0% in 1Q 2017), up by 8.1% (+HRK 4.7 million) to HRK 62.4 million mainly due to the efforts invested in securing competitive salaries and other material and non-material work conditions as well as the new staff hired to ensure service quality at the new premium/upscale products to be opened at the beginning of the second quarter of 2018. Valamar Riviera is therefore the first company in Croatia guaranteeing a minimum net salary between HRK 5,000 and 7,500 to all of its employees.

iii) amortization costs represented 42.5% (40.7% in 2017), up by 19.3% (+HRK 15.7 million) to HRK 96.7 million due to the earlier large investment cycle.

iv) other costs represented 12.3% (12.3% in 2017), up by 14.3% (+HRK 3.5 million) to HRK 28.0 million mainly due to the i) increased costs of scholarships and employee training ii) increased costs of lodging and meals for employees, and iii) increased insurance costs.

v) provisions and value adjustments represented 0.03% (0.01% in 2017) and were HRK 72,000 (+HRK 53,000 vs. 2017).

vi) other operating expenses represented 0.9% (1.3% in 2017). They decreased by 22.2% (-HRK 0.6 million) to HRK 2.0 million, as a result of lower operating costs from previous years.

Operating costs¹²

Operating costs were HRK 128.5 million and their 11.3% increase was mainly due to i) increased material costs driven by a larger business volume, ii) increased other costs (explained above), and iii) increased staff costs (explained above).

EBITDA and EBT

The first quarter had a typical negative EBITDA due to the smaller volume of seasonal operations. EBITDA fell by HRK 4.3 million and the achieved loss was HRK 88.8 million, while adjusted EBITDA¹³ fell by HRK 3.3 million and the achieved loss was HRK 88.8 million. In relation to last year's comparable period, loss before tax grew by HRK 28.7 million to HRK 176.0 million due to the increased amortization costs and lower financial results (see details on the following page). Operating loss grew by 12% to HRK 185.6 million. The gross margin of the Group was -422% (-441% in 2017). The outlook remains positive due to a better booking pace compared to last year's results and the expected positive effects of this year's large investment cycle.

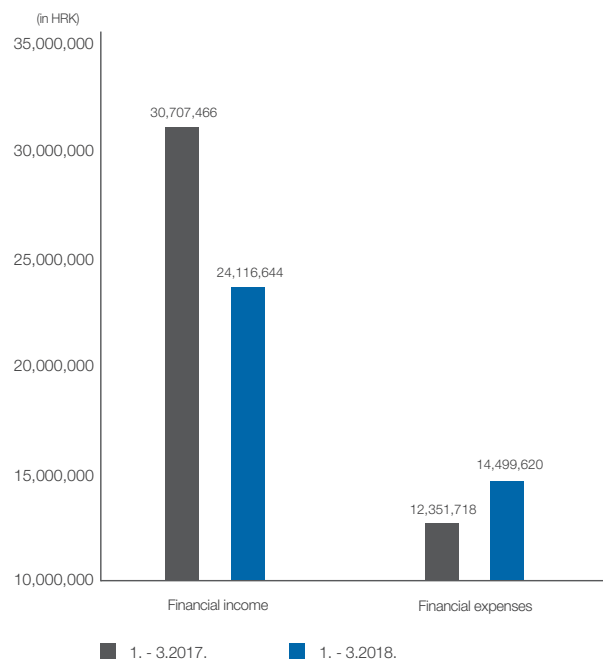
¹¹ Classified according to the Quarterly Financial Statement (TFI POD-RDG).

¹² Operating costs include material costs, staff costs, other costs, and other operating costs reduced by extraordinary expenses and one-off items.

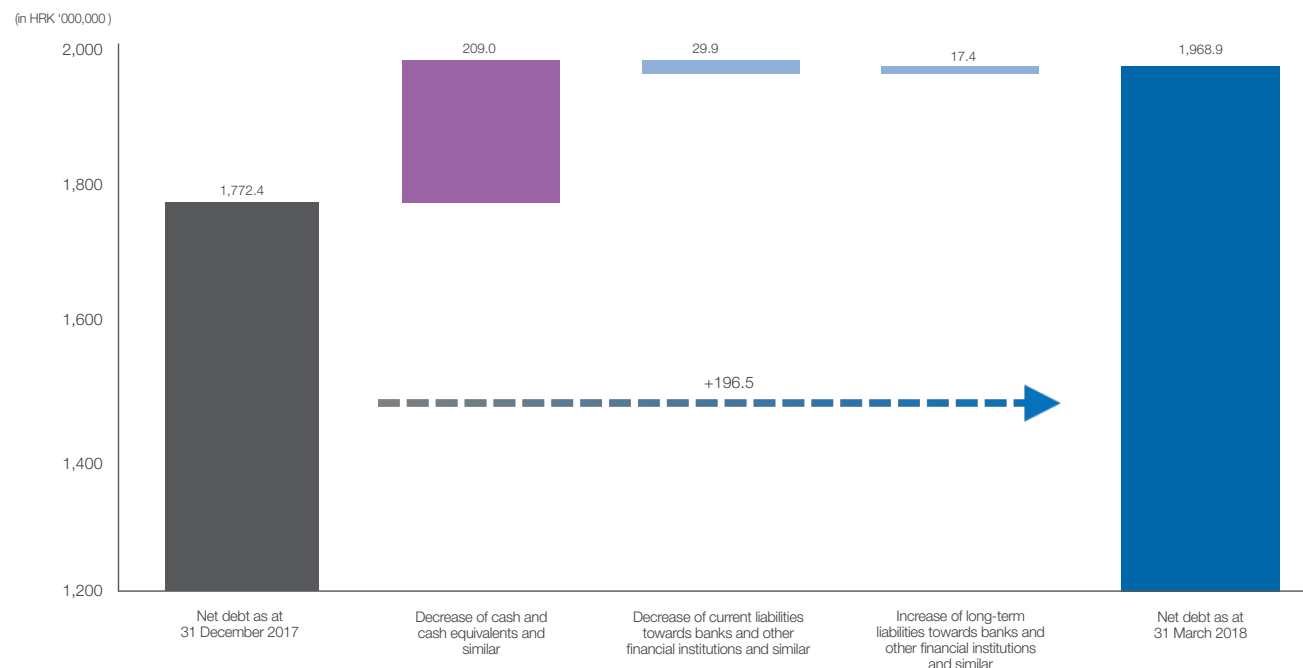
¹³ Adjustments were made for (i) extraordinary income (in the amount of HRK 2.0 million in 2018, and HRK 3.4 million in 2017), (ii) extraordinary expenses (in the amount of HRK 1.9 million in 2018, and HRK 2.4 million in 2017), and (iii)

termination benefit costs (in the amount of HRK 0.2 million in 2018, and HRK 0.2 million in 2017).

Financial income and expenses



Net debt ¹⁴



Financial result

In the first quarter of 2018, the Group reported a positive financial result of HRK 9.6 million (HRK 18.4 million in 2017), although lower by HRK 8.7 million in relation to the previous comparable period. This decrease was driven by i) a HRK 1.7 million decrease in net (positive) foreign exchange differences related to long-term loans, ii) a lower positive fair value of FX forwards that fell by HRK 4.8 million due to the lower appreciation of HRK vs. EUR in relation to last year's comparable period (1.6% in 2017 vs. 1.1% in 2018), and iii) the net effect of the HRK 2.6 million increase in financial expenses related to interest on long-term loans for financing investments.

Financial income

In the first quarter of 2018, financial income was HRK 24.1 million, down by HRK 6.6 million in relation to last year's comparable period. Foreign exchange differences and other financial income were HRK 22.7 million and fell by HRK 1.7 million. Unrealized gains (income) from financial assets were HRK 0.8 million and fell by HRK 4.8 million due to a lower positive fair value of FX forwards compared to the same period last year due to the lower appreciation of HRK vs. EUR. Other financial income was HRK 0.6 million.

Financial expenses

The Group's financial expenses were HRK 14.5 million and, in relation to the previous comparable period, they grew by HRK 2.6 million. Due to an increase in credit lines for the financing of the investment cycle in 2017, financial expenses related to interest rose by HRK 2.6 million to HRK 11.4 million. Unrealized expenses from financial assets increased by HRK 0.8 million, driven by increased liabilities related to the fair value of interest rate swaps due to the increased amount of hedged positions.

¹⁴ Net debt: non-current and current liabilities to banks and other financial institutions + liabilities for loans, deposits and other – cash and cash equivalents – long-term

and short-term investments in securities – current loans given, deposits, etc.

Assets and liabilities

As of 31 March 2018, the total value of the Group's assets decreased by 2.3% compared to 31 December 2017 and totaled HRK 4,883.3 million. The reasons for this decrease as well as the decrease in other balance sheet items must be viewed in the context of reduced business volume typical for the first quarter.

Total share capital and reserves fell by HRK 177.1 million to HRK 2,339.1 million due to the achieved loss.

Total long-term liabilities rose from HRK 1,915.7 million to HRK 1,933.6 million due to loans contracted to finance this year's investments.

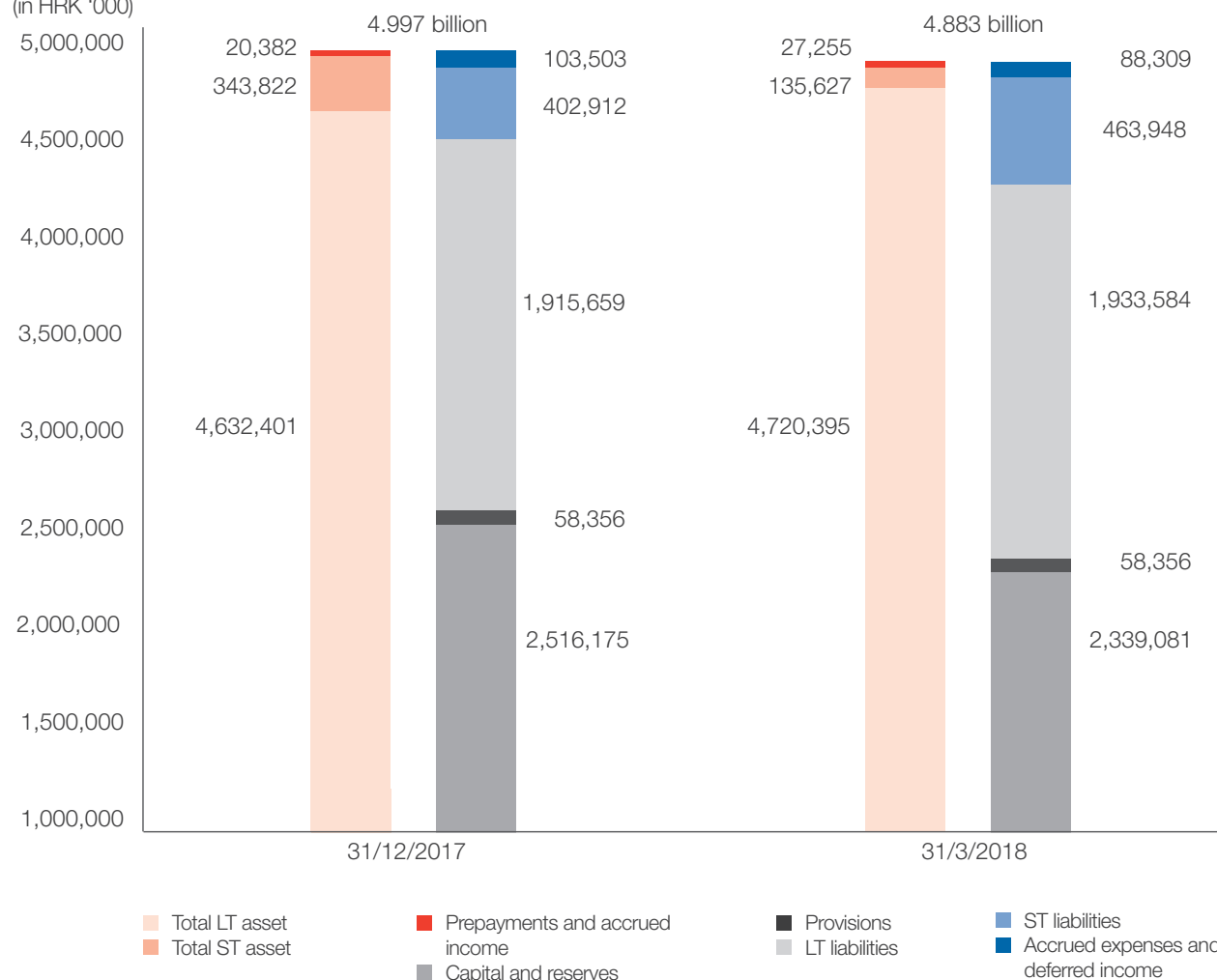
Total short-term liabilities were HRK 463.9 million and rose by 15.1 % vs 31 December 2017 as a result of typically higher liabilities related to advance payments from customers totaling HRK 112.6 million.

Cash and cash equivalents were HRK 78.7 million as at 31 March 2018. Their typical decrease vs. year-end 2017 results from the outflows related to the preparation for the 2018 season.

The contracted credit lines for investments and the strong cash potential from business activities secures a smooth continuation of future investments and potential acquisitions.

