

VALAMAR RIVIERA

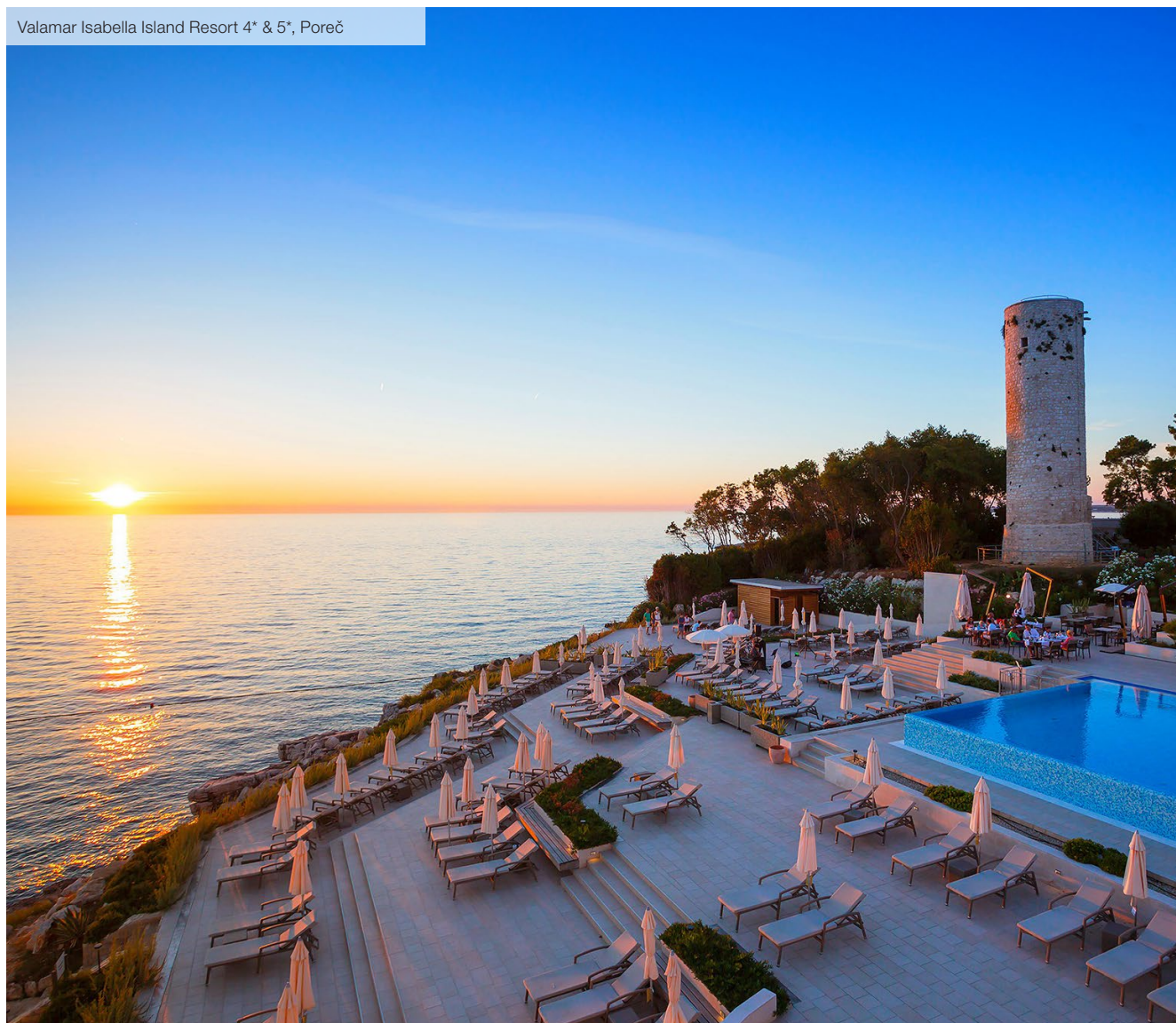
BUSINESS RESULTS
1/1/2016 - 30/9/2016














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

for the period from 1 January 2016 to
30 September 2016

Valamar Isabella Island Resort 4* & 5*, Poreč



EXECUTIVE SUMMARY

-  In the first nine months of 2016, the Group reported a strong 18% EBITDA growth totaling HRK 657 million (HRK 556 million in 2015). This is largely due to a marked 15% increase in sales revenues (from HRK 1,204 million in 2015 to HRK 1,382 million in 2016) and increased operating efficiency as a result of achieved EBITDA margin of 47% (45% in 2015).
-  Total revenues stood at HRK 1,487 million, representing a 19% increase over last year's comparable period results (HRK 1,253 million in 2015). Out of the revenues total, HRK 1,382 million were sales revenues (HRK 1,204 million in 2015), while the remaining part was mainly financial income from foreign exchange gains and the Group's share portfolio sales. The sales revenue growth was mainly the result of a 13% increase in board revenues, totalling HRK 1,127 million (HRK 999.8 million in 2015), a 27% increase in outlet revenues and a 45% increase in the revenue generated by other operating departments (laundry, travel agency, equipment-renting services, etc.).
-  In the first nine months of 2016, the Group reported 4,926,274 overnights (+8%), and a 5.2% increase in the average daily rate. The increase in board revenues resulted from i) a successful realization of large events and groups in destinations Dubrovnik and Poreč, ii) better Premium segment performance, iii) better occupancy, iv) development of value-added destination products, and v) the Baška companies acquisition.
-  The increase in operational efficiency through EBITDA margin growth from 45% in 2015 to 47% in 2016 also includes the negative effects of i) the calculated cost of salaries (remunerations) in the third quarter of 2016 (fourth quarter in the prior year), and ii) the consolidation of destination Baška costs during the first six months of this year.
-  The company value, calculated as market capitalization plus net debt, also reported upward trends (+23%) resulting from an increase in EBITDA and efficient debt management.
-  Valamar Riviera acquired 40.08% of the Imperial d.d. Rab share capital and concluded a cooperation agreement with the mandatory pension fund management company AZ d.o.o. društvo za upravljanje obveznim mirovinskim fondom which owns 19.45% of the Imperial d.d. Rab share capital. The agreement established joint action towards Imperial d.d. Rab.
-  A new set of strategic goals until 2020 was presented during Valamar Riviera's Investors Day, which include i) HRK 1.5-2 billion investments in the current portfolio, ii) a steady growth of the EBITDA margin to 35-38%, and iii) attractive and sustainable dividends to the shareholders.
-  Valamar Riviera established a strategic cooperation with TUI Northern Europe Limited, TUI UK, and TUI Nordic Holding AB. This agreement includes the branding of the Family Life Bellevue Resort 4* in Rabac as the first Family Life concept in Croatia according to TUI's standards as well as a three-year cooperation (seasons 2017-2019). Valamar Riviera also concluded an allotment contract with DER Touristik Köln GmbH for a three-year period (seasons 2017-2019) with occupancy guarantee. With this agreement the occupancy of the new 4* resorts will be additionally ensured.
-  Valamar Riviera continues with its 2017 investments according to plan: they amount to over HRK 750 million and represent the largest annual investment in the company's portfolio. For the most part, they include investment projects for the Family Life Bellevue Resort 4* and Girandella Resort 4* in Rabac, and the continuation. The rest includes projects aiming at upgrading campsites towards the Premium segment and a range of smaller investments in improving quality and operating efficiency.
-  Valamar Riviera's continued investment efforts in improving the quality of its products and services was recognized through numerous awards and certificates: Croatia's Leading Resort, Croatia's Leading Boutique Hotel, Croatia's Leading Hotel i Croatia's Leading Business Hotel - World Travel Awards; Camping2be 2016 Award - Camping2be.com; TOP 10 Premium Resort Meeting Hotels - Kongres magazine; Croatia's Best Campsites - KUH; 2016 Travellers' Choice Award i 2016 Certificate of Excellence - Tripadvisor; Best Camping 2016 - ADAC; Best Campsite - ANWB; Camping Award 2016 - DCC Europa Preis; Les plus beaux campings d'Europe - Le monde du plein air Caravane - Camping; HolidayCheck Quality selection 2016 - HolidayCheck; 2016 Certificate of Excellence - Hotels.com.
-  You can find the press release on Valamar Riviera's new corporate website (link: valamar-riviera.com/en/3Q2016)

OUTLOOK

- ☀ In the business year 2016, we expect to achieve consolidated operating revenues ranging from HRK 1,460 million to HRK 1,475 million (in 2015: HRK 1,294 million), representing a growth of 12.8% to 14.0% (HRK 166 million to HRK 181 million).
For more details, see “Outlook 2016” on page 18.
- ☀ In the business year 2016, expected EBITDA will range from HRK 500 million to HRK 515 million (in 2015: HRK 423 million) representing an increase of 18.1% to 21.6% (HRK 77 million to HRK 92 million) thus realizing an expected EBITDA margin between 33.9% and 35.3% compared to 32.7 % in 2015.
For more details, see “Outlook 2016” on page 18.
- ☀ According to our strategic goals until 2020, the preparation of investment projects is well under way. The projects aim at improving the portfolio facilities, amenities and services; but further investment potential is hindered by the still unresolved issue of tourism land, VAT and the rate of total contributions to salaries which are both one of the highest on the Mediterranean.
For more details, see “Investments 2016” on page 20 and “Investments 2017” on page 22.
- ☀ Following the successful acquisitions of the Baška hotel group on the island of Krk and the Imperial hotel group on the island of Rab, we are considering further expansion by pursuing new partnership and acquisition opportunities in Croatia and abroad.

Cava Beach, Dubrovnik



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SIGNIFICANT BUSINESS EVENTS

Valamar Riviera is the leading Croatian tourism company and one of the leading tourism groups in the Republic of Croatia. It is one of the largest investors in Croatian tourism and hospitality, with investments reaching HRK 3 billion in the last 13 years. It owns two brands: Camping Adriatic and Valamar Hotels and Resorts. In October 2016 Valamar Riviera acquired 40.08% of Imperial d.d. Rab. After the acquisition process is finalized the Group will be present in five attractive destinations along the Adriatic coast, from Istria and Kvarner to Dubrovnik, and will manage about 12 per cent of categorized tourist accommodation. With the Imperial hotel group Valamar Riviera's portfolio of hospitality properties will include thirty hotels and resorts and fifteen camping resorts. It will accommodate more than 50,000 guests per day in over 20,000 accommodation units, which will confirm its status as the largest tourism group in Croatia in terms of accommodation capacity. Valamar Riviera promotes the interests of all its stakeholders: guests, suppliers and partners, local communities and destinations, around 21,000 shareholders, over 4,400 people employed during peak season and society at large. The stakeholders' interests are actively promoted through Valamar Riviera's principles of sustainable growth, development and corporate social responsibility. The company aims at growing and developing further through portfolio investments, pu-rsuing new acquisitions and partnerships, developing its destinations and human resources, as well as increased operational efficiency.

On 31 March 2016, pursuant to the decision of the Commercial Court in Pazin, the company Hoteli Baška d.d. was merged with the company Valamar Riviera d.d. Accordingly, Valamar Riviera became the universal successor to Hoteli Baška. Since Valamar Riviera was the sole shareholder of Hoteli



Baška, Valamar Riviera's General Assembly was not held pursuant to Article 531(1) of the Companies Act. Please note that on 13 January 2016, the subsidiaries Baškaturist d.o.o., Mirta Baščanska d.o.o., and Vala Baščanska d.o.o., where Valamar Riviera held 100% stake, were merged with the subsidiary Hoteli Baška d.d.; following the mergers, Valamar Riviera d.d. became Hoteli Baška d.d.'s sole shareholder. The consolidation of the portfolio of hospitality properties, management and shareholding structure into a single strategic company has allowed for a more transparent corporate governance and streamlined operations, as well as giving additional boost to the balance sheet assets. In destination Baška Valamar Riviera sees a clear potential for applying the experience gained in its other destinations. Continual investments in employees, products, services and experiences have created a new shareholder value. With this merger was created an additional value from the synergy of the two companies for both the Hoteli Baška employees and the local community. In the forthcoming period, the key activities will be focused on planning and elaborating future investments in destination Baška, and developing the whole destination Krk where Valamar Riviera has taken over the leading position.

On 27 April 2016, Valamar Riviera's General Assembly was held, during which the following was stated:

- In 2015 Valamar Riviera d.d.'s realized profit was HRK 105,854,201.03, out of which HRK 5,292,710.05 was allocated to legal reserves and HRK 100,561,490.98 to retained profit;
- The Management Board members were given a note of release in relation to the management of Valamar Riviera's business in 2015, and Supervisory Board Members were given a note of release in relation to the supervision of Valamar Riviera's business management in 2015;
- The dividend was set at HRK 0.60 (sixty lipa) per share, to be paid out to shareholders from the retained profits made in 2013 and Valamar Riviera's treasury shares (on 27 May 2016 the shareholders who opted so received their dividend in rights, i.e. Company shares);
- The audit firm KPMG Croatia d.o.o. za reviziju, Zagreb was appointed as Valamar Riviera d.d.'s auditor in 2016;
- Other Decisions amending the Statute were adopted.

During its session on 5 March 2016, the Supervisory Board approved a HRK 196.7 million investment in the Family Life Bellevue Resort 4* in Rabac to be realized for season 2017. Furthermore, approval was given to establish a strategic cooperation with TUI Northern Europe Limited, TUI UK, and TUI Nordic Holding AB. The purpose of this cooperation is the branding of the Family Life Bellevue Resort as the first Family Life concept in Croatia according to TUI's standards and ensuring a three-year cooperation (seasons 2017-2019) with occupancy guarantee. Over a period of three years, TUI plans to bring about 80,000 guests, thus ensuring over 400,000 overnights, primarily by creating new air travel markets.