Assets and liabilities

Amount
(in HRK '000)



Key operating indicators of Valamar Riviera Group per segments¹⁵

HOTELS AND RESORTS	Total			Premium			Upscale			Midscale			Economy		
	1 - 3/2017	1 - 3/2018	2018/ 2017	1 - 3/2017	1 - 3/2018	2018/ 2017	1 - 3/2017	1 - 3/2018	2018/ 2017	1 - 3/2017	1 - 3/2018	2018/ 2017	1 - 3/2017	1 - 3/2018	2018/ 2017
Number of accommodation units	8,982	9,278	3.3%	1,269	1,554	22.5%	1,980	1,986	0.3%	3,493	3,326	-4.8%	2,240	2,412	7.7%
Accommodation units sold	47,729	64,189	34.5%	9,001	12,640	40.4%	4,331	14,267	229.4%	15,887	20,885	31.5%	18,510	16,397	-11.4%
Overnights	83,290	104,837	25.9%	14,624	20,694	41.5%	8,045	27,964	247.6%	28,099	38,693	37.7%	32,522	17,486	-46.2%
ADR ¹⁰ (in HRK)	297	354	19.2%	439	507	15.5%	454	469	3.3%	421	397	-5.7%	85	81	-4.7%
Board revenues (in HRK)	14,176,651	22,731,942	60.3%	3,949,544	6,408,910	62.3%	1,968,054	6,696,557	240.3%	6,692,502	8,294,566	23.9%	1,566,550	1,331,909	-15.0%

CAMPING RESORTS	Total			Premium			Upscale			Midscale			Economy		
	1 - 3/2017	1 - 3/2018	2018/ 2017	1 - 3/2017	1 - 3/2018	2018/ 2017	1 - 3/2017	1 - 3/2018	2018/ 2017	1 - 3/2017	1 - 3/2018	2018/ 2017	1 - 3/2017	1 - 3/2018	2018/ 2017
Number of accommodation units	11,870	11,370	-4.2%	3,466	4,053	16.9%	1,434	2,189	52.6%	5,150	3,335	-35.2%	1,820	1,793	-1.5%
Accommodation units sold	3,667	619	-83.1%	10	240	2300.0%	70	136	94.3%	57	114	100.0%	3,530	129	-96.3%
Overnights	318	1,246	291.8%	15	501	3240.0%	116	221	90.5%	116	188	62.1%	71	336	373.2%
ADR ¹⁰ (in HRK)	130	951	631.5%	598	580	-3.0%	1,565	1,170	-25.2%	4,720	1,777	-62.4%	26	682	2523.1%
Board revenues (in HRK)	475,128	588,800	23.9%	5,983	139,152	2225.8%	109,540	159,080	45.2%	269,067	202,573	-24.7%	90,538	87,996	-2.8%

Key operating indicators of Valamar Riviera Group per destinations¹⁵

DESTINATION	Poreč			Rabac			Island of Krk			Island of Rab			Dubrovnik		
	1 - 3/2017	1 - 3/2018	2018/ 2017	1 - 3/2017	1 - 3/2018	2018/ 2017	1 - 3/2017	1 - 3/2018	2018/ 2017	1 - 3/2017	1 - 3/2018	2018/ 2017	1 - 3/2017	1 - 3/2018	2018/ 2017
Number of accommodation units	10,584	10,596	0.1%	1,971	2,124	7.8%	3,577	3,496	-2.3%	2,759	2,466	-10.6%	1,961	1,966	0.3%
Accommodation units sold	20,319	29,367	44.5%	21,417	20,370	-4.9%	118	572	384.7%	744	1,515	103.6%	8,899	12,984	45.9%
Overnights	29,312	54,680	86.5%	38,441	26,770	-30.4%	138	1,096	694.2%	1,449	2,913	101.0%	14,567	20,624	41.6%
ADR ¹⁰ (in HRK)	356	428	20.2%	145	185	27.6%	1,247	507	-59.3%	537	537	0.0%	424	453	6.8%
Board revenues (in HRK)	7,226,492	12,582,750	74.1%	3,108,448	3,759,302	20.9%	147,123	289,724	96.9%	399,796	813,644	103.5%	3,769,919	5,875,322	55.8%

¹⁵ According to the classification under the USALI international standard for reporting in hotel industry (Uniform System of Accounts for the Lodging

Industry). Puntizela - Pula business is included in destination Poreč. A detailed comparison of the new portfolio segmentation can be found on page 16.

Hotels and resorts

Hotels and resorts reported a 60.3% growth (+HRK 8.6 million) and HRK 22.7 million in board revenues. The high increase resulted from the demand-driven optimization of the marketing mix, prices due to this year's earlier Easter holidays as well as demand-driven number of operating days, in particular in the premium and upscale segment.

Premium hotels and resorts

Premium hotels and resorts reported a 62.3% increase in board revenues that totaled HRK 6.4 million. The growth was mostly under the impact of i) better performance reported by the Valamar Lacroma 4* hotel driven by the increase in the allotment and group channels and ii) the earlier opening of the Valamar Dubrovnik President 5* hotel that reported a particular increase in the M.I.C.E.¹⁶ segment.

Upscale hotels and resorts

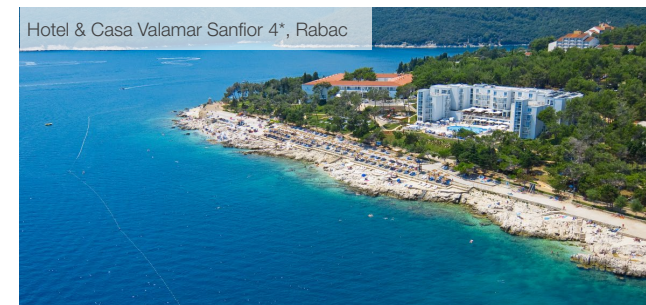
Upscale hotels and resorts reported HRK 6.7 million in board revenues. The HRK 4.7 million growth was primarily driven by larger volumes, i.e. 27,964 realized overnights (+247.6%). The strong growth was driven by: i) the great market feedback received by all the channels at Hotel & Casa Sanfior 4*, especially allotments and individuals, ii) the earlier opening of Family Life Bellevue Resort 4* and Valamar Club Tamaris 4*, iii) better performance reported by the Valamar Zagreb 4* and Valamar Riviera 4* hotels that was driven by the European Handball Championship in Poreč and iv) growth in all segments at the Valamar Padova 4* hotel.

Midscale hotels and resorts

The midscale segment reported HRK 8.3 million in board revenues. The HRK 1.6 million growth was driven by a 31.5% increase in the number of accommodation units sold. Apart from the earlier Easter holidays, most of the growth was driven by the European Handball Championship in Poreč that



Valamar Lacroma Hotel 4*, Dubrovnik



Hotel & Casa Valamar Sanfior 4*, Rabac

directly increased the number of overnights at the Valamar Diamant 4* and Valamar Crystal 4*.

Economy hotels and resorts

Economy hotels and resorts reported HRK 1.3 million in board revenues, while the HRK 0.2 million decrease was caused by Marina 2* hotel being closed.

Camping resorts

In the first quarter, campsites in general do not provide accommodation services and their business results were primarily related to revenues driven by winter flat rates.

Destinations

Destination Poreč

Poreč reported HRK 12.6 million in board revenues. The HRK 5.4 million increase was the result of the positive effects driven by the European Handball Championship in Poreč (increased number of overnights reported by the following hotels: Valamar Diamant 4*, Valamar Zagreb 4*, Valamar Crystal 4* and Valamar Riviera 4*) and the earlier opening of individual properties for Easter holidays.

Destination Rabac

Rabac reported HRK 3.8 million in board revenues. Most of the HRK 0.7 million growth was due to a good market feedback received by all the channels at the Hotel & Casa Valamar Sanfior, individuals and allotments in particular.

Destination Krk Island

This destination reported HRK 0.3 million in board revenues, and the business results were primarily related to revenues driven by the campsites' winter flat rate.

Destination Rab Island

Despite the Valamar Imperial Hotel 4* being closed due to investments, this destination reported a HRK 0.4 million increase in board revenues that totaled HRK 0.8 million. Most of the growth was driven by the Valamar Padova 4* hotel that reported good market feedback in all the segments.

Destination Dubrovnik

Dubrovnik reported HRK 5.9 million in board revenues. The HRK 2.1 million growth was influenced by the earlier opening of the Valamar Dubrovnik President 5* and Valamar Club Dubrovnik 3* hotels and the increase in the allotment and group channels at Valamar Lacroma 4* hotel.

¹⁶ M.I.C.E. = Meetings, incentives, conferencing, exhibitions

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

Hotels and Resorts Overview

	Categorization		Segment		Destination
	2017	2018	2017	2018	
Valamar Dubrovnik President Hotel	****	****	Premium	Premium	Dubrovnik
Valamar Isabella Island Resort	**** / ****	**** / ****	Premium	Premium	Poreč
Valamar Lacroma Hotel	****+	****+	Premium	Premium	Dubrovnik
Valamar Club Tamaris	****	****	Upscale	Upscale	Poreč
Valamar Riviera Hotel & Residence	****	****	Upscale	Upscale	Poreč
Valamar Zagreb Hotel	****	****	Upscale	Upscale	Poreč
Hotel & Casa Valamar Sanifor	****	****	Upscale	Upscale	Rabac
Valamar Argosy Hotel	****	****	Upscale	Upscale	Dubrovnik
Valamar Padova Hotel	****	****	Upscale	Upscale	Rab Island
Valamar Diamant Hotel & Residence	****	****	Midscale	Midscale	Poreč
Valamar Crystal Hotel	****	****	Midscale	Midscale	Poreč
Valamar Pinia Hotel & Residence	***	***	Midscale	Midscale	Poreč
Valamar Rubin Hotel	***	***	Midscale	Midscale	Poreč
Bellevue Family Life Resort	****	****	Upscale	Upscale	Rabac
Allegro Hotel	***	***	Midscale	Midscale	Rabac
Miramar Hotel	***	***	Midscale	Midscale	Rabac
Hotel Corinthia	***	***	Midscale	Midscale	Krk Island
Zvonimir Hotel, Atrium & Villa Adria	**** / ****	**** / ****	Midscale	Midscale	Krk Island
Valamar Koralj Romantic Hotel	***	***	Midscale	Midscale	Krk Island
Valamar Club Dubrovnik	***	***	Midscale	Midscale	Dubrovnik
Valamar Imperial Hotel	****	****	Midscale	Premium	Rab Island
Hotel & Residence Carolina	****	****	Midscale	Midscale	Rab Island
San Marino Resort	***	***	Midscale	Midscale	Rab Island
Naturist Resort Solaris	***	***	Economy	Economy	Poreč
Pical Hotel	**	**	Economy	Economy	Poreč
Tirena Hotel	***	***	Economy	Economy	Dubrovnik
Valamar Girandella Resort	****/****	****/****	Premium	Premium	Rabac
Lanterna Apartments	**	**	Economy	Economy	Poreč
Hotel & Residence Eva	**	**	Economy	Economy	Rab Island
Marina Hotel & Mediteran Residence	**	**	Economy	Economy	Rabac

Camping Resorts Overview

	Categorization		Segment		Destination
	2017	2018	2017	2018	
Camping Krk	****	****	Premium	Premium	Krk Island
Camping Ježevac	****	****	Upscale	Premium	Krk Island
Camping Lanterna	****	****	Premium	Premium	Poreč
Camping Marina	****	****	Upscale	Upscale	Rabac
Naturist Camping Bunculuka	****	****	Upscale	Upscale	Krk Island
Camping Orsera	***	***	Midscale	Midscale	Poreč
Naturist Resort Solaris	***	***	Midscale	Midscale	Poreč
Camping Zablaće	***	****	Midscale	Upscale	Krk Island
Camping Škrila	***	***	Midscale	Midscale	Krk Island
Camping Solitudo	***	***	Midscale	Midscale	Dubrovnik
Camping San Marino	***	****	Midscale	Upscale	Rab Island
Camping Padova	***	***	Midscale	Midscale	Rab Island
Naturist Camping Istra	**	**	Economy	Economy	Poreč
Camping Brioni	**	**	Economy	Economy	Pula - Puntizela
Camping Tunarica	**	**	Economy	Economy	Rabac

RESULTS OF THE COMPANY

It is important to note that the data provided in the current year's financial statements are not fully comparable to prior year's data because of the mergers reported below. Current period items and prior period items until the time of the merger i.e. until 31 March 2017 did not include Puntizela d.o.o. as well as Elafiti Babin kuk d.o.o. until 29 December 2017.

In the first quarter of 2018, total revenues grew by HRK 2.6 million to HRK 64.4 million. Sales revenues were HRK 38.9 million and represented 61% of total revenues (43% in 2017). Compared to the same period last year, they grew by HRK 12.5 million. Their 48% growth was the result of the strong 58.5% growth in board revenues that totaled HRK 22.5 million. Sales revenues between parties within the Group were HRK 3.4 million (HRK 0.8 million in 2017) and mainly represented the management fee for Imperial's properties on the island of Rab. Sales revenues outside of the Group were HRK 35.5 million (HRK 25.6 million in 2017). Domestic sales revenues were HRK 16.1 million, representing 25% of total revenues (22% in 2017) and were 20% higher in relation to the past comparable period. International sales revenues were HRK 22.9 million and represented 36% of total revenues (21% in 2017). They grew by 75% in relation to the previous comparable period. Other operating and financial income represented 39% of total revenues (57% in 2017). Other operating revenues fell by 41% and totaled HRK 2.7 million, representing 4% of total revenues (7% in 2017).

Material costs fell by HRK 1.2 million to HRK 37.5 million and represented 18% of operating expenses (21% in 2017). Staff costs were HRK 59.0 million and represented 28% of

operating expenses (29% in 2017). Compared to the same period last year, they grew by HRK 5.2 million, mainly due to the efforts invested in securing competitive salaries and other material and non-material work conditions as well as new hiring necessary to ensure service quality for the new premium and upscale products to be opened at the beginning of the second quarter of 2018. Valamar Riviera is therefore the first company in Croatia guaranteeing a minimum net salary between HRK 5,000 and 7,500 to all of its employees. Amortization represented 40% of operating expenses (36% in 2017) and totaled HRK 84.5 million (HRK 66.2 million in 2017). It grew by 28% due to the large investment cycle that had been carried out. Other costs were HRK 26.5 million and increased by HRK 3.6 million mainly due to the i) increased costs of scholarships and employee training, ii) increased costs of lodging and meals of employees, and iii) increased costs of insurance. Provisions and value adjustments were HRK 72,000. Other operating expenses fell by HRK 0.4 million and totaled HRK 1.8 million.

In the first quarter of 2018, financial income was HRK 22.7 million, down by HRK 8.2 million vs. 2017. The 26.4% decrease was driven by a i) a HRK 4.8 million decrease in unrealized gains (income) from financial assets due to a lower positive fair value of foreign currency term contracts vs. the same period last year, ii) HRK 3.2 million decrease in foreign exchange differences and other financial income, of which the largest item is represented by unrealized positive foreign exchange differences related to long-term loans. This is a consequence of the lower appreciation of HRK vs. EUR in relation to last year's comparable period. Other income related to interest grew by 32% and totaled HRK 50,800.



Financial expenses were HRK 12.9 million, up by HRK 2.3 million vs. previous comparable period results. Financial expenses related to interest and similar expenses grew by HRK 2.9 million and totaled HRK 10.4 million due to an increase in credit lines for the financing of the investment cycle in 2017. Foreign exchange differences and other expenses fell by HRK 1.2 million and totaled HRK 1.4 million. Unrealized loss from financial assets grew by HRK 0.8 million due to the increased liabilities related to the fair value of interest rate swaps resulting from the increase in the amount of hedged positions.

In relation to last year's comparable period, loss before tax grew by HRK 25.4 million to HRK 157.9 million due to increased amortization and a weaker result of financial activities. Operating loss grew by 10% to HRK 167.7 million. The Company's gross margin was -379% (-429% in 2017). The outlook remains positive due to a better booking pace compared to last year's results and the expected effects of this year's large investment cycle.

Total company assets as at 31 March 2018 were HRK 4,534.9 million, down by 2% vs. 31 December 2017.

2018 INVESTMENTS

Valamar is one of the largest investors in Croatian tourism. We are carrying out new large investments worth HRK 705 million in 2018, as part of our strategy to invest HRK 2 billion by 2020. This year's HRK investment cycle is part of our strategy focused on further double-digit business growth and encompasses all of our five destinations, while Valamar's success and growth is based on sustainable and socially responsible investments in products, employees and destinations.

Our investment cycle in 2018 follows our strategy to reposition our portfolio towards top quality products and services, while the investments include the modernization of existing properties and the addition of new ones. Last year's opening of the two new resorts in Rabac represented the largest investment in Croatia's tourism. In this year, we plan to complete Valamar Girandella Resort in Rabac by opening the first Kinderhotel in our portfolio - Valamar Girandella Maro Suites 5*. Besides this key project in Rabac, other large investments are in progress at other destinations as well as the ongoing investments in premium camping.

The investment cycle carried out by Imperial this year is one of the largest in the history of the company. The investments are aimed at improving the quality of properties and services and the competitiveness of the whole destination. The reconstruction and repositioning of Grand Hotel Imperial 4* as "adults only" accommodation is the largest investment on Rab Island.

Destination Poreč

Investments at Lanterna Premium Camping Resort 4* are focused on improving accommodation and overall quality, including the reconstruction of the main road with

Valamar Girandella Resort 4*&5*, Rabac



¹⁷ A portion already recorded in 2017.

footpaths and cycling paths. In the forthcoming season, the resort will include a large number of new features: the brand new family- friendly Maro Premium Village with 86 mobile homes, 9 glamping tents and other amenities (two swimming pools and children's playgrounds); 18 new mobile homes at Marbello Premium Village; 14 new glamping tents and improved beach at Glamping Village; a new zone for sports, recreation and entertainment –V Sport Park with Terra Magica adventure mini golf and numerous other amenities, as well as the reconstructed main road with footpaths and cycling paths.

The repositioning of Istra Camping Resort as premium accommodation is divided in three phases, and the first phase is planned for 2018. It includes the reconstruction of the municipal infrastructure (electrical and water supply, drainage, optical network, wireless network and the construction of a new main road). It also covers the improvement of several beaches and the reconstruction of the present 117 pitches in the southern part of the camping pitch zone and a new sanitary block. The second phase is planned to start in autumn, and it will include investments in the upgrade of accommodation and additional amenities.

Destination Rabac

We are opening our first Kinderhotel, Valamar Girandella Maro Suites 5*, by the end of April. The accommodation, services and amenities at Valamar Girandella Maro Suites 5* are tailored according to the needs of families with children of different ages: from spacious family rooms with children's accessories, indoor and outdoor swimming pools with water attractions and slides, to entertainment activities at the Maro clubs and the Teen Hangout zone. The restaurant includes a children's buffet serving soft drinks and afternoon snacks such as salads, soups and cakes and there is also a play lounge with an indoor playground. There are 50 Kinderhotels in Europe, and this will be the third Kinderhotel in Croatia. The hotel opening will complete the investments in Rabac where Valamar invested around HRK 600 million in the previous

Camping Ježevac 4*, Krk Island



period and Rabac will be repositioned as leading high-end holiday destination. Valamar Girandola Maro Suites 5* will create 150 new jobs at this destination and the recruiting will focus on chefs, waiting staff and bartenders, housekeeping and pool staff.

Destination Krk Island

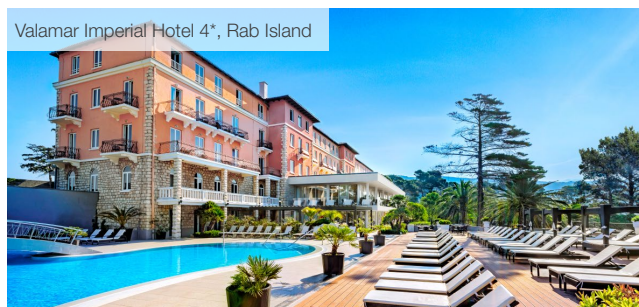
The upgrade of Zablaće Camping Resort from 3* to 4* is in progress and the investment includes 35 new mobile homes, the construction of a new sanitary block and other amenities, landscaping work, infrastructural improvements of camping pitches and the introduction of energy-saving LED lighting.

Ježevac Camping Resort 4* is undergoing investments in a new pool zone featuring a sundeck and slides, a new children's playground, 31 new mobile homes and the replacement of 18 existing mobile homes with new ones. In the forthcoming season, the campsite will feature an EV charging station and upgraded services in line with premium campsite standards.

Škrila Camping 3* will feature a new shopping area, redesigned landscape, new mobile homes and energy-saving LED lighting.

Investments at Bunculuka Camping Resort 4* are focused on the installation of solar panels and the redesign of the campsite entrance area.

After a four-year investment cycle, in 2016 Krk Premium Camping Resort became the first 5-star campsite in Croatia. The investments focused on improving a number of features: overall quality, beach services, landscape, sanitary block and now it also includes an EV charging station.



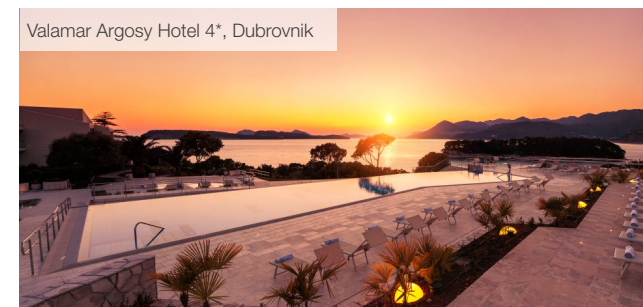
Destination Rab Island

The opening of the Valamar Imperial Hotel 4* on Rab Island is planned for the start of May: the new adults-only luxury hotel will include 136 keys, modern double rooms, a premium restaurant and other improved amenities.

Investments in campsites on Rab Island are focused on Lopar Garden Village at San Marino Camping Resort 4* that will offer new mobile homes. Moreover, numerous new features will be introduced at Padova Camping Resort 3*: from the new Marine Premium Village to the introduction of innovative camping concepts such as the spacious "camping suites" and "romantic camping chalets" for couples.

Destination Dubrovnik

Investments in Dubrovnik are focused on repositioning hotel accommodation and developing high-quality products and services. The Valamar Argosy Hotel 4* will open the new 2018 season offering upgraded service quality and new improved amenities such as the new outdoor pool featuring a new snack bar and terraces, landscape improvements, the total refurbishment of the 308 rooms, reception, lobby and restaurant and the redesign of the common areas.



As stated in our strategic goals, by continuously raising the quality of the portfolio properties and services, we create added value both for our guests and all company stakeholders. However, numerous factors reduce the competitiveness of Croatian tourism and hinder further investment potential: VAT (one of the highest rates in the Mediterranean), the rate of total contributions to salaries, the still unresolved issue of tourism land, skilled labor shortages, the likely introduction of property tax and tourist tax increase. While global trends report low interest rates and market demand focuses on safe tourist destinations, Croatia has the opportunity to reposition its tourism by incentivizing investments in products and services with high added value that stimulate employment and economic growth. Unfortunately, tourism is still not sufficiently recognized as an opportunity for the Croatian economy. Apart from the current financing programs offered by HBOR (Croatian Bank for Reconstruction and Development), tax incentives prescribed by the Act on Investment Promotion and Improvement, the decrease in the corporate income tax rate (from 20% to 18%, January 2017), and the tax-exempt in the accommodation and meals for seasonal employees (January 2018) there are no other measures that could significantly increase the growth pace and contribute to level Croatia's position with other destinations in the Mediterranean.

THE RISKS OF THE COMPANY AND THE GROUP

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

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

There are five key steps in a risk management process:

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



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

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

Financial risks

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

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

The Company and Group have a proactive approach in mitigating interest rate and foreign exchange risks, by employing available market instruments. Internal risk management goals and policies aim at protecting foreign

currency inflows during seasonal activity and partial interest hedging of the principal loan amount.

1) Foreign exchange risk

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

2) Interest rate risk

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

3) Credit risk

Credit risk arises from cash assets, time deposits and receivables. According to the Company and Group sales policy, business transactions are conducted only with customers with suitable credit history, i.e. by agreeing advances, bank securities and (for individual customers)

payments made through major credit card companies. The Company and Group continuously strive to monitor their exposure towards other parties and their credit rating as well as obtain security instruments (bills of exchange, promissory notes) in order to reduce bad debt risks related to services provided.

4) Price risk

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

5) Liquidity risk

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

6) Share-related risks

The market value of shares is the riskiest asset class due to its volatility resulting from the volatile nature of the whole capital market, macroeconomic trends on markets where the

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

Business risk

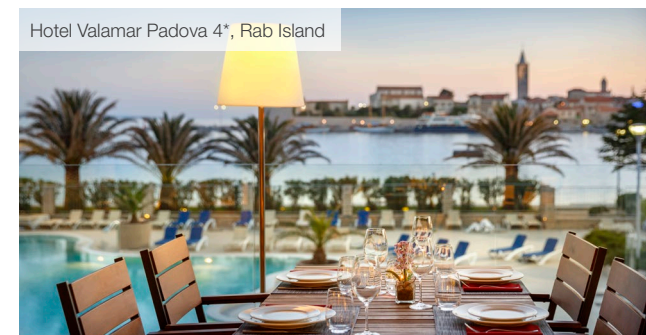
The Company and Group are constantly exposed to risks threatening its competitiveness and future stability. Since the Company and Group own real estate, this business model requires a large amount of capital in order to maintain high product and service standards. Various large capital investments in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

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

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

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

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



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

Operational risks

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

Company and Group costs and iii) data analysis which indicates the business trends for the Company and Group and trends in the domestic economy.

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

Global risks

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

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

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

fertilizers. Other environmental conditions typical for climate changes such as long drought periods or long rainy periods can directly influence the guests' length of stay in the hotels and campsites as well as increasing the operating costs. A number of other natural disasters and calamities (earthquakes, fires, floods and rainstorms), air pollution caused by toxic gas emissions from industrial plants and vehicles, as well excessive urbanization and the introduction of invasive species should also be taken into consideration.

Compliance risks

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

- In March 2012 the standard VAT rate grew from 23% to 25%, in January 2013 a new 10% VAT rate was introduced only to be replaced within a year by a 13% VAT rate applicable to the tourism and hospitality industry (January 2014), while in January 2017 a new 25% VAT rate was introduced for F&B (a la carte) services;
- In May 2012 the health insurance employer contribution rate fell from 15% to 13% and then in April 2014 it grew back to 15%;
- Frequent increases in various fees and charges regarding water distribution and the like;
- Tourist tax increase in 2018 ranging between HRK 2.5 and HRK 8.0 per person per overnight, depending on the class of the destination and utilization period (August 2017).



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

CORPORATE GOVERNANCE

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

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

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

The Companies Act and the Company Statute define the General Assembly's authority and prescribe how it meets and works. The meeting invitation, proposals and the adopted

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

The Company's Corporate Bodies Are:

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

Pursuant to the provisions of the Capital Market Act and Regulation (EU) no. 596/2014, the Company has determined its senior management, consisting of the key company management: four vice presidents (Alen Benković, Davor Brenko, Ivana Budin Arhanić and David Poropat) and 21

sector directors (Miro Dinčić, Tomislav Dumančić, Ljubica Grbac, Flavio Gregorović, Marin Gulan, Vlastimir Ivančić, Željko Jurcan, Ivan Karlić, Dario Kinkela, David Manojlović, Sebastian Palma, Mile Pavlica, Tomislav Poljuha, Mirella Premeru, Bruno Radoš, Sandi Sinožić, Martina Šolić, Andrea Štifanić, Mauro Teković, Dragan Vlahović and Ivica Vrkić).

Supervisory Board: Mr. Gustav Wurmböck - Chairman, Mr. Franz Lanschützer - Deputy Chairman, Mr. Mladen Markoč - Deputy Chairman, and members: Mr. Georg Eltz, Mr. Hans Dominik Turnovszky, Mr. Vicko Ferić, and Mr. Valter Knapić (employee representative).

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

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

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

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

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

RELATED-PARTY TRANSACTIONS

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

In the reviewed period, revenues from related party transactions totaled HRK 2.9 million¹⁸ (2017: HRK 894 thousand) for the Company, and HRK 274 (2017: HRK 3 thousand) for the Group. Costs were HRK 68 thousand (2017: HRK 7.2 million¹⁹) for the Company, and none for the Group (2017: none).

As at 31 March 2018, related-party receivables and payables were as follows: receivables totaled HRK 1.8 million for the Company (year-end 2017: HRK 3.4 million), and HRK 182 for the Group (year-end 2017: none). Payables totaled HRK 50 thousand (year-end 2017: HRK 604 thousand) for the Company, and none for the Group (year-end 2017: HRK 425 thousand).

BRANCH OFFICES OF THE COMPANY

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

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

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

¹⁸ The most part represents the fee regarding the management of Imperial's properties and services. The implementation of the Management contract started on 4 January 2017.

¹⁹ 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. which was merged on 29 December 2017.