Valamar Riviera has concluded an allotment contract with DER Touristik Köln GmbH for a three-year period (seasons 2017-2019) with occupancy guarantee. With this agreement the occupancy of the new Valamar Girandella Resort 4* will be further ensured. The two projects, Family Life Bellevue Resort 4* and Valamar Girandella Resort 4*, are part of a strategic development plan to reposition destination Rabac as a 4* vacation destination in the period from 2016 to 2018, for which a EUR 56 million investment framework has been planned. This autumn and winter HRK 400 million will be invested in destination Rabac in order to upscale the category and overall service to a 4* level. With these investments, Valamar Riviera creates new value for the whole destination: besides new job openings, this will have a positive impact on the guest structure and product quality, not to mention the standard of living and quality of life in the destination.

On 23 March 2016 Valamar Riviera concluded a Credit agreement with the Croatian Bank for Reconstruction and Development for the amount of EUR 24,291,114 (in HRK equivalent) maturing in 2033. The Supervisory Board approved the credit agreements with the Croatian Bank for Reconstruction and Development for the amount of EUR 43,639,490 and Raiffeisenbank Austria d.d. Zagreb for a maximum amount up to EUR 38,000,000 at its session held on 27 October 2016. These funds are earmarked for financing the 2017 investments which includes the following projects: Valamar Girandella Resort 4*, campsite Krk, campsite Ježevac,



campsite Škrila, Family Life Bellevue Resort 4*, campsite Lanterna and campsite Marina.

On 30 June 2016, pursuant to the decision of the Commercial Court in Pazin, the company Bastion upravljanje d.o.o. merged with the company Valamar Riviera d.d. Accordingly, Valamar Riviera d.d. became Bastion upravljanje d.o.o.'s universal successor.

On 20 September 2016 Valamar Riviera concluded a Purchase and Transfer Agreement with the Republic of Croatia, the State Agency For Deposit Insurance And Bank Resolution, the Croatian Pension Insurance Institute and the Restructuring And Sale Center for the acquisition of Imperial d.d.'s shares. On 12 October 2016, the company acquired 318,446 shares (HRK 819 per share) upon payment of the contracted amount of HRK 260,807,274. The acquired shares represent 50.08% of Imperial d.d. share capital. Valamar Riviera has also concluded a Cooperation Agreement with AZ d.o.o. društvo za upravljanje obveznim mirovinskom fondom (a mandatory pension fund management company) from Zagreb, acting in its own name and on behalf of the mandatory pension funds it manages (category A and B). With this agreement the two companies establish joint action towards Imperial d.d. Rab, and pursuant to its provisions, on 13 October 2016 Valamar Riviera transferred 63,586 Imperial d.d.'s shares to AZ d.o.o. The transferred shares represent 10% of Imperial d.d. share capital, while Valamar Riviera retains the other 40.08%.

¹ Restructuring and Sale Centre is a legal entity with public authorities that performs professional activities in the scope and competence stipulated under the Law on

management and disposal of assets owned by Republic of Croatia and other regulations.

The Company's Management Board hereby presents the quarterly financial statements for the third quarter of 2016 (from 1 July to 30 September 2016) and for the first nine months of 2016 (from 1 January 2016 to 30 September 2016). These statements must be viewed in the context of the mentioned merger-related changes, and they provide information on the state of the Company and Group, as well as significant events.

The Company's income statement for the reviewed period includes the merged company Valamar hoteli i ljetovališta d.o.o. data for the period following the merger, i.e. as of 28 February 2015, Bastion upravljanje d.o.o. data for the period following the merger i.e. 1 July 2016, as well as the data for the merged company Hoteli Baška d.d. for the period following the merger, i.e. as of 1 April 2016. Please note that the 2016 data are not fully comparable to the data for the previous period, as the latter do not include, until the time of the merger, the data for the merged companies Valamar hoteli i ljetovališta d.o.o., Bastion upravljanje d.o.o. and Hoteli Baška d.d

The Group's income statement for the reviewed period includes the data for the following companies: Puntičela d.o.o., Bastion upravljanje d.o.o., Elafiti Babin kuk d.o.o., Magične stijene d.o.o., Palme turizam d.o.o., Pogača Babin Kuk d.o.o., Bugenvilia d.o.o., and Hoteli Baška d.d. (merged on 31 March 2016), while the data for the companies Mirta Bašćanska d.o.o., Vala Bašćanska d.o.o., and Baškaturist d.o.o. are included until the day of their merger to the company Hoteli Baška d.d. (until 13 January 2016). Thus, the data for 2016 are not fully comparable to the data for the previous period, as the latter do not include, until the date of consolidation (i.e. 1 July 2015) the data for the following companies: Hoteli Baška d.d., Mirta Bašćanska d.o.o., Vala Bašćanska d.o.o., and Baškaturist d.o.o.

Valamar Dubrovnik President 5*, Dubrovnik



RESULTS OF THE GROUP

Key financial indicators of Valamar Riviera Group²

(in HRK)	1 - 9/2015	1 - 9/2016	2016/2015
Total revenues	1,253,273,546	1,487,365,977	18.7%
Sales revenues	1,204,362,692	1,382,496,771	14.8%
Board revenues (accommodation and board revenues) ³	999,766,001	1,127,157,104	12.7%
Operating costs ⁴	651,000,016	739,558,085	13.6%
EBITDA ⁵	555,902,311	656,973,820	18,2%
Extraordinary operations result and one-off items ⁶	-2,410,902	7,721,543	/
Adjusted EBITDA ⁷	558,313,213	649,252,277	16.3%
EBIT	377,241,242	459,598,404	21.8%
Adjusted EBIT ⁷	379,652,144	451,876,861	19.0%
EBT	344,893,157	497,244,496	44.2%
EBT margin	28.2%	35.4%	720 bp
EBITDA margin	45.5%	46.7%	120 bp
Adjusted EBITDA margin ⁷	45.7%	46.2%	50 bp

	31/12/2015	30/9/2016	2016/2015
Net debt ⁸	1,082,520,078	759,204,723	-29.9%
Cash and cash equivalents	318,755,282	653,431,032	105.0%
Market capitalization ⁹	2,970,629,728	4,241,544,129	42.8%
EV ¹⁰	4,053,149,806	5,000,748,852	23.4%
DPS ¹¹	0.55	0.60	9.1%

² Classified according to the Quarterly Business Financial Statement (TFI POD-RDG). EBIT, EBITDA and their respective margins and EBT margin are recorded on the basis of operating income.

³ In compliance with the classification under the USALI international standard for reporting in hotel industry (Uniform System of Accounts for the Lodging Industry).

⁴ Operating costs include material costs, staff costs, other costs, and other operating costs reduced by extraordinary expenses and one-off items.

⁵ EBITDA (eng. earnings before interest, taxes, depreciation and amortization) is calculated as: operating income - total operating costs + depreciation and amortisation + value adjustments.

⁶ The adjustment includes (+) extraordinary income and (-) expenses in accordance with the USALI standard classification and (-) one-off termination benefit costs and (-) administrative costs related to the process of merger and business reorganisation.

⁷ Adjusted by the result of extraordinary operations and one-off items.

⁸ 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.

⁹ The number of shares as at 30 September 2016 net of treasury shares amounts to 124,203,342, while per 31 December 2015 amounts to 124,190,206.

¹⁰ EV refers to enterprise value; calculated as market capitalization + net debt.

¹¹ DPS refers to dividends per share.

Key business indicators of Valamar Riviera Group

	1 - 9/2015	1 - 9/2016	2016/2015
Number of accommodation units (capacity)	17,783	18,072	1.6%
Accommodation units sold	2,006,275	2,152,050	7.3%
Overnights	4,567,926	4,926,274	7.8%
ADR ¹² (in HRK)	498	524	5.2%
RevPAR ¹³ (in HRK)	56,219	62,370	10.9%

In the first nine months of 2016 the Group delivered strong results reporting a 15% increase in operating revenues totaling HRK 1,406 million. A number of factors contributed to this: i) continual investments in raising the competitive edge and the quality of services and products, ii) focus on excellence in sale, marketing and revenue management, iii) the strategic acquisition of the Baška companies, and iv) continual efforts in developing destinations, products and value-added services.

In responding to the increased demand for hospitality products and services, Valamar Riviera was guided by adopted strategic initiatives and the best practices of business excellence. By optimizing distribution, sales channels and marketing segments, the average daily rate increased by 5.2% to HRK 524, while the total number of units sold was 2,152,050 (or 145,775 over prior year results).

Despite i) the increased business volume, ii) the year-round consolidation of the Baška companies, and iii) the inclusion of calculated cost of salaries (remunerations) in the third quarter of 2016 (fourth quarter in the prior year), operating costs were actively managed and remained under control, thus reporting a 13.6% growth. Excluding these calculated costs and costs generated by destination Baška during the first six months of 2016, operating costs reported an almost

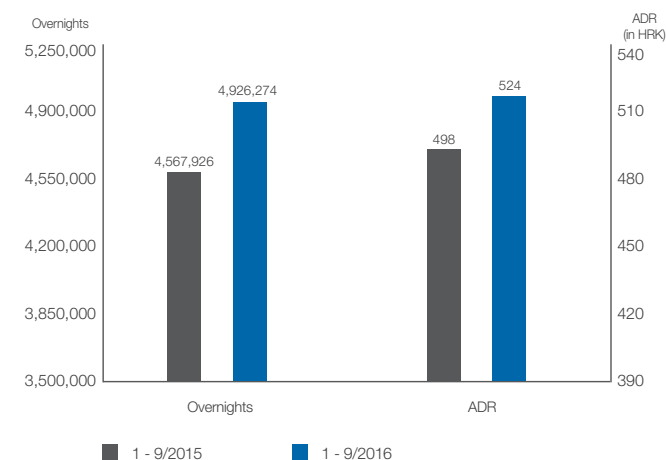
twice as low growth rate (8.2%) compared to operating revenues growth.

Increased profitability was the result of a more efficient business activity, excellent market feedback on sales and marketing strategies and increased business volume. EBITDA grew by 18.2% (or: HRK 101.1million) totaling HRK 657.0 million. Adjusted EBITDA¹⁴ grew by 16.3% totaling HRK 649.3 million. Operating profit grew by 21.8% and totaled HRK 459.6 million, while the Group's gross profit grew by 44.2% and totaled HRK 497.2 million (HRK 344.9 million in 2015). Following these trends, the EBIT margin was 35.4%, or grew by 720 basis points.

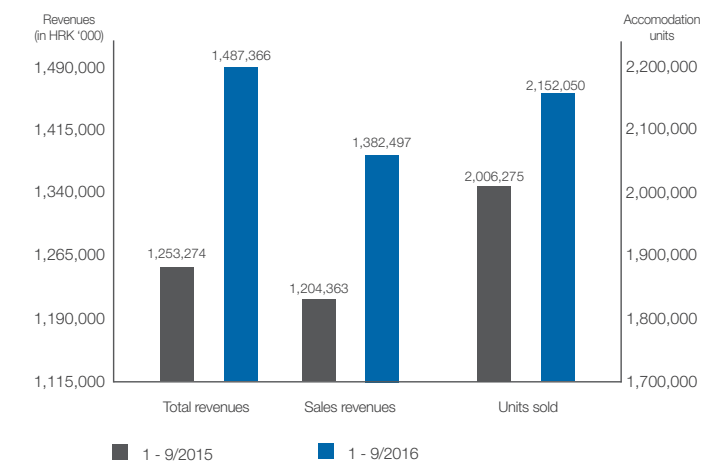
M.I.C.E.¹⁵ events in the pre-season period contributed to increased operating efficiency. Firstminute sales created a better basis for the management of sales channels and boosted start bookings in May and June. An optimal control of the group channel boosted the individual channel in May. In June southern destinations reported a decrease in groups (due to an unfavorable holiday spread) which was compensated by the M.I.C.E. segment and supported by growth in other sales channels. Peak season saw an improvement in distribution and price management, sales channels and sales activities. An active optimization of allotment occupancy and prices resulted in a 16% growth in the individual segment which usually carries higher average rates.

period of last year), (ii) extraordinary expenses (in the amount of HRK 7.7 million in the first nine months of 2016, and HRK 5.7 million in the comparative period of the last year), and (iii) termination benefit costs (in the amount of HRK 1.9 million in the first nine months of 2016, and HRK 10.4 million in the comparative period of the last year). Extraordinary operations result and one-off items amounted to HRK 7.7 million in the first nine months of 2016, and HRK -2.4 million in the

Overnights and ADR



Revenues and accommodation units sold



comparative period of 2015.
¹⁵ M.I.C.E. = Meetings, incentives, conferencing, exhibitions.