VALAMAR RIVIERA SHARE

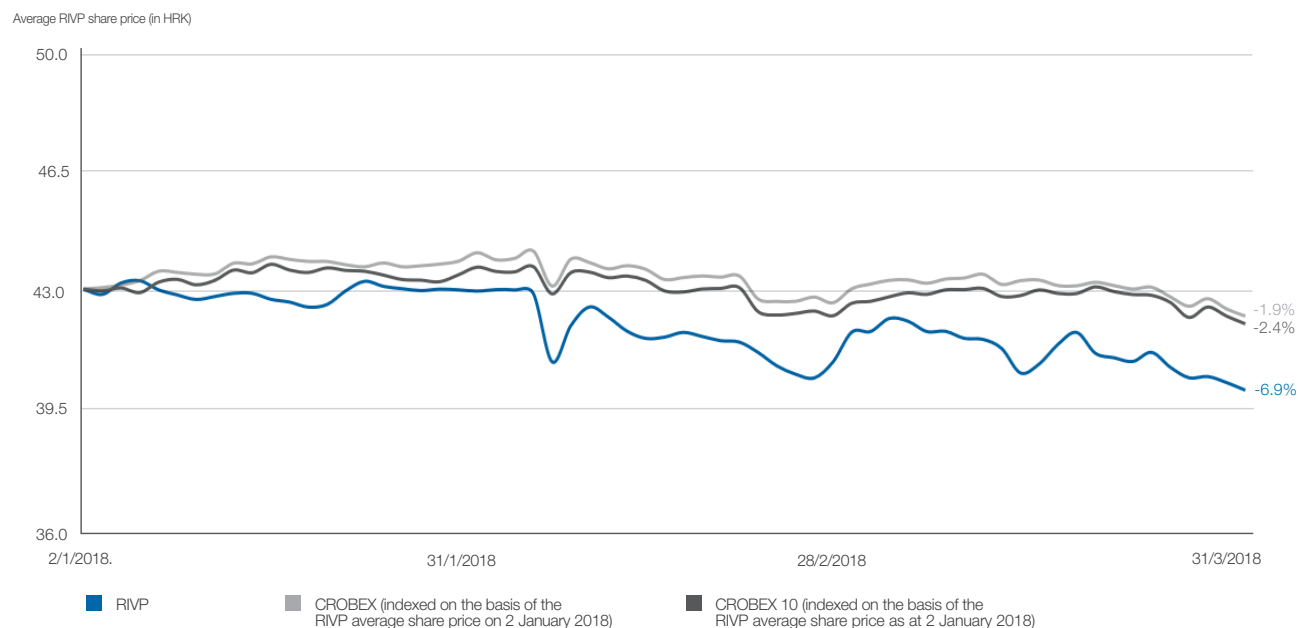
In 2016, the Company acquired 70,426 treasury shares at a total acquisition cost of HRK 2,950,075 which represents 1.05% of the share capital. In that period the Company released 51,979 treasury shares on the basis of remuneration of Company's key management, representing 0.04%. On 31 March 2018, the Company held in total 1,812,898 treasury shares, or 1.44% of the share capital.

In the first quarter of 2018, the highest recorded share price in regular trading on the regulated market was HRK 43.60, while the lowest was HRK 40.00. Following the decline of CROBEX and CROBEX 10 index by 2.4% and 1.9% respectively, the share price of the Company decreased by 6.9%. Valamar Riviera is the most traded share on the Zagreb Stock Exchange in the first quarter of 2018 with a regular trading turnover of HRK 0.9 million per day²⁰.

Apart from the Zagreb Stock Exchange indices, the share is also part of the Vienna Stock Exchange indices (CROX²¹ and SETX²²), SEE Link indices²³ (SEELinX and SEELinX EWI) and MSCI Frontier Markets Indexes. Zagrebačka banka d.d. and Interkapital vrijednosni papiri d.o.o. are responsible for market making in ordinary Valamar Riviera shares listed on the Official Market of the Zagreb Stock Exchange. They provide support to Valamar Riviera's share turnover, which in the period under review was an average 27.1%²⁴.

The Company is active in holding meetings, presentations and conference calls with domestic and foreign investors. This approach supports high-level transparency, creates additional liquidity, increases share value and the involvement of potential investors. During 2018 meetings were held on the London Stock Exchange, while during the second quarter we are participating at the Zagreb and Ljubljana Stock Exchange Investor conference in Zagreb (May), Erste Consumer

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



Conference 2018 in Warsaw (June), as well as roadshows in other European financial centers.

Valamar Riviera will continue with this active approach in 2018 to grow further value for all its stakeholders and promote Valamar Riviera's share as one of the leading shares on the Croatian capital market and among other tourism shares on the Mediterranean.

The analytical coverage of Valamar Riviera is provided by:

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

²⁰ Block transactions are excluded from the calculation.

²¹ 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.

²² South-East Europe Traded Index (SETX) is a capitalization-weighted price index

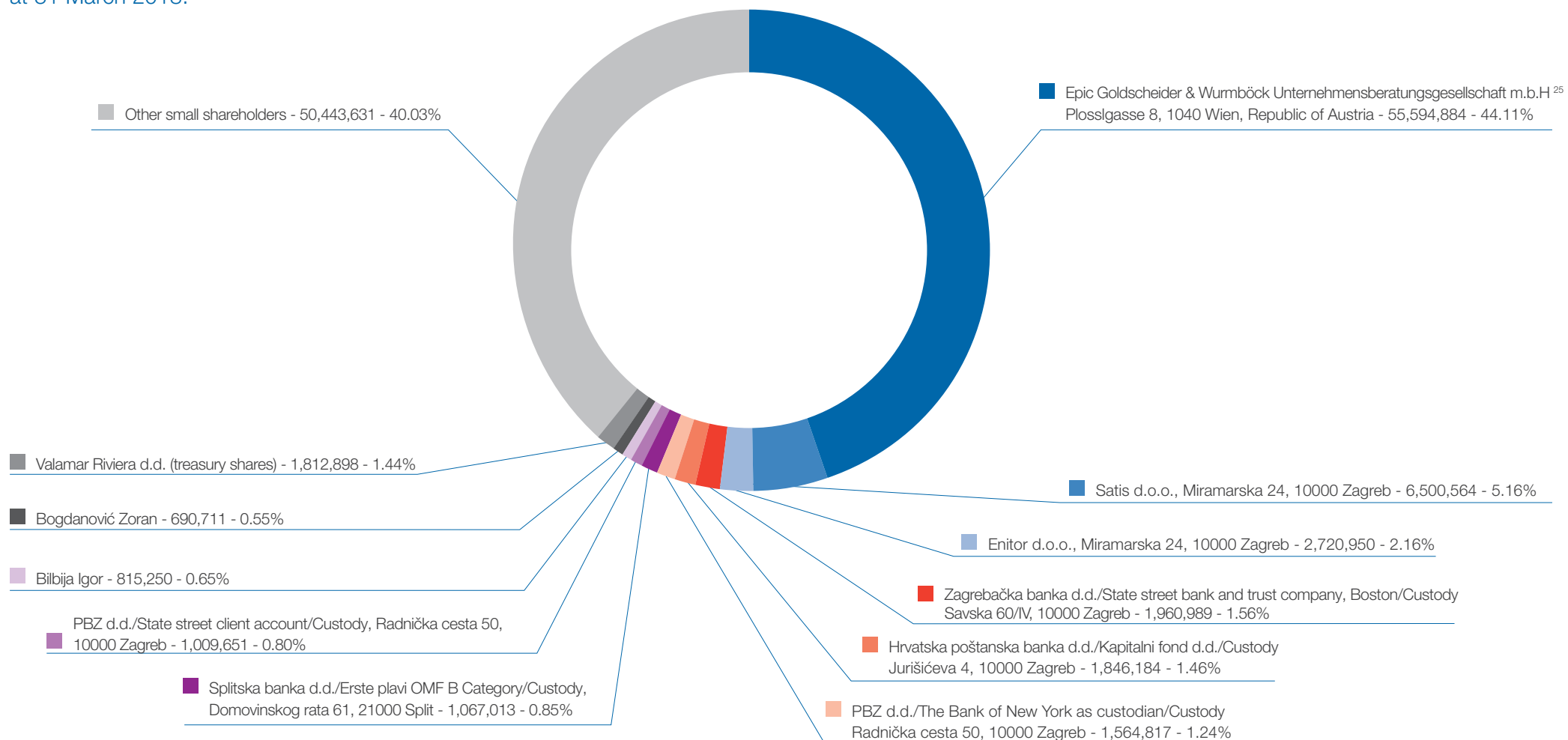
consisting of blue chip stocks traded on stock exchanges in the region of South-eastern Europe (shares listed in Bucharest, Ljubljana, Sofia, Belgrade and Zagreb).

²³ SEE Link is a regional platform for securities trading. It was founded by Bulgarian, Macedonian, and Zagreb Stock Exchange. SEE LinX and SEE LinX EWI are two

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

²⁴ Block transactions are excluded from the calculation. Data refers to the period 1/1 - 31/12/2017.

Overview of major shareholders as at 31 March 2018:



²⁵ On 26 January 2018 Valamar Riviera received a notification by EPIC Hospitality Holding GmbH regarding the acquisition of 55,594,884 Valamar Riviera shares due to the demerger agreement and status change, i.e. the demerger of EPIC,

Goldscheider und Wurböck Unternehmensberatungsgesellschaft m.b.H., as demerging company and EPIC Hospitality Holding GmbH with registered office in Vienna, 8 Plösslgasse, Republic of Austria, as transferee company.

ADDITIONAL INFORMATION

As one of the largest employers in Croatia (as at 31 March 2018, the Group employed 3,199 people of which 1,553 were permanent employees; the Company employed 2,941 people of which 1,347 were permanent employees), the Company and the Group systematically and continuously invest in the development of human resources. An integral strategic approach to human resource management and top practices applied include transparent hiring processes, clear objectives and employees' performance measurement, rewarding systems, investment in employees' development and careers as well as the promotion of a two-way communication.

Valamar Riviera has organized its efforts in the field of corporate social responsibility into nine umbrella programs through which the company develops destination events and attractions, cares for the environment, supports arts, culture and sports, helps vulnerable social groups, hosts educational visits during which children learn about hospitality, cares for retired employees, develops skills in hospitality and invests in the development of tourism infrastructure. You can find more details on Valamar Riviera's CSR activities in the new annual Integrated Report that will be published in the second quarter of 2018.

The Management Board decided on 21 March 2018 to convoke the General Assembly that will be held on 8 May 2018 at 11:00 at the Valamar Sanfior Hotel in Rabac.

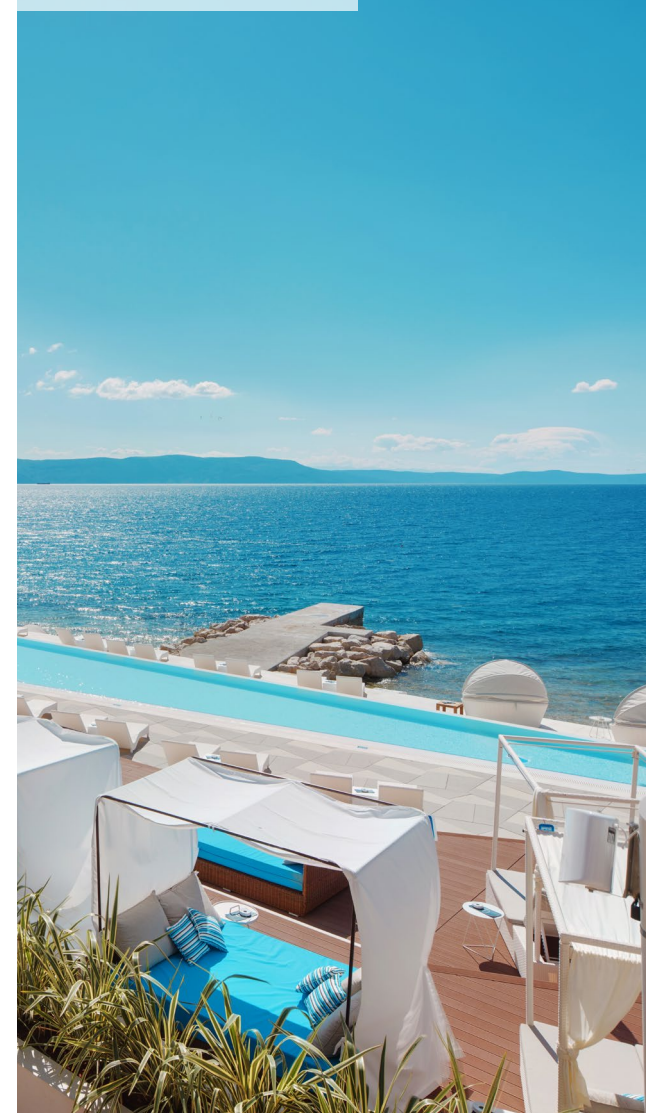
Pursuant to our policy promoting high transparency and quality of financial reporting, we will hold the third Investors Day in the first half of June 2018, during which the key management will present the latest information on business operations, development and strategy to create new value at Valamar Riviera.

In the course of the first quarter of 2018, the Company's Management Board managed and represented the company pursuant to regulations and the provisions of the Company Statute, and planned a business policy that was implemented with prudent care. The Company's Management Board will continue to undertake all the necessary measures in order to ensure sustainability and business growth. The quarterly consolidated and unconsolidated financial statements for the period from 1 January 2018 to 31 March 2018 were adopted by the Management Board on 25 April 2018.

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

Management Board of the Company

Valamar Girandella Resort 4*&5*, Rabac



RESPONSIBILITY FOR THE QUARTERLY FINANCIAL STATEMENTS

In Poreč, 25 April 2018

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

STATEMENT

According to our best knowledge

- The shortened set of consolidated and unconsolidated financial reports for the first quarter of 2018 are prepared in accordance with applicable standards of financial reporting and represent a true and fair view of the assets and obligations, profit and loss, financial position and Company's business as well as the companies included in the consolidation.
- Interim report of the Company's Management board for the period between 1 January and 31 March 2018 contains the true presentation of development, results and position of the Company and companies included in the consolidation, with description of significant risks and uncertainties which the Company and companies included in the consolidation are exposed to.



Marko Čižmek
Member of the Management Board

VALAMAR RIVIERA dd
POREČ (5)



Ljubica Grbac
Director of Department of Finance
and Accounting

Reporting period: from 1/1/2018 to 31/3/2018

Quarterly financial report TFI-POD

Tax number (MB):	<u>3474771</u>			
Company registration number (MBS):	<u>040020883</u>			
Personal identification number (OIB):	<u>36201212847</u>			
Issuing company:	<u>Valamar Riviera d.d.</u>			
Postal code and place	<u>52440</u>	<u>Poreč</u>		
Street and house number:	<u>Stancija Kaligari 1</u>			
E-mail address:	<u>uprava@riviera.hr</u>			
Internet address:	<u>www.valamar-riviera.com</u>			
Municipality/city code and name:	<u>348</u>	<u>Poreč</u>		
County code and name:	<u>18</u>	<u>Istarska</u>	Number of employees: (period end)	<u>3.199</u>
			NKD code:	<u>5510</u>
Consolidated report:	<u>YES</u>			
Companies of the consolidation subject (according to IFRS):	Seat:		MB:	
<u>Valamar hotels & resorts GmbH</u>	<u>Frankfurt</u>		<u>04724750667</u>	
<u>Puntizela d.o.o.</u>	<u>Pula</u>		<u>03203379</u>	
<u>Elafiti Babin kuk d.o.o.</u>	<u>Dubrovnik</u>		<u>01273094</u>	
<u>Magične stijene d.o.o.</u>	<u>Dubrovnik</u>		<u>02315211</u>	
<u>Palme turizam d.o.o.</u>	<u>Dubrovnik</u>		<u>02006103</u>	
<u>Pogača Babin Kuk d.o.o.</u>	<u>Dubrovnik</u>		<u>02236346</u>	
<u>Bugenvilia d.o.o.</u>	<u>Dubrovnik</u>		<u>02006120</u>	
<u>Imperial d.d.</u>	<u>Rab</u>		<u>03044572</u>	
Accounting firm:				
Contact person:	<u>Sopta Anka</u>			
	<small>(please insert only the contact's full name)</small>			
Telephone:	<u>052/408 188</u>		Fax:	<u>052/408 110</u>
E-mail address:	<u>anka.sopta@riviera.hr</u>			
Family name and name:	<u>Kukurin Željko, Čizmek Marko</u>			
	<small>(authorized representative)</small>			

Documents disclosed:

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

VALAMAR RIVIERA d.d.
POREČ (5)

L.S.

(authorized representative's signature)



Balance Sheet (as per 31/3/2018)

Taxpayer: 36201212847; Valamar Riviera d.d.

Item 1	ADP code 2	Preceding year 3	Current year 4
A) SUBSCRIBED CAPITAL UNPAID	001		
B) NON CURRENT ASSETS (ADP 003+010+020+031+036)	002	4.632.400.572	4.720.395.021
I. INTANGIBLE ASSETS (ADP 004 to 009)	003	45.224.706	45.918.086
1. Research and Development expenditure	004		
2. Patents, licences, royalties, trademarks and service marks, software and similar rights	005	37.949.592	37.270.822
3. Goodwill	006	6.567.609	6.567.609
4. Prepayments for intangible assets	007		
5. Intangible assets under construction	008	707.505	2.079.655
6. Other intangible assets	009		
II. TANGIBLE ASSETS (ADP 011 to 019)	010	4.440.260.536	4.527.549.051
1. Land	011	874.708.080	874.708.080
2. Property	012	2.871.712.565	2.797.406.151
3. Plants and equipment	013	367.257.268	356.864.147
4. Tools, plants and vehicles	014	101.131.434	98.874.618
5. Biological asset	015		
6. Prepayments for tangible assets	016	24.768.328	69.535.170
7. Assets under construction	017	149.431.796	281.452.968
8. Other tangible assets	018	40.996.707	38.607.030
9. Investments property	019	10.254.358	10.100.887
III. NON-CURRENT FINANCIAL ASSETS (ADP 021 to 030)	020	5.417.132	5.434.902
1. Stakes (shares) in undertakings in a Group	021	1.435.245	1.351.867
2. Investments in other securities of undertakings in a Group	022		
3. Loans, deposits etc given to undertakings in a Group	023		
4. Stakes (shares) in undertakings with participating interest	024		
5. Investments in other securities of undertakings with participating interest	025		
6. Loans, deposits etc given to undertakings with participating interest	026		
7. Investments in securities	027	3.620.830	3.749.832
8. Given loans, deposits and similar	028	191.057	163.203
9. Other investments accounted for using the equity method	029		
10. Other non-current financial assets	030	170.000	170.000
IV. TRADE RECEIVABLES (ADP 032 to 035)	031	834.499	829.283
1. Receivables from undertakings in a Group	032		
2. Receivables from undertakings with participating interests	033		
3. Trade receivables	034	43.750	43.750
4. Other receivables	035	790.749	785.533
V. DEFERRED TAX ASSETS	036	140.663.699	140.663.699
C) CURENT ASSETS (ADP 038+046+053+063)	037	343.822.386	135.627.419
I. INVENTORIES (ADP 039 to 045)	038	24.496.814	26.094.165
1. Raw materials and consumables	039	24.296.180	25.614.027
2. Work in progress	040		
3. Finished products	041		
4. Merchandise	042	156.426	179.069
5. Prepayments for inventories	043	44.208	301.069
6. Other available-for-sale assets	044		
7. Biological asset	045		
II. RECEIVABLES (ADP 047 to 052)	046	30.637.890	29.480.452
1. Receivables from undertakings in a Group	047	231.675	1.440
2. Receivables from undertakings with participating interest	048		
3. Trade receivables	049	13.742.895	11.499.738
4. Receivables from employees and members of the undertaking	050	1.226.272	3.185.189
5. Receivables from Government and other institutions	051	13.614.153	4.590.153
6. Other receivables	052	1.822.895	10.203.932
III. CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	850.728	1.357.758
1. Stakes (shares) in undertakings in a Group	054		
2. Investments in other securities of undertakings in a Group	055		
3. Loans, deposits etc given to undertakings in a Group	056		
4. Stakes(shares) in undertakings with participating interest	057		
5. Investments in other securities of undertakings with participating interest	058		
6. Loans, deposits etc given to undertakings with participating interest	059		
7. Investments in securities	060		
8. Given loans, deposits and similar	061	746.646	746.641
9. Other financial assets	062	104.082	611.117
IV. CASH AND CASH EQUIVALENTS	063	287.836.954	78.695.044
D) PREPAYMENTS AND ACCRUED INCOME	064	20.382.090	27.255.003
E) TOTAL ASSETS (ADP 001+002+037+064)	065	4.996.605.048	4.883.277.443
F) OFF-BALANCE SHEET ITEMS	066	54.545.066	54.545.066

Balance Sheet (as per 31/3/2018) (continued)
Taxpayer: 36201212847; Valamar Riviera d.d.

Item 1	ADP code 2	Preceding year 3	Current year 4
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+081+084+087)	067	2.516.174.910	2.339.081.029
I. SHARE CAPITAL	068	1.672.021.210	1.672.021.210
II. CAPITAL RESERVES	069	3.602.906	4.614.057
III. RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	102.055.847	100.188.336
1. Legal reserves	071	83.601.061	83.601.061
2. Reserves for own shares	072	44.815.284	44.815.284
3. Own stocks and shares (deductible items)	073	35.889.621	37.757.132
4. Statutory reserves	074		
5. Other reserves	075	9.529.123	9.529.123
IV. REVALUATION RESERVES	076		
V. FAIR VALUE RESERVES (ADP 078 to 080)	077	634.097	685.978
1. Fair value of financial assets available for sale	078	634.097	685.978
2. Efficient portion of cash flow hedge	079		
3. Efficient portion of foreign net investment hedge	080		
VI. RETAINED EARNINGS OR LOSS CARRIED FORWARD (ADP 082-083)	081	263.138.894	506.503.340
1. Retained earnings	082	263.138.894	506.503.340
2. Loss carried forward	083		
VII. PROFIT OR LOSS FOR THE FINANCIAL YEAR (ADP 085-086)	084	243.596.016	-167.892.731
1. Profit for the financial year	085	243.596.016	
2. Loss for the financial year	086		167.892.731
VIII. MINORITY INTEREST	087	231.125.940	222.960.839
B) PROVISIONS (ADP 089 to 094)	088	58.356.183	58.356.183
1. Provisions for pensions, severance pay and similar liabilities	089	5.446.558	5.446.558
2. Provisions for tax obligations	090		
3. Provisions for litigations in progress	091	52.909.625	52.909.625
4. Provisions for renewal of natural resources	092		
5. Provision for costs within warranty period	093		
6. Other provisions	094		
C) NON-CURRENT LIABILITIES (ADP 096 to 106)	095	1.915.658.762	1.933.583.755
1. Liabilities to related parties	096		
2. Liabilities for loans, deposits etc of undertakings in a Group	097		
3. Liabilities to undertakings with participating interest	098		
4. Liabilities for loans, deposits etc of undertakings with participating interest	099		
5. Liabilities for loans, deposits and other	100	9.046.000	9.046.000
6. Liabilities to banks and other financial institutions	101	1.852.267.505	1.869.692.937
7. Liabilities for advance payments	102		
8. Trade payables	103		
9. Amounts payable for securities	104		
10. Other non-current liabilities	105	1.585.824	2.072.414
11. Deferred tax	106	52.759.433	52.772.404
D) CURRENT LIABILITIES (ADP 108 to 121)	107	402.912.295	463.947.968
1. Liabilities to undertakings in a Group	108	198.872	
2. Liabilities for loans, deposits etc of undertakings in a Group	109		
3. Liabilities to undertakings with participating interest	110		
4. Liabilities for loans, deposits etc of undertakings with participating interest	111		
5. Liabilities for loans, deposits and other	112	103.000	51.500
6. Liabilities to banks and other financial institutions	113	203.141.559	173.301.640
7. Amounts payable for prepayment	114	31.365.529	107.986.125
8. Trade payables	115	132.651.065	143.941.858
9. Liabilities upon loan stocks	116		
10. Liabilities to employees	117	22.455.819	21.178.847
11. Taxes, contributions and similar liabilities	118	11.077.721	15.554.501
12. Liabilities arising from share in the result	119	230.130	230.130
13. Liabilities arising from non-current assets held for sale	120		
14. Other current liabilities	121	1.688.600	1.703.367
E) ACCRUED EXPENSES AND DEFERRED INCOME	122	103.502.898	88.308.508
F) TOTAL LIABILITIES (ADP 067+088+095+107+122)	123	4.996.605.048	4.883.277.443
G) OFF-BALANCE SHEET ITEMS	124	54.545.066	54.545.066

Income Statement (for 1/1/2018 to 31/3/2018)

Taxpayer: 36201212847; Valamar Riviera d.d.

Item	ADP code	Preceding period		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
I. OPERATING INCOME (ADP 126+127+128+129+130)	125	33.380.896	33.380.896	41.709.737	41.709.737
1. Revenues from sales with undertakings in a Group	126			522.874	522.874
2. Sales revenues (outside the Group)	127	27.916.973	27.916.973	38.325.379	38.325.379
3. Revenues from use of own products, goods and services	128	852.175	852.175	142.999	142.999
4. Other operating revenues with undertakings in a Group	129				
5. Other operating revenues (outside the Group)	130	4.611.748	4.611.748	2.718.485	2.718.485
II. OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)	131	199.013.724	199.013.724	227.304.203	227.304.203
1. Changes in inventories of finished products and work in progress	132				
2. Material costs (ADP 134 to 136)	133	33.247.324	33.247.324	38.219.074	38.219.074
a) Cost of raw materials & consumables	134	16.871.859	16.871.859	19.622.840	19.622.840
b) Cost of goods sold	135	19.920	19.920	40.977	40.977
c) Other costs	136	16.355.545	16.355.545	18.555.257	18.555.257
3. Staff costs (ADP 138 to 140)	137	57.712.808	57.712.808	62.382.294	62.382.294
a) Net salaries	138	34.561.148	34.561.148	38.510.784	38.510.784
b) Employee income tax	139	15.195.186	15.195.186	15.398.520	15.398.520
c) Tax on payroll	140	7.956.474	7.956.474	8.472.990	8.472.990
4. Depreciation and amortisation	141	81.030.737	81.030.737	96.683.615	96.683.615
5. Other expenditures	142	24.471.641	24.471.641	27.976.470	27.976.470
6. Value adjustment (ADP 144+145)	143	19.501	19.501	72.193	72.193
a) non-current assets (without financial assets)	144				
b) current assets (without financial assets)	145	19.501	19.501	72.193	72.193
7. Provisions (ADP 147 to 152)	146	0	0	0	0
a) Provision for pensions, severance payments and other employment benefits	147				
b) Provisions for tax liabilities	148				
c) Provisions for litigations in progress	149				
d) Provisions for renewal of natural resources	150				
e) Provision for costs within warranty period	151				
f) Other provisions	152				
8. Other operating expenses	153	2.531.713	2.531.713	1.970.557	1.970.557
III. FINANCIAL INCOME (ADP 155 to 164)	154	30.707.466	30.707.466	24.116.644	24.116.644
1. Income from stakes (shares) in undertakings in a Group	155				
2. Income from stakes (shares) in undertakings with participating interest	156				
3. Income from other non-current financial investments and loans to undertakings in a Group	157				
4. Other interest income from undertakings in a Group	158				
5. Foreign exchange differences and other financial income from undertakings in a Group	159				
6. Income from other non-current financial investments and loans	160				
7. Other interest income	161	100.475	100.475	86.663	86.663
8. Foreign exchange differences and other financial income	162	24.334.091	24.334.091	22.680.935	22.680.935
9. Unrealized gains (income) from the financial assets	163	5.592.718	5.592.718	767.574	767.574
10. Other financial income	164	680.182	680.182	581.472	581.472
IV. FINANCIAL COSTS (ADP 166 to 172)	165	12.351.718	12.351.718	14.499.620	14.499.620
1. Interest expenses and similar expenses with undertakings in a Group	166				
2. Foreign exchange differences and other expenses with undertakings in a Group	167				
3. Interest expenses and similar	168	8.791.817	8.791.817	11.388.916	11.388.916
4. Foreign exchange differences and other expenses	169	3.225.974	3.225.974	2.014.447	2.014.447
5. Unrealized loss (expenses) from the financial assets	170	47.549	47.549	810.941	810.941
6. Value adjustment expense on financial assets (net)	171				
7. Other financial expenses	172	286.378	286.378	285.316	285.316
V. SHARE OF PROFIT FROM UNDERTAKINGS WITH PARTICIPATING INTEREST	173				
VI. SHARE OF PROFIT FROM JOINT VENTURES	174				
VII. SHARE OF LOSS FROM UNDERTAKINGS WITH PARTICIPATING INTEREST	175				
VIII. SHARE OF LOSS FROM JOINT VENTURES	176				
IX. TOTAL INCOME (ADP 125+154+173+174)	177	64.088.362	64.088.362	65.826.381	65.826.381
X. TOTAL EXPENSES (ADP 131+165+175+176)	178	211.365.442	211.365.442	241.803.823	241.803.823
XI. PROFIT OR LOSS BEFORE TAX (ADP 177-178)	179	-147.277.080	-147.277.080	-175.977.442	-175.977.442
1. Profit before tax (ADP 177-178)	180	-147.277.080	-147.277.080	-175.977.442	-175.977.442
2. Loss before tax (ADP 178-177)	181	0	0	0	0
XII. INCOME TAX EXPENSE	182				
XIII. PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)	183	-147.277.080	-147.277.080	-175.977.442	-175.977.442
1. Profit for the period (ADP 179-182)	184	-147.277.080	-147.277.080	-175.977.442	-175.977.442
2. Loss for the period (ADP 182-179)	185	0	0	0	0

Income Statement (for 1/1/2018 to 31/3/2018) (continued)

Taxpayer: 36201212847; Valamar Riviera d.d.