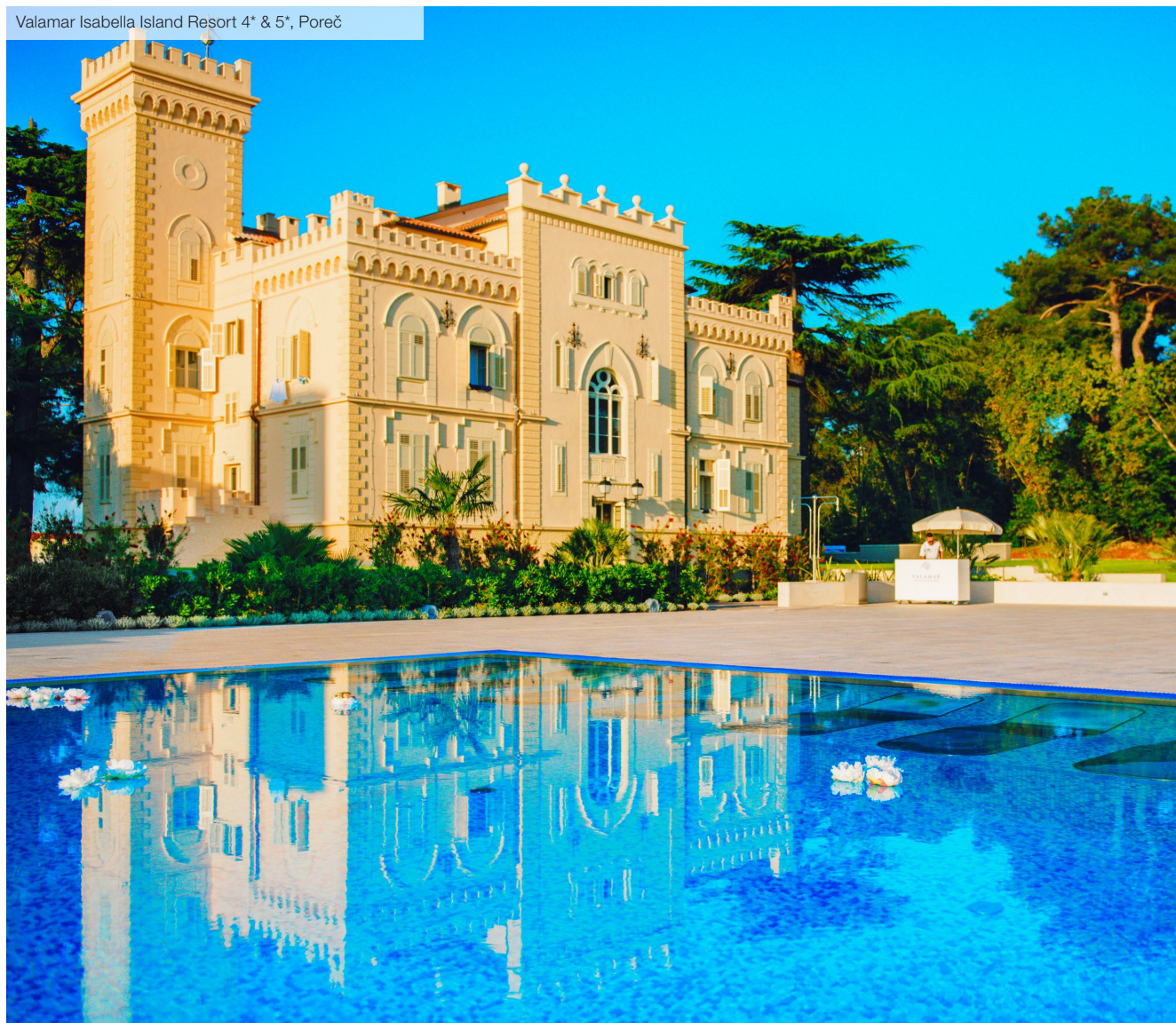
¹² Average daily rate is recorded on the basis of board revenues (accommodation and board's food and beverage revenues).

¹³ Revenue per accommodation unit is recorded on the basis of cumulative board revenues (accommodation and board's food and beverage revenues).

¹⁴ Adjustments were made for (i) extraordinary income (in the amount of HRK 17.3 million in the first nine months of 2016, and HRK 13.7 million in the comparative

During the first nine months, board revenues grew by HRK 127.4 million and totaled HRK 1,127.2 million. Sales revenues grew by HRK 178.1 million and totaled HRK 1,382.5 million. This resulted from a 12.7% increase in board revenues, a 27% increase in outlet revenues and a 45% increase in the revenue of other operating departments (laundry, travel agency, equipment-renting services, etc.). The national sales revenues totaled HRK 101.1 million and represented 6.8% of total revenues (7.4% in 2015). They reported a 9.5% increase over prior comparable period results. International sales revenues totaled HRK 1,281.3 million and represented 86.1% of total revenues (88.7% in 2015). They reported a 15.2% increase over prior comparable period results. Other operating and financial income represented 7.1% of total revenues (3.9% in 2015). The 26.1% increase in other operating revenues resulted from the one-off income received from cancelling provisions related to legal disputes. Financial income reported a HRK 51.1 million growth, which is mainly due to share portfolio sales and exchange rate gains. As a result, total revenues grew by HRK 234.1 million and totaled HRK 1,487.4 million.

Valamar Isabella Island Resort 4* & 5*, Poreč



Total operating expenses of Valamar Riviera Group¹⁶

(in HRK)	1 - 9/2015	1 - 9/2016	2016/2015
Operating costs ⁴	651,000,016	739,558,085	13.6%
Total operating expenses	845,691,525	946,313,694	11.9%
Material costs	332,950,244	359,946,104	8.1%
Staff costs	238,514,510	288,972,289	21.2%
Depreciation and amortisation	177,949,360	197,103,933	10.8%
Other costs	87,024,041	89,863,787	3.3%
Provisions and value adjustments	711,709	271,483	-61.9%
Other operating expenses	8,541,661	10,156,098	18.9%

During the first 9 months of 2016 total operating expenses grew by 11.9%. Several factors contributed to this: increased business volume, the consolidation of the Baška companies (1 January 2016), and the inclusion of calculated cost of salaries (remunerations) in the third quarter of 2016 (fourth quarter in 2015). Excluding these calculated costs and costs generated by destination Baška during the first six months of 2016 for comparability's sake, operating expenses reported a low 6.2% growth. This confirmed the continual positive trends in operating efficiency, management consolidation and restructuring at all levels of Valamar Riviera.

Material costs grew by 8.1% and totaled HRK 359.9 million, representing 38.0% of total operating expenses (39.4% in 2015), which was largely due to increased business volume. Staff costs totaled HRK 289.0 million, representing 30.5% of total operating expenses (28.2% in 2015). The 21.2% increase in staff costs during the first 9 months of 2016 was due to several factors: i) longer operating period of properties, ii) takeover of the Baška companies' staff, iii) inclusion of calculated cost of salaries (remunerations) in the third quarter of 2016 (fourth quarter in 2015), and iv) salary increase (a 2% salary increase in June 2016, a 1.5% salary increase and 0.5% salary increment for years of service in June 2015). Amortization and

depreciation totaled HRK 197.1 million (HRK 177.9 million in 2015), and represented 20.8% of total operating expenses (21.0% in 2015). Their 10.8% growth was due to a wider consolidation scope and the previously realized intensive investment cycle. Other operating expenses were HRK 10.2 million, and their 18.9% growth resulted from the operating expenses of previous years. Value adjustments decreased by HRK 440 thousand and totaled HRK 271 thousand. Other costs grew by 3.3% or HRK 2.8 million primarily due to this year's Baška operations.

In the first nine months of 2016 financial income grew by HRK 51.1 million over prior comparable period results and totaled HRK 81.5 million. Other financial income reported the strongest growth, and rose by HRK 36.3 million, which was mostly due to the Group share portfolio sales totaling HRK 35.2 million. Interest income, foreign exchange differences, dividend and similar third-party related income grew by HRK 10.7 million. Exchange rate gains from settled unrealized balance sheet items and loan payments reported the strongest growth of HRK 9.4 million because of a 2% stronger HRK in relation to the EUR during the first nine months of 2016. This contributed to the decrease in balance sheet liabilities denominated in EUR and disclosed in HRK. Despite the free cash funds growth in

the first 9 months of 2016 (compared to the same period in the previous year), a further reduction in market interest rates resulted in their mild HRK 0.3 million decrease. Unrealised income (gains) from financial assets grew by HRK 4.1 million, which was largely due to the valuation of EUR/HRK forward transactions contracted for 2016 as FX hedge.

Financial expenses decreased by HRK 18.9 million compared to the same period a year ago and totaled HRK 43.8 million, representing 4.4% of total expenses (6.9% in 2015). Interest, foreign exchange differences, and similar expenses from third parties decreased by HRK 24.7 million. The valuation of contracted IRSS and forwards in the first nine months of 2016 resulted in an additional HRK 2.8 million expense. Other financial expenses grew by HRK 3.0 million, out of which a HRK 0.9 million refers to the Group share portfolio sales. The most significant change compared to the same period a year ago is related to exchange rate losses from settling unrealized balance sheet items, which fell by HRK 31.6 million due to the said stronger HRK in relation to EUR. A HRK 7.7 million increase in interest expenses during the first nine months of 2016 was related to the increase of debt resulting from loans contracted for financing investments and the consolidation of the Baška companies (from 1 January 2016).

¹⁶ Classified according to the Quarterly Business Financial Statement (TFI POD-RDG).

Valuation of Valamar Riviera Group

	31/12/2015	30/9/2016	2016/2015
Average share price per	23.92	34.15	42.8%
Market capitalization (in HRK)	2,970,629,728	4,241,544,129	42.8%
EV (in HRK)	4,053,149,806	5,000,748,852	23.4%
DPS (in HRK)	0.55	0.60	9.1%
EV / Sales revenues	3.2x	3.6x	13.0%
EV / EBITDA	9.6x	7.6x	-20.7%
EV / Adjusted EBITDA	9.2x	7.7x	-16.3%
EV / EBIT	23.6x	10.9x	-53.9%
EV / Adjusted EBIT	21.7x	11.1x	-49.0%

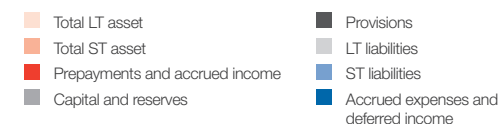
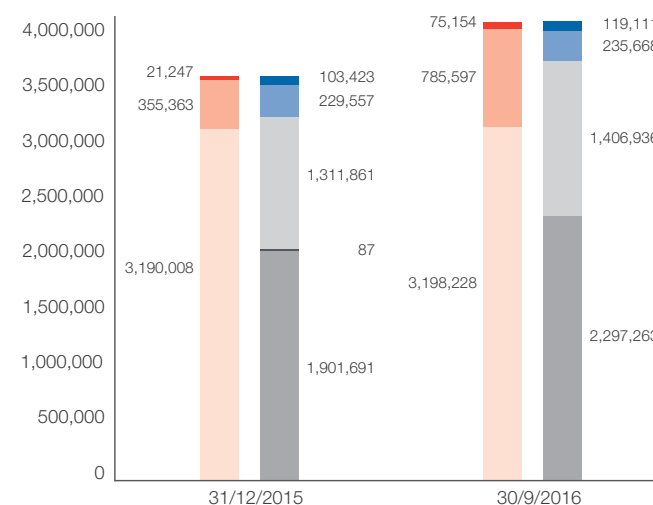
On 30 September 2016 the total value of the Group's assets was 13.8% higher compared to results on 31 December 2015. The total share capital and reserves grew by HRK 395.6 million, totaling HRK 2,297.3 million. This was mainly due to a HRK 393.7 million increase in generated profit. The total long-term liabilities were 5.6% higher and on 30 September 2016 total HRK 1,406.9 million due to arranged loans for financing investments. The total short-term liabilities were 2.7% higher than on 31 December 2015 and totaled HRK 235.7 million. This resulted from i) customary higher liabilities arising from advances from customers (increased by HRK 52.1 million), ii) trade payables (increased by HRK

28.3 million), iii) liabilities to employees (increased by HRK 11.8 million, due to wider consolidation scope and larger number of employees compared to 31 December 2015), iv) taxes, contributions and similar liabilities (increased by HRK 20.9 million), and v) current repayment of long-term debt (decrease of HRK 105.9 million).

Cash and cash equivalents on 30 September 2016 were 105% higher compared to 2015 year-end, totaling HRK 653.4 million. This strong cash potential from business activities and external borrowings is able to ensure a smooth continuation of future investments and potential acquisitions.

Assets and liabilities

Amount
(in HRK '000)



Key operating indicators of Valamar Riviera Group per segments¹⁷

HOTELS AND RESORTS	Total			Premium			Upscale			Midscale			Economy		
	1 - 9/2015	1 - 9/2016	2016/ 2015	1 - 9/2015	1 - 9/2016	2016/ 2015	1 - 9/2015	1 - 9/2016	2016/ 2015	1 - 9/2015	1 - 9/2016	2016/ 2015	1 - 9/2015	1 - 9/2016	2016/ 2015
Number of accommodation units	7,856	7,927	0.9%	1,037	1,037	0.0%	1,422	1,422	0.0%	3,048	3,112	2.1%	2,349	2,356	0.3%
Accommodation units sold	1,055,275	1,135,259	7.6%	149,854	177,036	18.1%	201,714	206,416	2.3%	408,358	451,331	10.5%	295,349	300,476	1.7%
Overnights	2,329,711	2,462,250	5.7%	306,413	344,390	12.4%	448,153	465,161	3.8%	892,840	974,975	9.2%	682,305	677,724	-0.7%
ADR (in HRK) ¹²	743	770	3.5%	1,136	1,180	3.9%	976	1,031	5.6%	711	713	0.2%	430	434	1.0%
Board revenues (in HRK)	784,507,397	873,876,123	11.4%	170,198,500	208,976,675	22.8%	196,905,278	212,715,413	8.0%	290,516,267	321,797,842	10.8%	126,887,351	130,386,193	2.8%

Hotels and resorts reported a strong board revenue growth of HRK 89.4 million with the Premium and Midscale segments being major drivers for the HRK 873.9 million board revenues total. These results were largely due to a sales mix optimization, investments in quality improvement of hospitality products and services, and the successful realization of a number of business and entertainment events in Dubrovnik and Poreč. It should be noted that this growth was partly influenced by the results of the Baška destination. Excluding them, the total board revenues for hotels and resorts reported a 10% growth.