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

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

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

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

XIX. PROFIT OR LOSS FOR THE PERIOD (ADP 200+201)	199	-147.277.080	-147.277.080	-175.977.442	-175.977.442
1. Attributable to parent company's shareholders	200	-139.836.334	-139.836.334	-167.892.731	-167.892.731
2. Attributable to non-controlling interests	201	-7.440.746	-7.440.746	-8.084.711	-8.084.711

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

I. PROFIT OR LOSS FOR THE PERIOD	202	-147.277.080	-147.277.080	-175.977.442	-175.977.442
II. OTHER COMPREHENSIVE INCOME /LOSS BEFORE TAX (ADP 204 to 211)	203	248.168	248.168	64.852	64.852
1. Exchange differences arising from foreign operations	204				
2. Revaluation of non-current assets and intangible assets	205				
3. Gains or loss available for sale investments	206	248.168	248.168	64.852	64.852
4. Gains or loss on net movement on cash flow hedges	207				
5. Gains or loss on net investments hedge	208				
6. Share of the other comprehensive income/loss of associates	209				
7. Actuarial gain / loss on post employment benefit obligations	210				
8. Other changes in capital (minorities)	211				
III. TAX ON OTHER COMPREHENSIVE INCOME OF THE PERIOD	212	49.633	49.633	12.970	12.970
IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE YEAR (ADP 203-212)	213	198.535	198.535	51.882	51.882
V. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD (ADP 202+213)	214	-147.078.545	-147.078.545	-175.925.560	-175.925.560

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

VI. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD (ADP 216+217)	215	-147.078.545	-147.078.545	-175.925.560	-175.925.560
1. Attributable to parent company's shareholders	216	-139.637.799	-139.637.799	-167.840.849	-167.840.849
2. Attributable to non-controlling interests	217	-7.440.746	-7.440.746	-8.084.711	-8.084.711

Cash Flow Statement - Indirect Method (for 1/1/2018 to 31/3/2018)
Taxpayer: 36201212847; Valamar Riviera d.d.

Item 1	ADP code 2	Preceding year 3	Current year 4
CASH FLOW FROM OPERATING ACTIVITIES			
1. Profit before taxes	001	-147.277.080	-175.977.442
2. Adjustments (ADP 003 to 010)	002	70.518.091	86.383.953
a) Depreciation and amortisation	003	81.030.737	96.683.615
b) Profit and loss from sales and value adjustments of non-current tangible and intangible assets	004	-29.499	-17.607
c) Profit and loss from sales and unrealised profit and loss and value adjustments of financial assets	005	-211.828	0
d) Income from interest and dividends	006	-38.746	-86.206
e) Interest expenses	007	9.078.195	11.674.232
f) Provisions	008	8.430.277	3.656
g) Foreign exchange differences (unrealized)	009	-22.212.431	-21.956.738
h) Other adjustments for non-cash transactions and unrealized profit and loss	010	-5.528.614	83.001
I. Increase or decrease of cash flow before changes in working capital (ADP 001+002)	011	-76.758.989	-89.593.489
3. Changes in working capital (ADP 013 to 016)	012	52.205.684	59.808.104
a) Increase or decrease of current liabilities	013	37.100.100	89.496.955
b) Increase or decrease of current receivables	014	15.874.003	2.938.772
c) Increase or decrease of inventories	015	-768.419	-1.597.351
d) Other increase or decrease of working capital	016		-31.030.272
II. Cash from operating activities (ADP 011+012)	017	-24.553.305	-29.785.385
4. Interest	018	-10.471.507	-2.857.718
5. Income tax paid	019	-1.326.223	-611.713
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	-36.351.035	-33.254.816
CASH FLOW FROM INVESTMENT ACTIVITIES			
1. Proceeds from sale of non-current assets	021	135.498	20.000
2. Proceeds from selling financial instruments	022	1.808.303	0
3. Proceeds from interest rates	023	43.005	89.342
4. Proceeds from dividends	024		0
5. Proceeds from repayment of given loans and savings	025	2.770.489	45.395
6. Other proceeds from investment activities	026		
III. Total cash proceeds from investment activities (ADP 021 to 026)	027	4.757.295	154.737
1. Purchase of non-current tangible and intangible assets	028	-204.471.047	-184.665.511
2. Purchase of financial instruments	029		
3. Loans and deposits for the period	030	-1.836.122	-96.324
4. Acquisition of subsidiary, net of acquired cash	031		
5. Other payments from investment activities	032		-17.769
IV. Total cash payments from investment activities (ADP 028 to 032)	033	-206.307.169	-184.779.604
B) NET INCREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)	034	-201.549.874	-184.624.867
CASH FLOW FROM FINANCIAL ACTIVITIES			
1. Proceeds from increase of subscribed capital	035		
2. Proceeds from issuing equity-based and debt-based financial instruments	036		
3. Proceeds from loan principal, loans and other borrowings	037	93.511.020	37.191.385
4. Other proceeds from financial activities	038		1.063.033
V. Total proceeds from financial activities (ADP 035 to 038)	039	93.511.020	38.254.418
1. Repayment of loan principals, loans and other borrowings and debt-based financial instruments	040	-17.260.582	-27.649.134
2. Dividends paid	041		
3. Payment of finance lease liabilities	042	-41.333	
4. Re-purchase of treasury shares and decrease in subscribed share capital	043		-1.867.511
5. Other payments from financial activities	044		
VI. Total cash payments from financing activities (ADP 040 to 044)	045	-17.301.915	-29.516.645
C) NET CASH FLOW FROM FINANCIAL ACTIVITIES (ADP 039+045)	046	76.209.105	8.737.773
1. Cash and cash equivalents-unrealized foreign exchange differences	047		
D) NET INCREASE OR DECREASE OF CASH FLOW (ADP 020+034+046+047)	048	-161.691.804	-209.141.910
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	049	274.650.648	287.836.954
F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (ADP 048+049)	050	112.958.844	78.695.044

Description	ADP	Minority (non-controlling) interest														Minority (non-controlling) interest	Total capital and reserves	
		Subscribed Share capital	Capital reserves	Legal reserves	Reserves for own shares	Treasury shares and shares (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets available for sale	Efficient portion of cash flow hedge	Efficient portion of foreign net investment hedge	Retained earnings / loss carried forward	Net profit/ loss for the period	Total distributable to majority owners			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16 (3 to 6 - 7 + 8 to 15)	17	18 (16+17)	
Previous period																		
1. Balance at 1 January of the previous period	01	1.672.021.210	2.204.690	67.198.750	44.815.284	37.141.295	0	9.529.123	0	273.313	0	0	36.580.064	342.313.777	2.137.794.916	235.842.123	2.373.637.039	
2. Changes in accounting policies	02														0		0	
3. Error correction	03														0		0	
4. Balance at 1 January of the previous period (ADP 01 to 03)	04	1.672.021.210	2.204.690	67.198.750	44.815.284	37.141.295	0	9.529.123	0	273.313	0	0	36.580.064	342.313.777	2.137.794.916	235.842.123	2.373.637.039	
5. Profit/loss for the period	05													243.596.016	243.596.016	1.491.369	245.087.385	
6. Foreign currency translation differences- foreign operations	06														0		0	
7. Changes in revaluation reserves of non-current tangible and intangible assets	07														0		0	
8. Profit or loss from re-evaluation of financial assets held for sale	08									450.979					450.979		450.979	
9. Profit or loss from cash flow hedge	09														0		0	
10. Profit or loss from foreign net investment hedge	10														0		0	
11. Share in other comprehensive income/loss from undertakings with participating interest	11														0		0	
12. Actuarial gains/losses from defined benefit plans	12														0		0	
13. Other changes in capital (minorities)	13														0		0	
14. Taxation of transactions recognized directly in equity	14									-90.195					-90.195		-90.195	
15. Increase/decrease of subscribed share capital (except by reinvested profit and in pre-bankruptcy settlement)	15														0		0	
16. Increase of subscribed share capital by profit reinvestment	16														0		0	
17. Increase of subscribed share capital in pre-bankruptcy settlement	17														0		0	
18. Repurchase of own shares/ stakes	18					-1.251.675									1.251.675		1.251.675	
19. Share in profit/ dividend payout	19														0		0	
20. Other distribution to majority owners	20		1.398.216										-99.352.192		-97.953.976		-97.953.976	
21. Transfer to reserves according to annual plan	21			16.402.311									325.911.021	-342.313.777	-445	-6.207.552	-6.207.997	
22. Increase in reserves in pre-bankruptcy settlement	22														0		0	
23. Balance at 31 Decemeber of previous period (ADP 04 to 22)	23	1.672.021.210	3.602.906	83.601.061	44.815.284	35.889.620	0	9.529.123	0	634.097	0	0	263.138.893	243.596.016	2.285.048.970	231.125.940	2.516.174.910	
ADDITION TO STATEMENT OF CHANGES IN EQUITY (only for IFRS adopters)																		
I. OTHER COMPREHENSIVE INCOME OF PREVIOUS PERIOD NET OF TAX (ADP 06 to 14)	24	0	0	0	0	0	0	0	0	360.784	0	0	0	0	360.784	0	360.784	
II. COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+24)	25	0	0	0	0	0	0	0	0	360.784	0	0	0	243.596.016	243.956.800	1.491.369	245.448.169	
III. TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD, RECOGNIZED DIRECTLY IN EQUITY (ADP 15 to 22)	26	0	1.398.216	16.402.311	0	-1.251.675	0	0	0	0	0	0	226.558.829	-342.313.777	-96.702.746	-6.207.552	-102.910.298	
Current period																		
1. Balance at 1 January of current period	27	1.672.021.210	3.602.906	83.601.061	44.815.284	35.889.620	0	9.529.123	0	634.097	0	0	263.138.893	243.596.016	2.285.048.970	231.125.940	2.516.174.910	
2. Changes in accounting policies	28														0		0	
3. Error correction	29														0		0	
4. Balance at 1 January of current period (ADP 27 to 29)	30	1.672.021.210	3.602.906	83.601.061	44.815.284	35.889.620	0	9.529.123	0	634.097	0	0	263.138.893	243.596.016	2.285.048.970	231.125.940	2.516.174.910	
5. Profit/loss for the period	31													-167.892.731	-167.892.731	-80.390	-167.973.121	
6. Foreign currency translation differences- foreign operations	32														0		0	
7. Changes in revaluation reserves of non-current tangible and intangible assets	33														0		0	
8. Profit or loss from re-evaluation of financial assets held for sale	34									64.851					64.851		64.851	
9. Profit or loss from cash flow hedge	35														0		0	
10. Profit or loss from foreign net investment hedge	36														0		0	
11. Share in other comprehensive income/loss from undertakings with participating interest	37														0		0	
12. Actuarial gains/losses from defined benefit plans	38														0		0	
13. Other changes in capital (minorities)	39														0		0	
14. Taxation of transactions recognized directly in equity	40									-12.970					-12.970		-12.970	
15. Increase/decrease of subscribed share capital (except by reinvested profit and in pre-bankruptcy settlement)	41														0		0	
16. Increase of subscribed share capital by profit reinvestment	42														0		0	
17. Increase of subscribed share capital in pre-bankruptcy settlement	43														0		0	
18. Repurchase of own shares/ stakes	44					2.950.076									-2.950.076		-2.950.076	
19. Share in profit/ dividend payout	45														0		0	
20. Other distribution to majority owners	46		1.011.151			-1.082.564									2.093.715		2.093.715	
21. Transfer to reserves according to annual plan	47												243.596.016	-243.596.016	0	-8.084.711	-8.084.711	
22. Increase in reserves in pre-bankruptcy settlement	48														0		0	
23. Balance as at 31 December of the current period (ADP 30 to 48)	49	1.672.021.210	4.614.057	83.601.061	44.815.284	37.757.132	0	9.529.123	0	685.978	0	0	506.503.340	-167.892.731	2.116.120.190	222.960.839	2.339.081.029	
ADDITION TO STATEMENT OF CHANGES IN EQUITY (only for IFRS adopters)																		
I. OTHER COMPREHENSIVE INCOME OF CURRENT PERIOD, NET OF TAX (ADP 32 to 40)	50	0	0	0	0	0	0	0	0	51.881	0	0	-231.569	0	-179.688	0	-179.688	
II. COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 31 + 50)	51	0	0	0	0	0	0	0	0	51.881	0	0	-231.569	-167.892.731	-168.072.419	-80.390	-168.152.809	
III. TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD, RECOGNIZED DIRECTLY IN EQUITY (ADP 41 to 48)	52	0	1.011.151	0	0	1.867.512	0	0	0	0	0	0	243.596.016	-243.596.016	-856.361	-8.084.711	-8.941.072	

Notes

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

Companies of the consolidation subject	Balance sheet-previous period 31/12/2017	Balance sheet-current period 31/3/2018
Puntižela d.o.o.	Yes (merged to Valamar Riviera d.d. 31.3.2017.)	
Elafiti Babin kuk d.o.o.	Yes (merged to Valamar Riviera d.d. 29.12.2017.)	
Valamar hotels & resorts GmbH	Yes	Yes
Magične stijene d.o.o.	Yes	Yes
Palme turizam d.o.o.	Yes	Yes
Pogača Babin Kuk d.o.o.	Yes	Yes
Bugenvilia d.o.o.	Yes	Yes
Imperial d.d.	Yes	Yes

Companies of the consolidation subject:	Income statment-previous period 31/12/2017	Income statment-current period 31/3/2018
Puntižela d.o.o.	1.1.-31.3. (merged to Valamar Riviera d.d. 31.3.2017.)	-
Elafiti Babin kuk d.o.o.	1.1.-31.3. (merged to Valamar Riviera d.d. 29.12.2017.)	-
Valamar hotels & resorts GmbH	-	-
Magične stijene d.o.o.	1.1.-31.3.	1.1.-31.3.
Palme turizam d.o.o.	1.1.-31.3.	1.1.-31.3.
Pogača Babin Kuk d.o.o.	1.1.-31.3.	1.1.-31.3.
Bugenvilia d.o.o.	1.1.-31.3.	1.1.-31.3.
Imperial d.d.	1.1.-31.3.	1.1.-31.3.