The Premium segment reported the strongest growth in board revenues of 22.8% and totaled HRK 209.0 million, mainly due to an increase in accommodation units sold (i.e. 27,182 more, or 177,036 total). The Valamar Isabella Island Resort 4* & 5* was the main revenue driver – it reported a board revenue growth of over HRK 18 million, out of which HRK 12 million were realized through direct sales due to an active management of marketing segments. This, along with a longer operating period and M.I.C.E events contributed the Valamar Isabella Island Resort 4* & 5 high growth rates. The Daimler AG-Mercedes-Benz organized the M.I.C.E. event “Global Training Experience” at the Valamar Dubrovnik President 5* and the Valamar Lacroma 4* in the February-mid-April period and contributed to the prolongation of the operating period and high occupancy rates. The high-season growth of the Dubrovnik Premium segment was mainly due to the excellent positioning of the Valamar Dubrovnik President 5* in the individual channel. The adequate distribution of

marketing segments ensured the significant growth of the Valamar Lacroma 4*, mainly through allotment and M.I.C.E. placements.

The Upscale segment reported a HRK 15.8 million board revenue growth. The increased average daily rate and number of accommodation units sold (5.6% and 2.3% respectively) contributed to board revenues amounting to HRK 212.7 million. The Valamar Club Tamaris 4* owed its strong results to a successful firstminute allotment distribution and a stronger individual sales channel which was responsible for over two thirds of the total growth. The increase in the individual segment and occupancy contributed to a significant growth of Hotel & Casa Sanfior 4*. The management of the marketing segments and prices received a good marketing feedback and boosted the individual segment of the Valamar Zagreb 4* which in turn performed a high growth. Similarly, The Valamar Riviera 4* hotel owed its robust performance and high occupancy primarily to an increase in capacity, since 10 new accommodation units have been added.

The Midscale segment of hotels and resorts reported a growth of HRK 31.3 million and contributed to a large extent to the total board revenue growth. The HRK 321.8 million board revenues were partially influenced by the business done in destination Baška during the first half-year of 2016. Excluding Baška, the Midscale board revenues growth exceeded HRK 14 million. The main revenue drivers were the Valamar Diamant 4* and the Valamar Club Dubrovnik 3*. The prolonged

operating period during which the hotels remained open, the new multifunctional hall which was an important feature for the M.I.C.E. channel as well as an improved realization of the group channel during the season resulted in a significant increase in the business volume and strong growth of the Valamar Diamant 4* board revenue. On the other hand, the Valamar Club Dubrovnik 3* grew in all its marketing segments due to an adequate placement of allotments and group. The Valamar Crystal 4* grew further mainly because of a strategic shift towards long-term charter partners which ensured additional occupancy through flights to Istria during the shoulder season. The competitive price policy in defined periods which was focused mainly on occupancy resulted in increased board revenues in the Valamar Rubin 3*. The Allegro and the Miramar 3* in destination Rabac reported strong growth mainly due to a significant increase of the individual channel and adequate group and allotment placement in the pre-season.

The Economy segment of hotels and resorts reported HRK 130.4 million in board revenues, representing a 2.8% increase. The Pical 3* board revenue increase was the result of a stronger individual sales channel, and an active price management, both contributing to a higher average daily rate. The Tirena 3* results grew due to the performance of the individual sales channel and optimal allotment placement. An increased group volume and pre-season events led to Lanterna's 2* increased board revenue. Fewer operating days reduced the Girandella Tourist Village 2* occupancy, although board revenues remained the same due to increased average daily rates.

comparison of the new portfolio segmentation is on page 17.

¹⁷ According to the classification under the USALI international standard for reporting in hotel industry (Uniform System of Accounts for the Lodging Industry). Business operations of Baška properties are included for the period

January – September 2016, while in the comparable period of 2015 are included in the period July - September 2015. Destination Pula - Puntizela business is included in destination Poreč. A detailed

Key operating indicators of Valamar Riviera Group per segments (continued)¹⁷

CAMPING RESORTS	Total			Premium			Upscale			Midscale			Economy		
	1 - 9/2015	1 - 9/2016	2016/ 2015	1 - 9/2015	1 - 9/2016	2016/ 2015	1 - 9/2015	1 - 9/2016	2016/ 2015	1 - 9/2015	1 - 9/2016	2016/ 2015	1 - 9/2015	1 - 9/2016	2016/ 2015
Number of accommodation units	9,928	10,145	2.2%	475	511	7.6%	4,449	4,437	-0.3%	3,378	3,387	0.3%	1,626	1,810	11.3%
Accommodation units sold	951,000	1,016,791	6.9%	64,619	67,535	4.5%	442,985	465,767	5.1%	305,983	331,484	8.3%	137,413	152,005	10.6%
Overnights	2,238,215	2,464,024	10.1%	185,968	197,294	6.1%	1,068,572	1,194,363	11.8%	664,666	717,211	7.9%	319,009	355,156	11.3%
ADR (in HRK) ¹²	226	249	10.0%	289	362	24.9%	245	280	14.4%	203	209	2.7%	190	193	1.9%
Board revenues (in HRK)	215,258,604	253,280,981	17.7%	18,700,138	24,419,347	30.6%	108,366,983	130,335,205	20.3%	62,109,356	69,116,362	11.3%	26,082,126	29,410,067	12.8%

Camping resorts reported HRK 253.3 million in total board revenue. The HRK 38.0 million increase was due to the strong market feedback that the newly invested properties received and to a lesser extent, to the results of the Baška camping resort operations in the first half of 2016. Excluding the Baška operations results, the total camping resort board revenues grew by high 15%.

The Premium segment of camping resorts includes the Krk 5* campsite, which reported a strong 30.6% board revenue growth totaling HRK 24.4 million. This growth resulted from a HRK 73 increase in the average daily rate due to this years' investment in new mobile homes, improved quality and

service as well as intensive promotional activities.

A 14.4% increase of the average daily rate in the Upscale segment of camping resorts resulted in a HRK 22.0 million increase in board revenues. The campsite Lanterna 4* contributed mostly to the reported board revenues totaling HRK 130.3 million. The leading Istrian camping resort owed its 24% growth in board revenues to investments in new mobile homes, quality and service improvement and promotional activities. The two campsites, Marina 4* and Ježevac 4*, owed their increased board revenues to a higher daily average rate. This years' Bunculuka 4* business performance contributed to stronger Upscale results totaling

HRK 3.2 million in additional board revenues.

The camping resort Midscale segment reported a HRK 69.1 million board revenues. The Zablacé 3* campsite year-round consolidation contributes to 11.3% increase in board revenues. This is because early Easter holidays do not benefit camping operations and cause fewer operating days and lower board revenues.

The Economy segment reported HRK 29.4 million in board revenues. The HRK 3.3 million increase is mainly attributed to investments in the Brioni 2* campsite and the new Tunarica 2* campsite operations.

Key operating indicators of Valamar Riviera Group per destinations¹⁷

DESTINATION	Poreč			Rabac			Krk			Dubrovnik		
	1 - 9/2015	1 - 9/2016	2016/ 2015	1 - 9/2015	1 - 9/2016	2016/ 2015	1 - 9/2015	1 - 9/2016	2016/ 2015	1 - 9/2015	1 - 9/2016	2016/ 2015
Number of accommodation units	10,592	10,632	0.4%	1,913	2,065	7.9%	3,318	3,414	2.9%	1,961	1,961	0.0%
Accommodation units sold	1,153,379	1,192,839	3.4%	247,831	252,544	1.9%	344,869	423,473	22.8%	260,196	283,194	8.8%
Overnights	2,648,509	2,813,257	6.2%	571,939	590,167	3.2%	844,211	991,139	17.4%	503,267	531,711	5.7%
ADR (in HRK) ¹²	434	469	8.1%	560	579	3.3%	379	387	2.0%	884	912	3.1%
Board revenues (in HRK)	500,129,623	558,985,247	11.8%	138,781,641	146,117,945	5.3%	130,742,438	163,772,689	25.3%	230,112,299	258,281,223	12.2%

Destination Poreč reported HRK 559.0 million in board revenues. The growth of average daily rate by 8.1% and number of accommodation units sold of 3.4% resulted in a HRK 58.9 million increase in board revenues. The most significant contribution to the board revenue growth in this destination was attributed to the excellent performance of the Valamar Isabella Island Resort 4* & 5*, the Lanterna 4* campsite and the Valamar Diamant 4* hotel.

Destination Rabac owed its HRK 7.3 million increase in board revenue to a HRK 19 increase in the average daily rate and more accommodation units sold (+4,713). The reported HRK 146.1 million in board revenues was mostly attributed to the strong performance of the Hotel & Casa Valamar Sanfior 4*, the Allegro hotel 3* and the Miramar hotel 3*, as well as the Marina campsite 4*.

Destination Krk reported board revenues amounting to HRK 163.8 million, mainly due to the destination Baška 2016 yearlong consolidation. Excluding the performance of hotels, resorts and camping resorts in destination Baška, board revenues rose by 10.8%, while the rest of the growth is mainly due to the strong performance of the Krk camping resort 5*.

Destination Dubrovnik reported a 3.1% growth in the average daily rate and an 8.8% rise in accommodation units sold. This resulted in a HRK 28.2 million increase in board revenues, totaling HRK 258.3 million, mostly due to the excellent performance of two hotels: the Valamar Dubrovnik President 5* and the Valamar Lacroma 4* .

Camping Lanterna 4*, Poreč



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

Hotels and Resorts Overview

	Categorization		Segment		Destination
	2015	2016	2015	2016	
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 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
Valamar Bellevue Hotel & Residence Albona	****	****	Midscale	Midscale	Rabac
Allegro Hotel	***	***	Midscale	Midscale	Rabac
Miramar Hotel	***	***	Midscale	Midscale	Rabac
Hotel Corinthia ¹⁸	***	***	Midscale	Midscale	Island of Krk
Zvonimir Hotel, Atrium & Villa Adria ¹⁸	**** / *****	**** / *****	Midscale	Midscale	Island of Krk
Valamar Koralj Romantic Hotel	***	***	Midscale	Midscale	Island of Krk
Valamar Club Dubrovnik	***	***	Midscale	Midscale	Dubrovnik
Naturist Resort Solaris	***	***	Economy	Economy	Poreč
Pical Hotel	***	***	Economy	Economy	Poreč
Tirena Hotel	***	***	Economy	Economy	Dubrovnik
Girandella Tourist Village	**	**	Economy	Economy	Rabac
Lanterna Apartments	**	**	Economy	Economy	Poreč
Marina Hotel & Mediteran Residence	**	**	Economy	Economy	Rabac

Camping Resorts Overview

	Categorization		Segment		Destination
	2015	2016	2015	2016	
Camping Krk	*****	*****	Premium	Premium	Island of Krk
Camping Ježevac	****	****	Upscale	Upscale	Island of Krk
Camping Lanterna	****	****	Upscale	Upscale	Poreč
Camping Marina	****	****	Upscale	Upscale	Rabac
Camping Camping Bunculuka ¹⁸	****	****	Upscale	Upscale	Island of Krk
Camping Orsera	***	***	Midscale	Midscale	Poreč
Camping Resort Solaris	***	***	Midscale	Midscale	Poreč
Camping Zablaće ¹⁸	***	***	Midscale	Midscale	Island of Krk
Camping Škrila	***	***	Midscale	Midscale	Island of Krk
Camping Solitudo	***	***	Midscale	Midscale	Dubrovnik
Naturist Camping Istra	***	**	Economy	Economy	Poreč
Camping Brioni	**	**	Economy	Economy	Pula - Puntizela
Camping Tunarica	**	**	Economy	Economy	Rabac

¹⁸ Business operations of Baška properties are included for the period January – September 2016, while in the comparable period of 2015 are included in the period July - September 2015.

2016 OUTLOOK

In the business year 2016, we expect to achieve consolidated operating revenues ranging from HRK 1,460 million to HRK 1,475 million (in 2015: HRK 1,294 million), representing a growth of 12.8% to 14.0% (HRK 166 million to HRK 181 million).

In the business year 2016, expected EBITDA will range from HRK 500 million to HRK 515 million (in 2015: HRK 423 million) representing an increase of 18.1% to 21.6% (HRK 77 million to HRK 92 million) thus realizing an expected EBITDA margin between 33.9% and 35.2% compared to 32.7 % in 2015.

Our outlook is based on (i) the results achieved in the first nine months of 2016; (ii) the operating revenues generated by 20 October 2016; (iii) booking in the books (representing 99.2% of the realized and estimated 2016 accommodation revenues recorded in the books); (iv) forecasts for fourth-quarter results; and (v) the absence of significant adverse changes of the risks to which the Company and the Group are exposed.

Outlook statements are based on currently available information, current assumptions, forward-looking expectations and projections. This outlook is not a guarantee of future results and is subject to future events, risks, and uncertainties, many of which are beyond the control of, or currently unknown to Valamar Riviera, as well as potentially incorrect assumptions that could cause the actual results to materially differ from the said expectations and forecasts. Risks and uncertainties include, but are not limited to the ones described in the chapter "Risks of the Company and the

Group". Materially significant deviations from the 2016 outlook may arise from changes in circumstances, assumptions not being realized, as well as other risks, uncertainties, and factors, including:

- Macro-economic trends in the Republic of Croatia and in the source markets, including currency exchange rates fluctuations and prices of goods and services, deflation and inflation, unemployment, trends in the gross domestic product and industrial production, as well as other trends having a direct or indirect impact on the purchasing power of Valamar Riviera's guests;
- Economic conditions, security and political conditions, trends and events in the capital markets of the Republic of Croatia and Valamar Riviera's feeder markets;
- Spending level and disposable income of guests, their trust in Valamar Riviera, and satisfaction with Valamar Riviera's products and services;
- Trends in the number of overnights and bookings, trends in the daily rates of accommodation units in Valamar Riviera's facilities;
- Trends in the Croatian Kuna exchange rate in relation to world currencies (primarily the Euro), change in market interest rates, change in the price of equity securities, and other financial risks to which Valamar Riviera is exposed;
- Labour force availability and costs, transport, energy, and utilities costs, selling prices of fuel and other goods and services, as well as supply chain disruptions;
- Changes in accounting policies and findings of financial report audits, as well as findings of tax and other business audits;



- Outcomes and costs of judicial proceedings to which Valamar Riviera is a party;
- Loss of competitive strength and reduced demand for products and services of Croatian tourism and Valamar Riviera under the impact of weather conditions and seasonal movements;
- Reliability of IT business solutions and cyber security of Valamar Riviera's business operations, as well as related costs;
- Changes of tax and other regulations and laws, trade restrictions, and rates of customs duty;
- Adverse climatic events and environmental risks.

Should materially significant changes to the stated outlook for the business year 2016 occur, Valamar Riviera shall immediately inform the public thereof, in compliance with Article 459 of the Capital Market Act. Given outlook statements are not an outright recommendation to buy, hold or sell Valamar Riviera's shares.

RESULTS OF THE COMPANY

It should be noted that the data provided in the current year's financial statements are not fully comparable to prior comparable period data because of the said merger process. The items in the prior comparable period until the time of the merger, that is i) until 27 February 2015 do not include the data for the merged company Valamar hoteli i ljetovališta d.o.o., ii) until 31 March 2016 do not include the data for the merged company Hoteli Baška d.d., and iii) until 30 June 2016 do not include data for the merged company Bastion upravljanje d.o.o. All significant changes in the Company's financial statements should be viewed in the context of the said mergers.

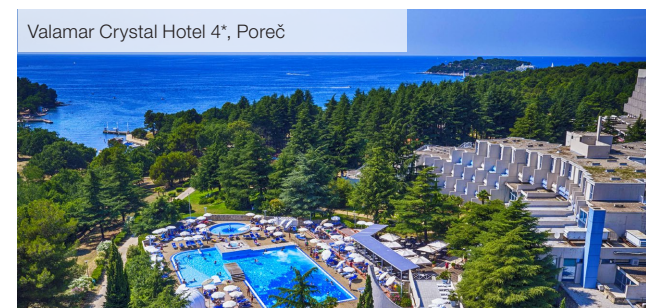
In the period from 1 January 2016 to 30 September 2015, total revenues increased by HRK 273,1 million, totaling HRK 1,467.1 million. Sales revenues totaled HRK 1,368.3 million, representing 93% of total revenues (94% in 2015). They were HRK 246.7 million higher compared to the same period last year. National sales revenues grew by 19.6% compared to the same period last year, totaling HRK 99.5 million and representing 6.8% of total revenues (7% in 2015). International sales revenue grew by 22.2% compared to the same period last year, totaling HRK 1,268.8 million, representing 86.5% of total revenues (87% in 2015). Other operating and financial income comprised 7% of the total revenues (6% in 2015). Other operating revenues grew by 21.7%, totaling HRK 20.1 million and represents 1% of the total revenues (1% in 2015).

Material costs grew by HRK 34.3 million, totaling HRK 377.2 million and represented 40% of operating expenses (42% in 2015). Staff costs amounted to HRK 283.6 million, representing 30% of total operating expenses (28% in 2015). Compared to the same period last year, they grew by HRK 58.4 million. This increase was attributed to

increased business volume, the Baška staff takeover, earlier inclusion of calculated cost of salaries (remunerations) in the third quarter of 2016 (fourth quarter in 2015) and to a lesser extent, employees' salary increase.

Compared to the same period last year, financial income grew by HRK 22.8 million and totaled HRK 78.7 million. Other financial income reported the strongest growth, with a HRK 35.9 million increase over prior comparable period results. This was mainly attributed to the Company share portfolio sales totaling HRK 34.8 million. Interest income, foreign exchange differences, dividends and similar third-party related income grew by HRK 8.9 million. As a result of a 2% stronger HRK in relation to the EUR during the first nine months of 2016, exchange rate gains in settled unrealized balance sheet items and loan payments reported the strongest growth of HRK 8.5 million. This contributed to the decrease in balance sheet items denominated in EUR and disclosed in HRK. Despite the free cash funds growth in the first 9 months of 2016 compared to the same period last year, a further reduction in market interest rates resulted in a mild HRK 0.2 million decrease in revenue from time deposits, a vista accounts and placements. In 2016, dividend revenues from the related company Valamar hoteli i ljetovališta d.o.o. (merged to Valamar Riviera d.d. on 27 February 2015) totaling HRK 24.0 million were not paid out. Unrealised revenues (gains) from financial assets grew by HRK 4.1 million, resulting from the valuation of EUR/HRK forward transactions contracted for 2016 as FX hedge.

Financial expenses decreased by HRK 18.9 million compared to the same period a year ago and totaled HRK 39.7 million, representing 4% of total expenses (7% in 2015). Interest, foreign exchange differences, and similar expenses from third parties decreased by HRK 23.8 million. The valuation



of contracted IRSs and forwards in the first nine months of 2016 resulted in an additional HRK 2.8 million expense. Other financial expenses grew by HRK 2.1 million. The most significant change compared to the same period a year ago is related to exchange rates losses from settling unrealized balance sheet items, which fell by HRK 30.6 million due to the said stronger HRK in relation to the EUR. A HRK 7.7 million increase in interest expenses during the first nine months of 2016 is related to the increase of debt resulting from loans contracted for financing the investments and the consolidation of the Baška companies and their debt carryover.

The increased business volume and more efficient business activities produced a higher business profitability. In the reviewed period profit before tax rose by HRK 168.2 million and totaled HRK 490.3 million. Operating profit was increased by HRK 126.6 million, totaling HRK 451.2 million. The Company gross margin amounted to 35.3% (28.3% in 2015).

The total Company assets on 30 September 2016 amounted to HRK 4,231 million, or HRK 675.8 million more in relation to the prior comparable period.

INVESTMENTS 2016

In 2016, over HRK 260 million¹⁹ of investments have been focused on improving the quality of Valamar Riviera's portfolio of hotels, apartments, and campsites. Over 50% of the total 2016 investments has been earmarked for developing accommodation, services and amenities in campsites operating under the Camping Adriatic by Valamar brand.

After completing an investment cycle of almost HRK 34 million, the Krk campsite became the first five-star camping resort in Croatia. This unique, eco-friendly, family camping resort is one of the three Croatian member campsites of the prestigious association "Leading Campings of Europe". It includes a number of attractive features such as heated swimming pool, wellness oasis, and promenade with entertainment amenities, children's swimming pool, children's water playground and fully refurbished sanitary units. The numerous amenities include Maro Mini and Midi clubs for younger children, as well as Teens Club and Hobby Club for older children. The accommodation capacity has been increased by the "Bella Vista Premium Village", a complex of 63 designer mobile homes with sea view. Special attention was devoted to energy efficiency and sustainable development: the campsite has a unique system for wastewater purification and landscape irrigation by utilizing purified wastewater. Over 300 trees have been planted and the beach boasts a Blue Flag.

HRK 87 million have been invested into upscaling the Lanterna campsite (from 3* to 4*). The Lanterna is the leading Istrian campsite and a member of the association „Leading Campings of Europe“. New accommodation units have been introduced as part of the Istrian Village project. Besides, innovative accommodation for Glamping (i.e. luxury camping) fans has also been added, as well as two brand-new theme accommodation zones with a total number of 119 new mobile homes. Numerous plots have been renovated, the landscape has been redesigned and the reception area refurbished. There

Camping Krk 5*, Island of Krk



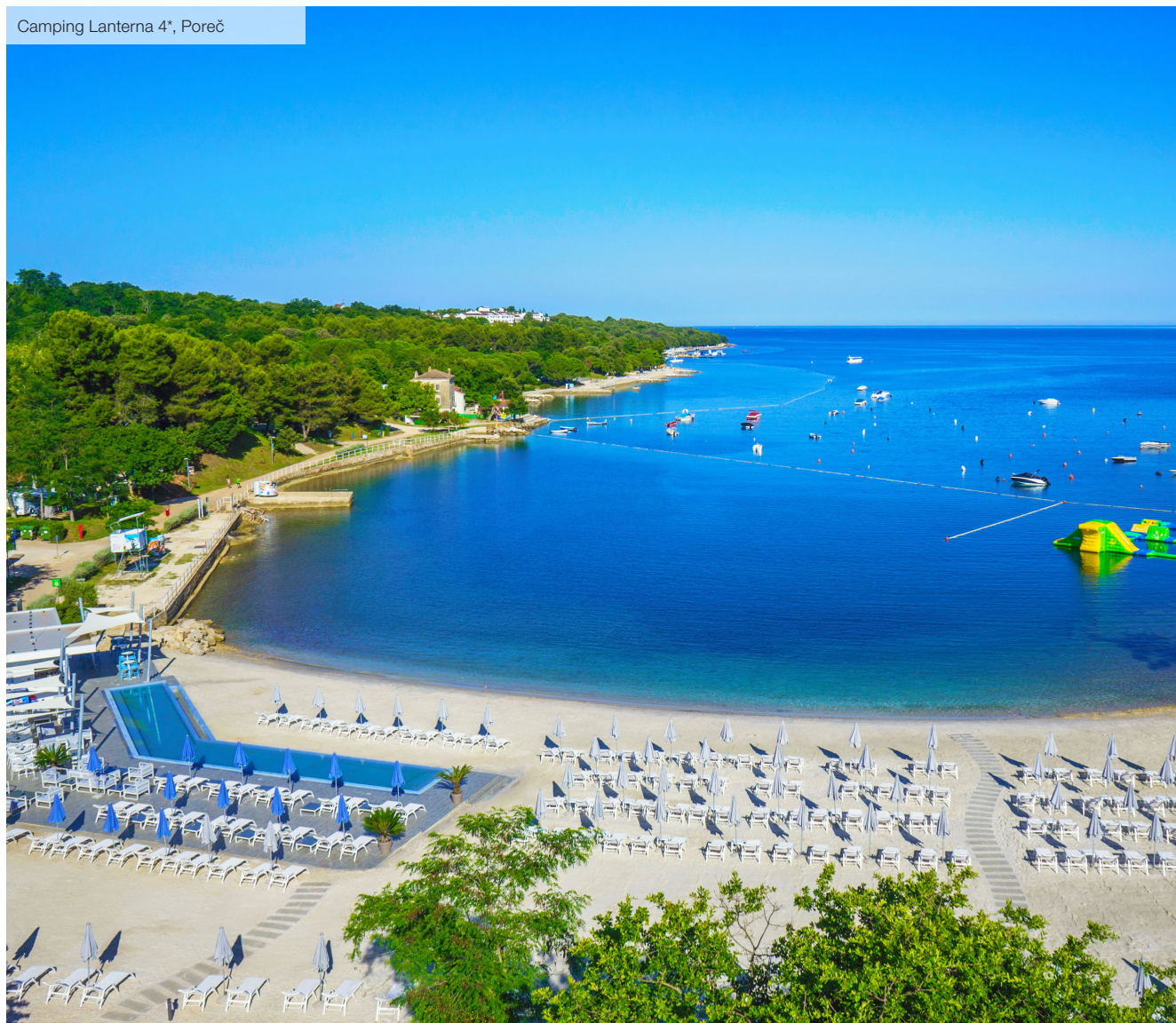
¹⁹ A portion already recorded in 2015.

is also a number of new facilities such as the Adria sand beach featuring the new “Beach Bar”, the new “Cafe Belvedere” and many more. The campsite’s guests can enjoy the new water park featuring four swimming pools, numerous slides and other children attractions on a total water surface area of 1,350 m². The main swimming pool near the beach and two sanitary units have also been refurbished.

Investments into quality improvement have also been carried out in other campsites on the island of Krk, in Istria and Dubrovnik – the investment focus was improving accommodation, beach amenities and outlets. The campsite segment shows considerable potential for developing innovative camping resorts, i.e. resorts offering higher value-added accommodation and services targeting high-end guests. However, the development of such projects is hindered due to unresolved legal issues regarding tourism land (land plots used for tourism purposes). Thus, Valamar Riviera’s investment scope is still restricted to partial investments in campsite facilities and amenities. Were these issues resolved, a repositioning potential would open up not only in Valamar Riviera’s portfolio but also elsewhere in Croatia, thus improving the campsites’ position in relation to the top European competitors.

Last year’s successful Valamar isabella Island Resort project has been continued with HRK 12 million invested into turning part of the products and services into premium segments (53 accommodation units in total: the Miramare annex, the Castle and 7 villas). This year Valamar Riviera has refurbished a number of restaurants: the Delfin, the Orsera and the former “Slavija” restaurant which has been turned into three new facilities – the “La Pentola II” restaurant, the “Craft” alehouse, and “The Beat” beach club. There has also been a number of successful projects aiming at creating new and improving present amenities, thus enhancing the quality and experience of a destination. Among the numerous projects carried out is the Valamar Diamant 4* hotel sports hall which has been turned into a multifunctional facility for sports and other kinds of events. Further investments in improving beaches and staff accommodation have also been carried out, along with IT and business digitalization projects, improvements in technological processes and energy savings in laundry operations, as well as other projects related to energy efficiency.