Balance Sheet (as per 31/3/2018)

Taxpayer: 36201212847; Valamar Riviera d.d.

Item 1	ADP code 2	Preceding year 3	Current year 4
A) SUBSCRIBED CAPITAL UNPAID	001		
B) NON CURRENT ASSETS (ADP 003+010+020+031+036)	002	4.321.068.373	4.394.784.961
I. INTANGIBLE ASSETS (ADP 004 to 009)	003	44.533.715	45.136.814
1. Research and Development expenditure	004		
2. Patents, licences, royalties, trademarks and service marks, software and similar rights	005	37.646.206	37.001.127
3. Goodwill	006	6.567.609	6.567.609
4. Prepayments for intangible assets	007		
5. Intangible assets under construction	008	319.900	1.568.078
6. Other intangible assets	009		
II. TANGIBLE ASSETS (ADP 011 to 019)	010	3.697.439.264	3.770.376.430
1. Land	011	633.926.337	633.926.337
2. Property	012	2.416.617.894	2.352.888.473
3. Plants and equipment	013	345.844.344	336.383.210
4. Tools, plants and vehicles	014	89.672.494	87.764.391
5. Biological asset	015		
6. Prepayments for tangible assets	016	23.166.558	64.090.232
7. Assets under construction	017	137.209.673	246.857.528
8. Other tangible assets	018	40.747.606	38.365.372
9. Investments property	019	10.254.358	10.100.887
III. NON-CURRENT FINANCIAL ASSETS (ADP 021 to 030)	020	456.347.314	456.528.853
1. Stakes (shares) in undertakings in a Group	021	452.395.427	452.475.818
2. Investments in other securities of undertakings in a Group	022		
3. Loans, deposits etc given to undertakings in a Group	023		
4. Stakes (shares) in undertakings with participating interest	024		
5. Investments in other securities of undertakings with participating interest	025		
6. Loans, deposits etc given to undertakings with participating interest	026		
7. Investments in securities	027	3.620.830	3.749.832
8. Given loans, deposits and similar	028	191.057	163.203
9. Other investments accounted for using the equity method	029		
10. Other non-current financial assets	030	140.000	140.000
IV. TRADE RECEIVABLES (ADP 032 to 035)	031	188.176	182.960
1. Receivables from undertakings in a Group	032		
2. Receivables from undertakings with participating interests	033		
3. Trade receivables	034		
4. Other receivables	035	188.176	182.960
V. DEFERRED TAX ASSETS	036	122.559.904	122.559.904
C) CURENT ASSETS (ADP 038+046+053+063)	037	291.552.583	113.821.148
I. INVENTORIES (ADP 039 to 045)	038	23.913.513	24.910.071
1. Raw materials and consumables	039	23.767.779	24.741.457
2. Work in progress	040		
3. Finished products	041		
4. Merchandise	042	145.734	168.614
5. Prepayments for inventories	043		
6. Other available-for-sale assets	044		
7. Biological asset	045		
II. RECEIVABLES (ADP 047 to 052)	046	29.405.487	25.285.116
1. Receivables from undertakings in a Group	047	3.392.515	1.756.527
2. Receivables from undertakings with participating interest	048		
3. Trade receivables	049	12.221.884	9.973.658
4. Receivables from employees and members of the undertaking	050	1.171.905	3.124.032
5. Receivables from Government and other institutions	051	10.812.531	480.540
6. Other receivables	052	1.806.652	9.950.359
III. CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	832.773	1.339.808
1. Stakes (shares) in undertakings in a Group	054		
2. Investments in other securities of undertakings in a Group	055		
3. Loans, deposits etc given to undertakings in a Group	056	25.800	25.800
4. Stakes (shares) in undertakings with participating interest	057		
5. Investments in other securities of undertakings with participating interest	058		
6. Loans, deposits etc given to undertakings with participating interest	059		
7. Investments in securities	060		
8. Given loans, deposits and similar	061	702.891	702.891
9. Other financial assets	062	104.082	611.117
IV. CASH AND CASH EQUIVALENTS	063	237.400.810	62.286.153
D) PREPAYMENTS AND ACCRUED INCOME	064	19.416.287	26.261.862
E) TOTAL ASSETS (ADP 001+002+037+064)	065	4.632.037.243	4.534.867.971
F) OFF-BALANCE SHEET ITEMS	066	54.545.066	54.522.829

Balance Sheet (as per 31/3/2018) (continued)
Taxpayer: 36201212847; Valamar Riviera d.d.

Item 1	ADP code 2	Preceding year 3	Current year 4
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+081+084+087)	067	2.395.468.296	2.236.719.360
I. SHARE CAPITAL	068	1.672.021.210	1.672.021.210
II. CAPITAL RESERVES	069	3.602.906	4.614.057
III. RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	102.055.847	100.188.336
1. Legal reserves	071	83.601.061	83.601.061
2. Reserves for own shares	072	44.815.284	44.815.284
3. Own stocks and shares (deductible items)	073	35.889.621	37.757.132
4. Statutory reserves	074		
5. Other reserves	075	9.529.123	9.529.123
IV. REVALUATION RESERVES	076		
V. FAIR VALUE RESERVES (ADP 078 to 080)	077	634.097	685.978
1. Fair value of financial assets available for sale	078	634.097	685.978
2. Efficient portion of cash flow hedge	079		
3. Efficient portion of foreign net investment hedge	080		
VI. RETAINED EARNINGS OR LOSS CARRIED FORWARD (ADP 082-083)	081	385.175.162	617.154.236
1. Retained earnings	082	385.175.162	617.154.236
2. Loss carried forward	083		
VII. PROFIT OR LOSS FOR THE FINANCIAL YEAR (ADP 085-086)	084	231.979.074	-157.944.457
1. Profit for the financial year	085	231.979.074	
2. Loss for the financial year	086		157.944.457
VIII. MINORITY INTEREST	087		
B) PROVISIONS (ADP 089 to 094)	088	31.597.492	31.597.492
1. Provisions for pensions, severance pay and similar liabilities	089	4.665.359	4.665.359
2. Provisions for tax obligations	090		
3. Provisions for litigations in progress	091	26.932.133	26.932.133
4. Provisions for renewal of natural resources	092		
5. Provision for costs within warranty period	093		
6. Other provisions	094		
C) NON-CURRENT LIABILITIES (ADP 096 to 106)	095	1.739.431.226	1.758.521.650
1. Liabilities to related parties	096		
2. Liabilities for loans, deposits etc of undertakings in a Group	097		
3. Liabilities to undertakings with participating interest	098		
4. Liabilities for loans, deposits etc of undertakings with participating interest	099		
5. Liabilities for loans, deposits and other	100		
6. Liabilities to banks and other financial institutions	101	1.721.763.614	1.740.354.477
7. Liabilities for advance payments	102		
8. Trade payables	103		
9. Amounts payable for securities	104		
10. Other non-current liabilities	105	1.585.824	2.072.414
11. Deferred tax	106	16.081.788	16.094.759
D) CURRENT LIABILITIES (ADP 108 to 121)	107	369.130.888	424.742.830
1. Liabilities to undertakings in a Group	108	377.577	50.385
2. Liabilities for loans, deposits etc of undertakings in a Group	109		
3. Liabilities to undertakings with participating interest	110		
4. Liabilities for loans, deposits etc of undertakings with participating interest	111		
5. Liabilities for loans, deposits and other	112		
6. Liabilities to banks and other financial institutions	113	184.701.848	155.576.304
7. Amounts payable for prepayment	114	30.708.993	138.635.203
8. Trade payables	115	121.224.757	96.797.292
9. Liabilities upon loan stocks	116		
10. Liabilities to employees	117	20.606.875	19.734.373
11. Taxes, contributions and similar liabilities	118	10.270.639	12.703.400
12. Liabilities arising from share in the result	119	72.403	72.403
13. Liabilities arising from non-current assets held for sale	120		
14. Other current liabilities	121	1.167.796	1.173.470
E) ACCRUED EXPENSES AND DEFERRED INCOME	122	96.409.341	83.286.639
F) TOTAL LIABILITIES (ADP 067+088+095+107+122)	123	4.632.037.243	4.534.867.971
G) OFF-BALANCE SHEET ITEMS	124	54.545.066	54.522.829

Income Statement (for 1/1/2018 to 31/3/2018)

Taxpayer: 36201212847; Valamar Riviera d.d.

Item	ADP code	Preceding period		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
I. OPERATING INCOME (ADP 126 to 130)	125	30.921.593	30.921.593	41.628.023	41.628.023
1. Revenues from sales with undertakings in a Group	126	888.234	888.234	3.448.721	3.448.721
2. Sales revenues (outside the Group)	127	25.512.677	25.512.677	35.491.236	35.491.236
3. Revenues from use of own products, goods and services	128	852.175	852.175	135.053	135.053
4. Other operating revenues with undertakings in a Group	129	3.400	3.400	30.602	30.602
5. Other operating revenues (outside the Group)	130	3.665.107	3.665.107	2.522.411	2.522.411
II. OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)	131	183.741.794	183.741.794	209.367.355	209.367.355
1. Changes in inventories of finished products and work in progress	132				
2. Material costs (ADP 134 to 136)	133	38.687.699	38.687.699	37.509.430	37.509.430
a) Cost of raw materials & consumables	134	16.330.459	16.330.459	19.352.140	19.352.140
b) Cost of goods sold	135	19.879	19.879	40.740	40.740
c) Other costs	136	22.337.361	22.337.361	18.116.550	18.116.550
3. Staff costs (ADP 138 to 140)	137	53.791.382	53.791.382	59.037.355	59.037.355
a) Net salaries	138	32.075.816	32.075.816	36.186.318	36.186.318
b) Employee income tax	139	14.265.956	14.265.956	14.834.745	14.834.745
c) Tax on payroll	140	7.449.610	7.449.610	8.016.292	8.016.292
4. Depreciation and amortisation	141	66.193.806	66.193.806	84.460.117	84.460.117
5. Other expenditures	142	22.830.013	22.830.013	26.475.850	26.475.850
6. Value adjustment (ADP 144+145)	143	19.501	19.501	72.193	72.193
a) non-current assets (without financial assets)	144				
b) current assets (without financial assets)	145	19.501	19.501	72.193	72.193
7. Provisions (ADP 147 to 152)	146	0	0	0	0
a) Provision for pensions, severance payments and other employment benefits	147				
b) Provisions for tax liabilities	148				
c) Provisions for litigations in progress	149				
d) Provisions for renewal of natural resources	150				
e) Provision for costs within warranty period	151				
f) Other provisions	152				
8. Other operating expenses	153	2.219.393	2.219.393	1.812.410	1.812.410
III. FINANCIAL INCOME (ADP 155 to 164)	154	30.879.761	30.879.761	22.729.300	22.729.300
1. Income from stakes (shares) in undertakings in a Group	155				
2. Income from stakes (shares) in undertakings with participating interest	156				
3. Income from other non-current financial investments and loans to undertakings in a Group	157				
4. Other interest income from undertakings in a Group	158				
5. Foreign exchange differences and other financial income from undertakings in a Group	159				
6. Income from other non-current financial investments and loans	160				
7. Other interest income	161	38.585	38.585	50.767	50.767
8. Foreign exchange differences and other financial income	162	24.568.315	24.568.315	21.336.934	21.336.934
9. Unrealized gains (income) from the financial assets	163	5.592.718	5.592.718	767.574	767.574
10. Other financial income	164	680.143	680.143	574.025	574.025
IV. FINANCIAL COSTS (ADP 166 to 172)	165	10.627.329	10.627.329	12.934.425	12.934.425
1. Interest expenses and similar expenses with undertakings in a Group	166				
2. Foreign exchange differences and other expenses with undertakings in a Group	167				
3. Interest expenses and similar	168	7.542.089	7.542.089	10.419.287	10.419.287
4. Foreign exchange differences and other expenses	169	2.784.813	2.784.813	1.447.596	1.447.596
5. Unrealized loss (expenses) from the financial assets	170	47.549	47.549	810.941	810.941
6. Value adjustment expense on financial assets (net)	171				
7. Other financial expenses	172	252.878	252.878	256.601	256.601
V. SHARE OF PROFIT FROM UNDERTAKINGS WITH PARTICIPATING INTEREST	173				
VI. SHARE OF PROFIT FROM JOINT VENTURES	174				
VII. SHARE OF LOSS FROM UNDERTAKINGS WITH PARTICIPATING INTEREST	175				
VIII. SHARE OF LOSS FROM JOINT VENTURES	176				
IX. TOTAL INCOME (ADP 125+154+173+174)	177	61.801.354	61.801.354	64.357.323	64.357.323
X. TOTAL EXPENSES (ADP 131+165+175+176)	178	194.369.123	194.369.123	222.301.780	222.301.780
XI. PROFIT OR LOSS BEFORE TAX (ADP 177-178)	179	-132.567.769	-132.567.769	-157.944.457	-157.944.457
1. Profit before tax (ADP 177-178)	180	-132.567.769	-132.567.769	-157.944.457	-157.944.457
2. Loss before tax (ADP 178-177)	181	0	0	0	0
XII. INCOME TAX EXPENSE	182				
XIII. PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)	183	-132.567.769	-132.567.769	-157.944.457	-157.944.457
1. Profit for the period (ADP 179-182)	184	-132.567.769	-132.567.769	-157.944.457	-157.944.457
2. Loss for the period (ADP 182-179)	185	0	0	0	0

Income Statement (for 1/1/2018 to 31/3/2018) (continued)

Taxpayer: 36201212847; Valamar Riviera d.d.