Camping Lanterna 4*, Poreč



INVESTMENTS 2017

With over HRK 750 million planned for investment in 2017, Valamar Riviera continues with the largest investment cycle focused on the Company's hospitality portfolio. Namely, over 50% of the total investments has been earmarked for improving the quality of the tourism products and services in destination Rabac. A brand new Family Life Bellevue Resort 4* (the first TUI Family Life hotel in Croatia) and a fully renovated Valamar Girandella Resort 4* will welcome next year's guests. These investments will reposition destination Rabac as a leading upscale vacation destination and create nearly 400 job openings. The construction of these two luxury resorts and the carefully planned surrounding infrastructure is planned to be completed before the start of season 2017, and the construction work is proceeding as planned. This investment project will provide for a significant increase of total swimming pool surface area (from the present 400 m² to 3,000 m²). This new feature, along with new the facilities, amenities and improved service quality, will help reduce the number of beach occupants, as the beaches will remain open to the general public. The overall surrounding infrastructure will be carefully planned and constructed. The beaches will feature new showers, changing rooms; improved access to the sea, the landscape will be carefully redesigned and new walking paths and bike paths constructed. A new, 150-meter long walking path will connect the two parts of the promenade near the present Girandella restaurant, which will be a valuable improvement for all the visitors and residents. A great feature for all outdoor fans will be the addition of new bike paths next to the future Bike-trim park, along with improved sports amenities and children's playgrounds. A number of new and attractive outlets is also planned, including the new Beach club, Green & Grill, Steak House and many more.



The Bellevue and the Albona hotels will undergo a total reconstruction and become the 372-room (1,365 beds) Family Life Bellevue Resort 4*, which will include the Bellevue Hotel, Bellevue Residence, Villa Ava, Albona-Annex A and Albona-Annex B. New investments in swimming pools, restaurants, beaches, entertainment and other amenities in this resort will greatly improve the service quality according to TUI standards. This world's leading tour operator and Valamar Riviera's strategic partner plans to bring about 80,000 guests, thus generating over 400,000 overnights, primarily by creating new air travel markets in Scandinavia and Great Britain.

The project Valamar Girandella Resort 4* includes a concept-based reconstruction of three pavilions, the central building with the restaurant and three villas used as accommodation facilities. One pavilion will be turned into an "adults only" zone with its own pool, pool bar and reception; the other pavilion will undergo a family-concept reconstruction, while the villas will be upgraded into premium accommodation. The third pavilion will undergo a total reconstruction and become a family hotel with swimming pools, following an international family branding concept and the renovation is planned for 2018. After the full reconstruction, the Valamar Girandella Resort will have 399 accommodation units (1,391 beds). Next year, guests will be able to enjoy the impressive 12,000 m² beach surface area, divided into several theme concepts: the Girandella Resort beach, the Family beach and the Adults only beach. A large number of family entertainment amenities will be available to all guests, including an entertainment hall, beach club, steak house and the new Maro kids' club. The present destination landscape will be greatly improved by the construction of walking paths, bike paths, beaches and parking lots. The strategic partnership with DER Touristik Köln GmbH ensures further occupancy of the new Valamar Girandella Resort 4*. Namely, Valamar Riviera has concluded an allotment contract for a three-year period (seasons 2017-2019) with occupancy guarantee.

Family Life Bellevue Resort 4* (preliminary visualization), Rabac



Besides investing in brick-and-mortar properties such as hotels and resorts, almost a quarter of the total investments will be focused on campsites. In order to improve the quality and experience of the Lanterna campsite, the reception area together with the shops and hospitality outlets will be renovated, while the campsite will feature 61 new high-quality mobile homes and new amenities for children. The Krk campsite will also undergo renovation and will welcome its guests with a brand-new SPA zone, refurbished sanitary units and accompanying amenities. The Ježevac campsite on the island of Krk will receive a new mobile home zone (69 new mobile homes). Thus, investments will focus on building new, high-quality accommodation units and improving the present promenades, beaches, and hospitality outlets. In order to improve the quality of other campsites on the island of Krk, in Istria, and in Dubrovnik a range of investments will be focused on improving accommodation, beach amenities, and hospitality outlets.

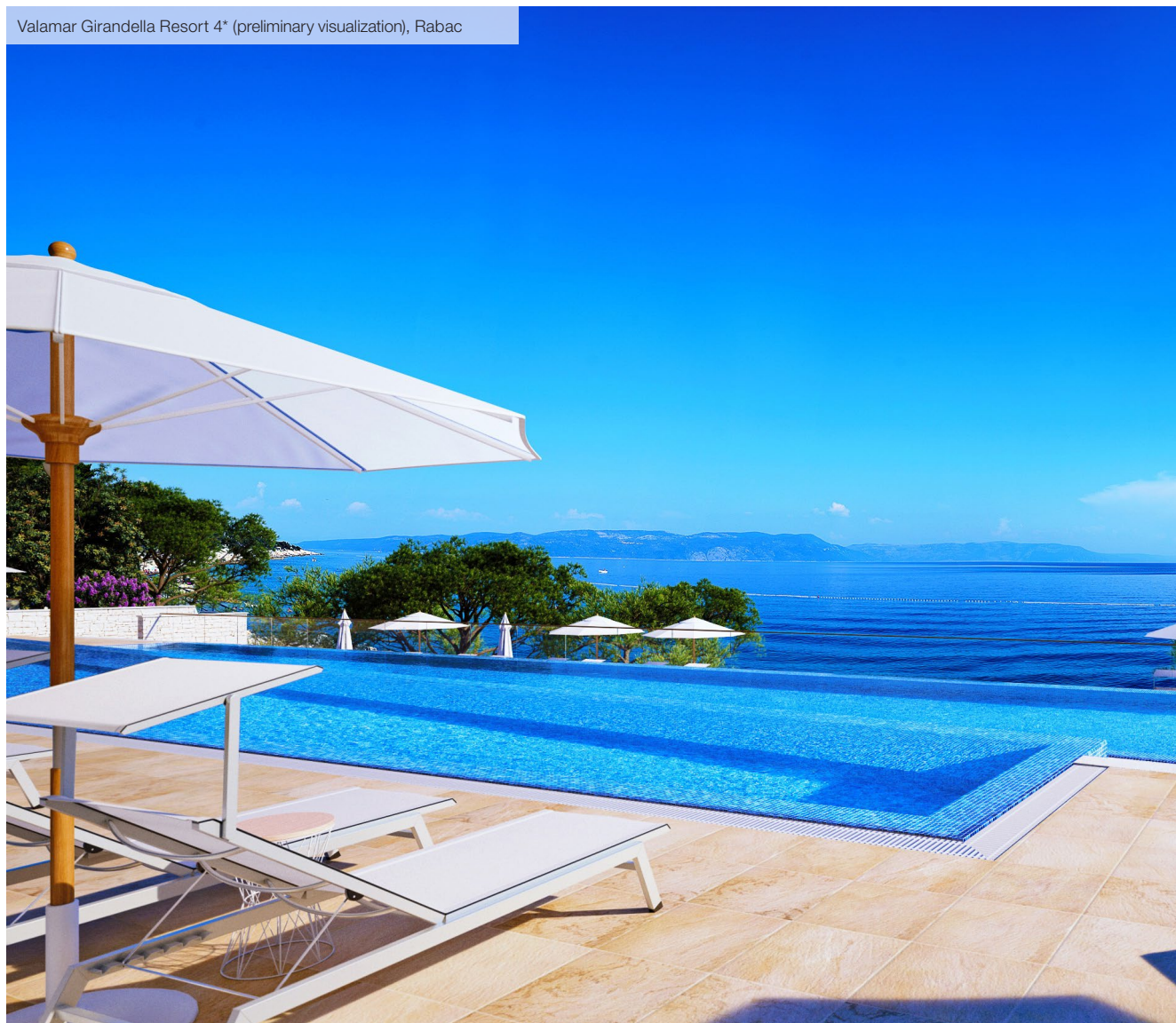
Moreover, a range of other projects is in the pipeline aiming at creating new and improve existing features and thus considerably improve the experience quality in all destinations (beaches, IT and business digitalization projects, technological processes and other projects related to energy efficiency). The Borik beach in Poreč will be completely rebuilt and will include a range of water attractions, hospitality outlets, as well as numerous sports and entertainment facilities and amenities for guests of all age groups. Valamar Riviera will also invest considerable funds to improve the quality and quantity of staff accommodation units for internal employees. Besides, in line with the Valamar Riviera's constant growth and strategic goals, a range of investments will be focused on improving other business segments. For instance, the expansion of the corporate building in Poreč and the construction of a corporate building in Dubrovnik is also planned, in order to meet the needs of additional workspace.



Valamar Girandella Resort 4* (preliminary visualization), Rabac

As indicated in our strategic goals, by continuously raising the quality of portfolio facilities, services, and contents, we are creating the basis for generating added value both for our guests and for all Valamar Riviera's stakeholders. However, further investment potential is hindered by the still unresolved issue of tourism land, VAT and the rate of total contributions to salaries which are both one of the highest on the Mediterranean. Unfortunately, the tourism is still not sufficiently recognised as an opportunity for the Croatian economy. Apart from the existing financing programmes provided by the Croatian Bank for Reconstruction and Development and tax incentives according to the Act on Investment Incentives, there are no other measures that would significantly accelerate growth and development and thus provide for a level playing field for the Croatian tourism and the tourism in other Mediterranean countries.

Valamar Girandella Resort 4* (preliminary visualization), Rabac



THE RISKS OF THE COMPANY AND THE GROUP

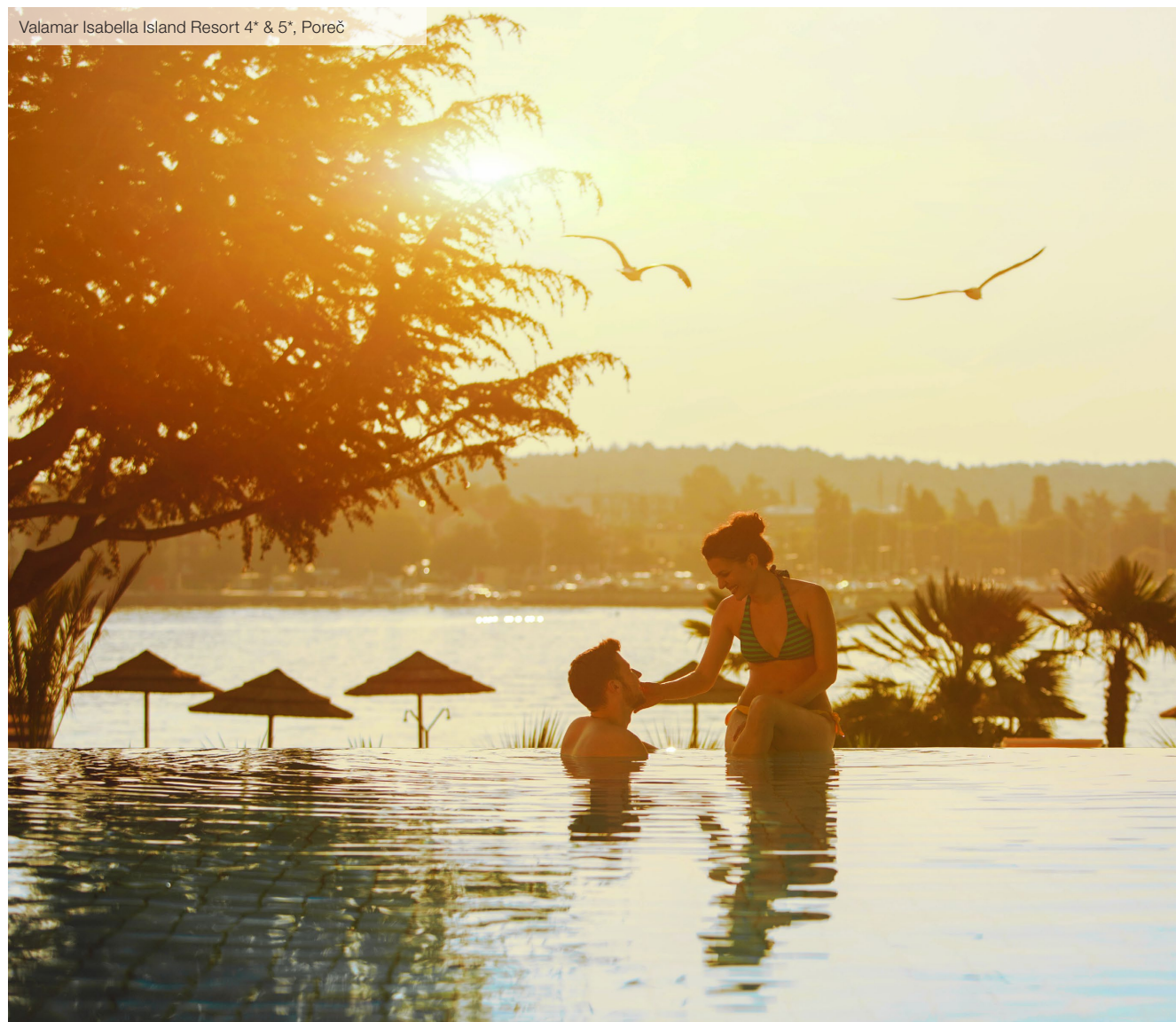
Risk can be defined as a potential event, which can have a negative impact on the defined corporate strategy and prevent the fulfilment of corporate objectives. In order to mitigate such an impact, Valamar Riviera has developed a proactive risk management policy for all the aspects of its business.