Item	ADP code	Preceding period		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
PROFIT OR LOSS FROM DISCONTINUED OPERATIONS (applicable for entities which use IFRS and have discontinued operations)					
XIV. PROFIT OR LOSS FROM DISCONTINUED OPERATIONS BEFORE TAX (ADP 187-188)	186				
1. Profit before tax from discontinued operations	187				
2. Loss before tax from discontinued operations	188				
XV. INCOME TAX EXPENSE FROM DISCONTINUED OPERATIONS	189				
1. Profit for the period from discontinued operations (ADP 186-189)	190				
2. Loss for the period from discontinued operations (ADP 189-186)	191				
TOTAL PROFIT OR LOSS FOR THE PERIOD (applicable for entities which use IFRS and have discontinued operations)					
XVI. PROFIT OR LOSS BEFORE TAX (ADP 179+186)	192				
1. Profit before tax (ADP 192)	193				
2. Loss before tax (ADP 192)	194				
XVII. INCOME TAX EXPENSE (ADP 182+189)	195				
XVIII. PROFIT OR LOSS FOR THE PERIOD (ADP 192-195)	196				
1. Profit for the period (ADP 192-195)	197				
2. Loss for the period (ADP 195-192)	198				
APPENDIX TO THE INCOME STATEMENT (to be completed by entities submitting consolidated financial statements)					
XIX. PROFIT OR LOSS FOR THE PERIOD (ADP 200+201)	199	0	0	0	0
1. Attributable to parent company's shareholders	200				
2. Attributable to non-controlling interests	201				
STATEMENT OF OTHER COMPREHENSIVE INCOME (to be completed by entities subject to IFRS)					
I. PROFIT OR LOSS FOR THE PERIOD	202	-132.567.769	-132.567.769	-157.944.457	-157.944.457
II. OTHER COMPREHENSIVE INCOME /LOSS BEFORE TAX (ADP 204 to 211)	203	248.168	248.168	64.852	64.852
1. Exchange differences arising from foreign operations	204				
2. Revaluation of non-current assets and intangible assets	205				
3. Gains or loss available for sale investments	206	248.168	248.168	64.852	64.852
4. Gains or loss on net movement on cash flow hedges	207				
5. Gains or loss on net investments hedge	208				
6. Share of the other comprehensive income/loss of associates	209				
7. Actuarial gain / loss on post employment benefit obligations	210				
8. Other changes in capital (minorities)	211				
III. TAX ON OTHER COMPREHENSIVE INCOME OF THE PERIOD	212	49.633	49.633	12.970	12.970
IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE YEAR (ADP 203-212)	213	198.535	198.535	51.882	51.882
V. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD (ADP 202+213)	214	-132.369.234	-132.369.234	-157.892.575	-157.892.575
APPENDIX to the Statement of Comprehensive Income (to be completed by entities submitting consolidated financial statements)					
VI. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD (ADP 216+217)	215	0	0	0	0
1. Attributable to parent company's shareholders	216				
2. Attributable to non-controlling interests	217				

Cash Flow Statement - Indirect Method (for 1/1/2018 to 31/3/2018)

Taxpayer: 36201212847; Valamar Riviera d.d.

Item 1	ADP code 2	Preceding year 3	Current year 4
CASH FLOW FROM OPERATING ACTIVITIES			
1. Profit before taxes	001	-132.567.769	-157.944.457
2. Adjustments (ADP 003 to 010)	002	53.588.184	74.535.932
a) Depreciation and amortisation	003	66.193.807	84.460.117
b) Profit and loss from sales and value adjustments of non-current tangible and intangible assets	004	-29.499	-17.606
c) Profit and loss from sales and unrealised profit and loss and value adjustments of financial assets	005	-211.829	0
d) Income from interest and dividends	006	-447.803	-50.308
e) Interest expenses	007	7.794.966	10.675.888
f) Provisions	008	9.008.892	3.656
g) Foreign exchange differences (unrealized)	009	-23.161.817	-20.618.816
h) Other adjustments for non-cash transactions and unrealized profit and loss	010	-5.558.533	83.001
I. Increase or decrease of cash flow before changes in working capital (ADP 001+002)	011	-78.979.585	-83.408.525
3. Changes in working capital (ADP 013 to 016)	012	58.617.200	65.190.641
a) Increase or decrease of current liabilities	013	37.377.556	83.358.849
b) Increase or decrease of current receivables	014	21.330.350	5.496.614
c) Increase or decrease of inventories	015	-90.706	-996.558
d) Other increase or decrease of working capital	016		-22.668.264
II. Cash from operating activities (ADP 011+012)	017	-20.362.385	-18.217.884
4. Interest	018	-9.391.931	-2.857.718
5. Income tax paid	019	-52.823	0
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	-29.807.139	-21.075.602
CASH FLOW FROM INVESTMENT ACTIVITIES			
1. Proceeds from sale of non-current assets	021	135.498	20.000
2. Proceeds from selling financial instruments	022	1.808.303	0
3. Proceeds from interest rates	023	40.716	53.444
4. Proceeds from dividends	024	598.453	0
5. Proceeds from repayment of given loans and savings	025	2.063.356	45.395
6. Other proceeds from investment activities	026		
III. Total cash proceeds from investment activities (ADP 021 to 026)	027	4.646.326	118.839
1. Purchase of non-current tangible and intangible assets	028	-198.752.080	-158.000.381
2. Purchase of financial instruments	029		
3. Loans and deposits for the period	030	-1.836.122	-96.324
4. Acquisition of subsidiary, net of acquired cash	031		-80.390
5. Other payments from investment activities	032		-101.148
IV. Total cash payments from investment activities (ADP 028 to 032)	033	-200.588.202	-158.278.243
B) NET INCREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027+033)	034	-195.941.876	-158.159.404
CASH FLOW FROM FINANCIAL ACTIVITIES			
1. Proceeds from increase of subscribed capital	035		
2. Proceeds from issuing equity-based and debt-based financial instruments	036		
3. Proceeds from loan principal, loans and other borrowings	037	93.511.017	37.191.385
4. Other proceeds from financial activities	038		1.063.033
V. Total proceeds from financial activities (ADP 035 to 038)	039	93.511.017	38.254.418
1. Repayment of loan principals, loans and other borrowings and debt-based financial instruments	040	-15.424.445	-32.266.558
2. Dividends paid	041		
3. Payment of finance lease liabilities	042	-41.331	
4. Re-purchase of treasury shares and decrease in subscribed share capital	043		-1.867.511
5. Other payments from financial activities	044		
VI. Total cash payments from financing activities (ADP 040 to 044)	045	-15.465.776	-34.134.069
C) NET CASH FLOW FROM FINANCIAL ACTIVITIES (ADP 039+045)	046	78.045.241	4.120.349
1. Cash and cash equivalents-unrealized foreign exchange differences	047		
D) NET INCREASE OR DECREASE OF CASH FLOW (ADP 020+034+046+047)	048	-147.703.774	-175.114.657
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	049	237.647.696	237.400.810
F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (ADP 048+049)	050	89.943.922	62.286.153

Description	ADP	Minority (non-controlling) interest														Minority (non-controlling) interest	Total capital and reserves
		Subscribed Share capital	Capital reserves	Legal reserves	Reserves for own shares	Treasury shares and shares (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets available for sale	Efficient portion of cash flow hedge	Efficient portion of foreign net investment hedge	Retained earnings / loss carried forward	Net profit/ loss for the period	Total distributable to majority owners		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16 (3 to 6 - 7 + 8 to 15)	17	18 (16+17)
Previous period																	
1. Balance at 1 January of the previous period	01	1.672.021.210	2.204.690	67.198.750	44.815.284	37.141.295	0	9.529.123	0	273.313	0	0	228.523.684	336.657.721	2.324.082.480		2.324.082.480
2. Changes in accounting policies	02														0		0
3. Error correction	03														0		0
4. Balance at 1 January of the previous period (ADP 01 to 03)	04	1.672.021.210	2.204.690	67.198.750	44.815.284	37.141.295	0	9.529.123	0	273.313	0	0	228.523.684	336.657.721	2.324.082.480	0	2.324.082.480
5. Profit/loss for the period	05													231.979.074	231.979.074		231.979.074
6. Foreign currency translation differences- foreign operations	06														0		0
7. Changes in revaluation reserves of non-current tangible and intangible assets	07														0		0
8. Profit or loss from re-evaluation of financial assets held for sale	08									450.979					450.979		450.979
9. Profit or loss from cash flow hedge	09														0		0
10. Profit or loss from foreign net investment hedge	10														0		0
11. Share in other comprehensive income/loss from undertakings with participating interest	11														0		0
12. Actuarial gains/losses from defined benefit plans	12														0		0
13. Other changes in capital (minorities)	13														0		0
14. Taxation of transactions recognized directly in equity	14									-90.195					-90.195		-90.195
15. Increase/decrease of subscribed share capital (except by reinvested profit and in pre-bankruptcy settlement)	15														0		0
16. Increase of subscribed share capital by profit reinvestment	16														0		0
17. Increase of subscribed share capital in pre-bankruptcy settlement	17														0		0
18. Repurchase of own shares/ stakes	18					-1.251.674									1.251.674		1.251.674
19. Share in profit/ dividend payout	19														0		0
20. Other distribution to majority owners	20		1.398.216										-99.352.193		-97.953.977		-97.953.977
21. Transfer to reserves according to annual plan	21			16.402.311									256.003.671	-336.657.721	-64.251.739		-64.251.739
22. Increase in reserves in pre-bankruptcy settlement	22														0		0
23. Balance at 31 Decemeber of previous period (ADP 04 to 22)	23	1.672.021.210	3.602.906	83.601.061	44.815.284	35.889.621	0	9.529.123	0	634.097	0	0	385.175.162	231.979.074	2.395.468.296	0	2.395.468.296
ADDITION TO STATEMENT OF CHANGES IN EQUITY (only for IFRS adopters)																	
I. OTHER COMPREHENSIVE INCOME OF PREVIOUS PERIOD NET OF TAX (ADP 06 to 14)	24	0	0	0	0	0	0	0	0	360.784	0	0	0	0	360.784	0	360.784
II. COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+24)	25	0	0	0	0	0	0	0	0	360.784	0	0	0	231.979.074	232.339.858	0	232.339.858
III. TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD, RECOGNIZED DIRECTLY IN EQUITY (ADP 15 to 22)	26	0	1.398.216	16.402.311	0	-1.251.674	0	0	0	0	0	0	156.651.478	-336.657.721	-160.954.042	0	-160.954.042
Current period																	
1. Balance at 1 January of current period	27	1.672.021.210	3.602.906	83.601.061	44.815.284	35.889.621	0	9.529.123	0	634.097	0	0	385.175.162	231.979.074	2.395.468.296	0	2.395.468.296
2. Changes in accounting policies	28														0		0
3. Error correction	29														0		0
4. Balance at 1 January of current period (ADP 27 to 29)	30	1.672.021.210	3.602.906	83.601.061	44.815.284	35.889.621	0	9.529.123	0	634.097	0	0	385.175.162	231.979.074	2.395.468.296	0	2.395.468.296
5. Profit/loss for the period	31													-157.944.457	-157.944.457		-157.944.457
6. Foreign currency translation differences- foreign operations	32														0		0
7. Changes in revaluation reserves of non-current tangible and intangible assets	33														0		0
8. Profit or loss from re-evaluation of financial assets held for sale	34									64.851					64.851		64.851
9. Profit or loss from cash flow hedge	35														0		0
10. Profit or loss from foreign net investment hedge	36														0		0
11. Share in other comprehensive income/loss from undertakings with participating interest	37														0		0
12. Actuarial gains/losses from defined benefit plans	38														0		0
13. Other changes in capital (minorities)	39														0		0
14. Taxation of transactions recognized directly in equity	40									-12.970					-12.970		-12.970
15. Increase/decrease of subscribed share capital (except by reinvested profit and in pre-bankruptcy settlement)	41														0		0
16. Increase of subscribed share capital by profit reinvestment	42														0		0
17. Increase of subscribed share capital in pre-bankruptcy settlement	43														0		0
18. Repurchase of own shares/ stakes	44					2.950.075									-2.950.075		-2.950.075
19. Share in profit/ dividend payout	45														0		0
20. Other distribution to majority owners	46		1.011.151			-1.082.564									2.093.715		2.093.715
21. Transfer to reserves according to annual plan	47												231.979.074	-231.979.074	0		0
22. Increase in reserves in pre-bankruptcy settlement	48														0		0
23. Balance as at 31 December of the current period (ADP 30 to 48)	49	1.672.021.210	4.614.057	83.601.061	44.815.284	37.757.132	0	9.529.123	0	685.978	0	0	617.154.236	-157.944.457	2.236.719.360	0	2.236.719.360
ADDITION TO STATEMENT OF CHANGES IN EQUITY (only for IFRS adopters)																	
I. OTHER COMPREHENSIVE INCOME OF CURRENT PERIOD, NET OF TAX (ADP 32 to 40)	50	0	0	0	0	0	0	0	0	51.881	0	0	0	0	51.881	0	51.881
II. COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 31 + 50)	51	0	0	0	0	0	0	0	0	51.881	0	0	0	-157.944.457	-157.892.576	0	-157.892.576
III. TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD, RECOGNIZED DIRECTLY IN EQUITY (ADP 41 to 48)	52	0	1.011.151	0	0	1.867.511	0	0	0	0	0	0	231.979.074	-231.979.074	-856.360	0	-856.360

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