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

Macroeconomic Development Risk

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 country macroeconomic indicators are an important factor for this decision-making, especially those relating to exchange rates and the price of goods and services because they directly affect the guests' purchasing power. However small, the domestic guest share 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 also determine whether they will choose to spend their vacation on the Adriatic.

Risk Related To Changes In Tax Laws And Other Regulations

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 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 the current 13% VAT rate applicable to the and tourism and hospitality industry (January 2014);
- 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.

Such frequent changes in laws regulating taxes and non-tax levies 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.

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) price risk;
- 4) credit risk;
- 5) liquidity risk.

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 therefore exposed to foreign exchange risks arising from various currency exposures primarily with respect to the Euro and (to a very small extent) the Swiss franc. Foreign exchange rate risk arises from future commercial transactions and recognized assets and liabilities. Most of our sales revenue generated abroad is denominated in Euro while long-term debt is denominated in Euro and (a very small part) in Swiss franc. According to this, the exchange rate fluctuations between the Croatian Kuna and the Euro can influence future business operations and cash flow. The Company and Group use of derivative instruments is guided by operating assessments and expected market trends. Since most of the inflow is denominated in Euros, and so is the majority of liabilities, for the most part, the Company and Group are naturally hedged from exchange rate risks.

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 actively hedge

cash flow and fair value 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 with regard to services provided.

4) Price risk

The Company and Group hold equity and debt 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 investing in equity and debt securities, so the price risk for securities held is minor.

5) Liquidity risk

The Company and Group have a sound liquidity risk management: sufficient cash assets are made available at any given moment in order to meet their liabilities through monthly, annual and long-term cash flow forecasts. The Company and Group aims at maintaining flexible financing by making the arranged lines of credit always available. After meeting the needs of working capital management, the surplus cash funds are then deposited in the form of

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, which is correspondingly influenced by 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 which will in turn prevent investors from selling their shares at a fair market price.

Business Risk

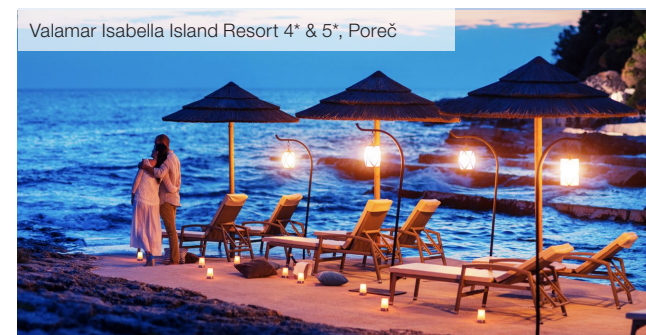
The Company and Group are constantly exposed to risks threatening its competitiveness and future stability. In the previous period, the company and Group's business decisions have improved their results and operating efficiency in the demanding Mediterranean market. These positive trends are expected to continue in the future through a prudent long-term strategic management.

Risk 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. 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, attractiveness and quality.

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

- losing its competitiveness among neighboring markets due to frequent changes in the regulations governing taxes and non-tax charges, all events beyond the Company and Group's control;
- 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;
- the industry's high seasonality which leads to insufficient use of available accommodation capacities.

Environmental Risks

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 less intensive water quality reduction and coast pollution due to inadequate waste water treatment and poor sewage systems along the Adriatic coast. 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 and floods), air pollution caused by toxic gas emissions from industrial plants can also be included.

CORPORATE GOVERNANCE

The company Valamar Riviera d.d. 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 (as reported in detail in the prescribed annual questionnaire).

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

The basic risk management characteristics are described in the section "The Company and Group Risks".

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 in the Company.

The Company's Articles of Association comply with the Croatian Companies Act and they define the procedure of appointing and recalling members of the Management Board and Supervisory Board.

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's Articles of Association, without any additional limitations.

The 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.

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 Ms. Mariza Jugovac.

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, Deputy Chairmen.

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

The 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's 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 period under review, revenues resulting from related-party transactions totaled HRK 546 thousand (in 2015: HRK 26.9 million) for the Company, and HRK 12 thousand (in 2015: HRK 14 thousand) for the Group, while expenses amounted to HRK 22.4 million (in 2015: HRK 26.0 million) for the Company, and HRK 581 thousand (in 2015: HRK 305 thousand) for the Group.

On 30 September 2016 the related-party receivables and payables balance totaled HRK 144.8 million²⁰ receivables for the Company (at year-end 2015: HRK 165.0 million²⁰), and HRK 2 thousand for the Group (at year-end 2015: HRK 2 thousand). There were no liabilities for the Company (at year-end 2015: HRK 306 thousand), and no liabilities for the Group (at the end of 2015: HRK 405 thousand).

Please note that pursuant to the Hotel Management Contract, from 2004 to 27 February 2015 the management of the Company's hospitality properties was entrusted to the then leading hospitality management company in Croatia, Valamar hoteli i ljetovališta d.o.o. The services concerned included the management of hotels and other hospitality facilities and services, the laundry and other centralized hospitality functions, such as Purchasing, Maintenance, Marketing, Sales, Human Resources, IT, etc.

BRANCH OFFICES OF THE COMPANY

The following branch offices were registered on 2 September 2011: Podružnica za turizam RABAC (branch office for tourism), with registered office in Rabac, Slobode 80, Podružnica za turizam ZLATNI OTOK (branch office for tourism), with registered office in Krk, Vršanska 8. Podružnica za turizam DUBROVNIK-BABIN KUK (branch office for tourism), with registered office in Dubrovnik, Dr. Ante Starčevića 45, was registered on 4 October 2013, and on 1 October 2014 Podružnica za savjetovanje u vezi s poslovanjem i upravljanjem ZAGREB (Branch Office for Business and Management Consulting), with registered office in Zagreb, Miramarska 24. The Rabac, Zlatni otok and Dubrovnik-Babin kuk branch offices, as economic drivers of their local communities, continue to operate in their destinations supporting their development by promoting further investments, hospitality development and participation in social and business activities.

²⁰ 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.

VALAMAR RIVIERA SHARE

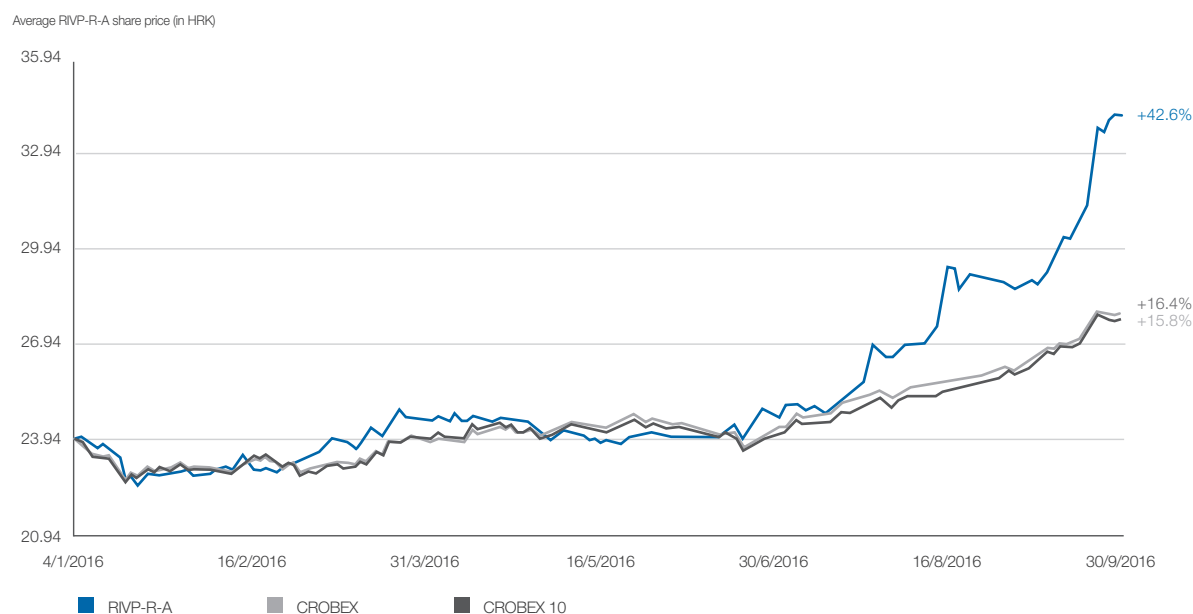
In 2016, the Company acquired 1,873,884 treasury shares, out of which 1,440,942 shares were acquired on the regulated market at a total acquisition cost of HRK 35,692,643. The acquisition concerned represents 1.14% of the share capital. It also acquired 432,942 shares in the Bastion upravljanje d.o.o. merger which represents 0.34% of the share capital. In that period the Company released 1,454,078 treasury shares, representing 1.15% of the share capital. On 30 September 2016, the Company held in total 1,824,200 treasury shares, or 1.45% of the share capital.

In the period from 1 January 2016 to 30 September 2016, the highest recorded share price in regular trading on the regulated market was HRK 34.50, while the lowest was HRK 22.30. The Company's share price increased by 42.6%, exceeding both CROBEX and CROBEX 10 indices trends, which recorded a growth of 16.4%, and 15.8% respectively. With a regular trading turnover of HRK 830 thousand a day²¹, the Valamar Riviera's share is among the 3 most frequently traded shares on the Zagreb Stock Exchange.

Apart from the Zagreb Stock Exchange indices, the share makes a component part of the Vienna Stock Exchange indices (CROX²² and SETX²³), and SEE Link indices²⁴ (SEELinX and SEELinX EWI). Zagrebačka banka d.d. and Interkapital vrijednosni papiri d.o.o. perform specialist tasks of ordinary shares of the Company listed in the Official Market of Zagrebačka burza d.d. They provide support to Valamar Riviera's share turnover, which in the period under review was an average 33.7%²⁵.

The Company actively holds meetings and conference calls with domestic and foreign investors, as well as presentations for investors thus providing support to high-level transparency, creation of additional liquidity, increase of share value, and involvement of potential investors. In pursuing such an approach, Valamar Riviera can contribute to the Company's value further growth for the benefit of all stakeholders, aiming at making the share recognizable as the leading Croatian tourism share.

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



Analytical coverage of Valamar Riviera is provided by:

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

²¹ Block transactions are excluded from the calculation.

²² 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.

²³ South-East Europe Traded Index (SETX) is a capitalization-weighted price index

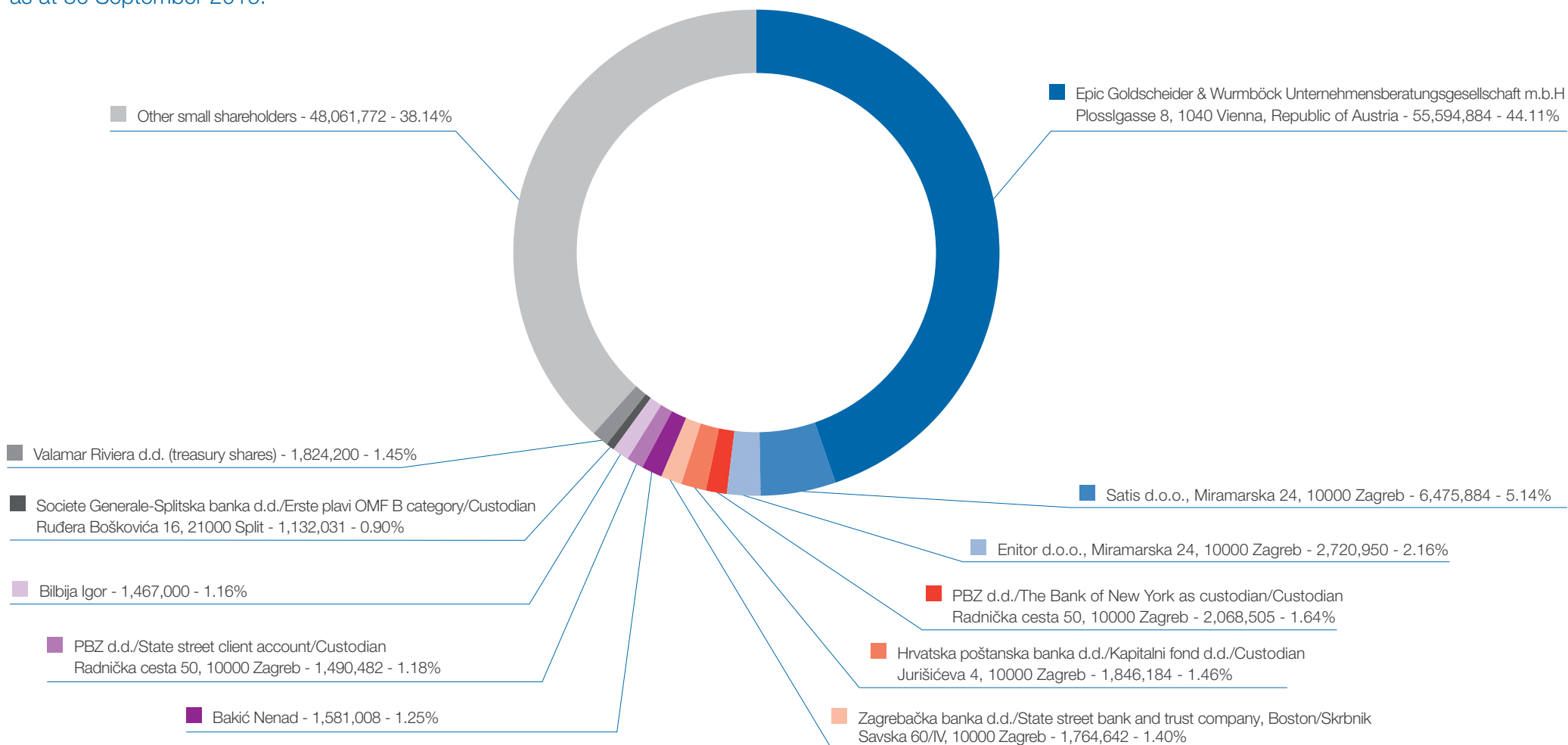
consisting of blue chip stocks traded on stock exchanges in the region of South-eastern Europe (shares listed in Bucharest, Ljubljana, Sofia, Belgrade and Zagreb).

²⁴ 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.

²⁵ Block transactions are excluded from the calculation. Data refers to the period 1/1 - 30/9/2016.

Overview of major shareholders
as at 30 September 2016:



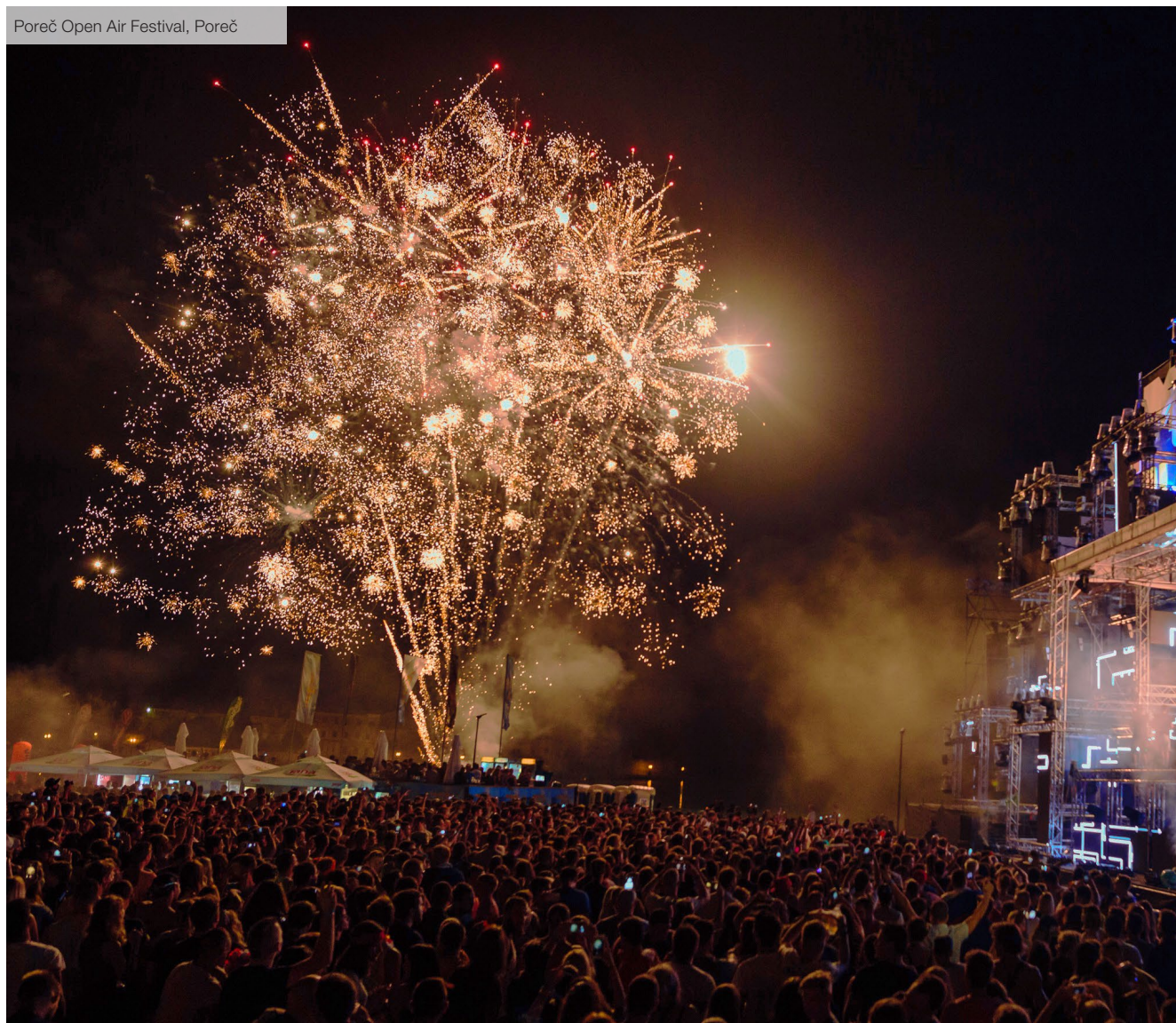
CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility at Valamar Riviera is an integral part of a business tradition spanning 60 years in tourism and hospitality, rooted in the belief that sustainable business should be a strategic goal and key driver of new value. It is the foundation of all strategic initiatives and one of the key strategic company goals, including employee training and development, investments in the local community and caring for those in need, a systematic approach to preserving the environment and the Adriatic Sea, as well as corporate transparency and responsibility towards the stakeholders, investors and shareholders. CSR efforts are organized in eight umbrella programs through which we support various charitable, cultural, art and sports projects, while investing in the development of knowledge, skills and education in tourism and hospitality in collaboration with institutions and through environmental protection. Besides, we also support the activities of retired Valamar Riviera's employees. As one of the largest employers in Croatia (on 30 September 2016, the Company employed 3,869 employees, 1,039 of them permanent and 2,830 seasonal), the Company and the Group systematically and continuously invest in the development of human resources. An integral strategic approach to human resources management and top practices applied include transparent hiring processes, clear objectives, measurement of employees' performance, rewarding systems, opportunities for employees' career advancements, investment in employees' development, and encouraging a two-way communication through various channels.

Supporting Key Events

Valamar Riviera is the initiator, partner and sponsor of this year's successful edition of the "Poreč Open Air" festival,

Poreč Open Air Festival, Poreč



with over 100 events in Poreč during the entertainment-packed three months of the festival period from 9 June to 10 September. Poreč proved to be an excellent host to this kind of festivals, as confirmed by the great feedback it received from all guests, visitors and hospitality workers, thus ranking very high among Adriatic destinations in terms of tourist events and entertainment. The Company has supported numerous sporting events, with Poreč Major being one of them. This premium event drew several thousand of visitors in July, thus confirming the tournament's recognized status both in the realm of sports and tourism, attracting an increasing amount of attention every year. September in Poreč was definitely marked by two events: the fourth edition of Oktoberfest by Valamar (9 days in September) and the second international big game tournament Offshore World Challenge Poreč 2016. A significant portion of our funds has been allocated to various sponsorships, donations and program support within the scope of the CSR programs in destination Dubrovnik as well. Valamar Riviera has, among others, supported the Dubrovnik Symphony Orchestra, "Sentimento" festival, Dubrovnik Summer Festival, "Jug" water polo club, "Dubrovnik" basketball club, Du Motion, "Valamar Junior Open"(international badminton junior tournament), "Libertas" basketball camp, "Tomo Udovičić"(international memorial water polo tournament for children).

Environmental protection

For the third consecutive year, Valamar Riviera has successfully carried out the project "We love the Adriatic Sea" as part of the CSR program "Preserving the natural beauty and the environment where we work and live". By allocating almost HRK 100,000 out of the project funds in 2016, Valamar Riviera has provided active support to Initiatives aiming at preserving the Adriatic Sea with this program. The Rudar football club members have organized a beach cleanup covering the area from Girandella beach to Valamar Bellevue hotel beach. The members of the Mladi Rudar handball club have organized another cleanup in the Tunarica campsite, while the members of the Rabac underwater activities association have been in charge of cleaning up the seabed in this area. Another seabed cleanup has been organized in destination Dubrovnik: hundreds of scuba divers and volunteers, led by the members of the "Dubrovnik" diving club and "Abyss Dubrovnik" diving

and water sports center, helped cleaning the area in front of Valamar Riviera's hotels, Solitudo campsite and Cava beach. In destination Poreč this project involved the participation of the "Horizont" sailing club: the older members together with the parents of children-competitors helped clean the coastal area from Peškera Bay to Borik, where they also helped restoring this area which was badly damaged during this winter's thunderstorm. The first Istrian branded e-bike station was inaugurated this August and Valamar Riviera supported this important project because energy efficiency and environmental preservation represent the strategic foundation on which the company's business is based.

Culture and Art

Valamar Riviera has hosted the "Artist on Vacation" project for the fourth consecutive year. This year's edition saw the staging of the exhibition "The Power of the Powerless" by the artist, theoretician and curator Jiří Valoch at the Zuccato gallery in Poreč in early June, followed by a performance by the Hungarian artist Katalin Ladik a few days later. The project's closing was marked by the visit of the Polish artist Jaroslaw Kozlowski and Croatian artist Vladimir Gudac. Over 50 artists have participated so far in the project activities and spent part of their summer vacation at Valamar. The artists will present their work, performances and documentation at an exhibition which will be held at the Museum of Contemporary Art in Zagreb in November.

Valamar has supported the "Industrial Art Biennale", one of the most important regional and national art events with a donation of HRK 60 thousand. With over 80 renowned contemporary artist from around the world participating, the central part of the event was the exhibition by Joseph Beuys, one of the greatest 20th century artists. This donation represents the continual joint efforts between Valamar Riviera and the Town of Labin, the organizer of this important art festival in collaboration with the Labin Art Express XXII association. For the first time this summer, the highly popular Art colony moved from St. Nicholas' island to a mainland hotel, the Pical. The idea behind this longstanding project, during which artists work at one of Valamar's properties and then leave their works to the company, this year it has welcomed six artists from Italy. The Art colony

started in 1983. Every year artists from all parts of Europe and Croatia stay at one of Valamar's properties for a week: the works created during this period become part of Valamar's art fund, while several paintings and sculptures are also displayed at some of Valamar's properties.

Supporting those in need

As part of the national program "A Thousand Days on the Adriatic Sea", in 2016 Valamar Riviera has donated over a thousand free overnights to associations, institutions and schools from all parts of Croatia. These are children without adequate parental care, children from low-income families, special needs children and children with specific health problems who would benefit from staying on the coast. In 2016, 28 associations have received donations and most of the children and their supervisors have already visited one of Valamar Riviera's property. Valamar Riviera continues to support the company's retired employees – "Riviera's Seniors". In September the "Galija" pensioners' club from Poreč and their guests from Crikvenica visited St. Nicholas' island and received tickets to the Istria Inspirit event at the Poreč Open Air festival.

Organisation of the Valamar Riviera's Investors Day and Presentation of the First Integrated Report

As the leading Croatian tourism share and a company with around 21 thousand shareholders, on 9 June 2016, Valamar Riviera organised its first Investors Day, making a step forward towards not only its present and future investors, but also the wider public. On that occasion, a new 2020 development strategy and goals were presented, as well as the first 2015 Integrated Annual Report published on the Zagreb Stock Exchange and available on the corporate web-site (more details in chapter "Integrated report 2015" on page 36). The first Valamar Riviera's Investors Day was met with great interest by media and investors, including 30 funds, banks, analytics, broker, and insurance companies, as well as a number of private investors. Sustainable and socially responsible development of destinations combined with investments of up to 2.5% of revenues in corporate social responsibility, education, and tourism destination development projects make an integral part of the Valamar Riviera's business operations.

AWARDS AND CERTIFICATES 2016

Valamar Riviera's continual investment efforts in improving the quality of its products and services, is increasingly recognised by the general public, peers, institutions and partners. In the first nine months of 2016 only, Valamar Riviera's hotels, resorts, and camping resorts have received prestigious awards and certificates. Valamar Riviera's properties continuously receive high scores and excellent guest reviews on the most prominent travel websites.

Awarding organisation	Award	Winner
Le monde du plein air Caravane - Camping	Les plus beaux campings d'Europe	Camping Lanterna
ADAC	Best Camping 2016	Camping Lanterna, Camping Krk
ANWB	Best Campsite	Camping Lanterna, Camping Krk
Camping2be.com	Camping2be 2016 Award	Camping Lanterna
Croatian Committee of the Foundation for Environmental Education	Golden Plaque	Valamar Dubrovnik President Beach
DCC Europa-Preis	Camping award 2016	Camping Krk
FEE (Foundation for Environmental Education)	Blue Flag	Valamar Dubrovnik President Beach, Cava Beach
HolidayCheck	HolidayCheck Quality selection 2016	Valamar Club Dubrovnik
Hotels.com	2016 Certificate of Excellence	Valamar Lacroma Dubrovnik Hotel, Valamar Dubrovnik President Hotel, Valamar Argosy Hotel, Tirena Hotel, Valamar Club Dubrovnik
IHAC	IHAC reward	Valamar Argosy Hotel, Tirena Hotel
Kongres magazine	TOP 10 Premium Resorts Meeting Hotels	Valamar Lacroma Dubrovnik
KUH	Croatia's Best Campsite	Naturist Resort Solaris, Camping Lanterna, Camping Krk, Camping Orsera, Camping Marina, Naturist Camping Istra, Camping Ježevac
TripAdvisor	2016 Travellers' Choice winner	Valamar Club Tamaris
TripAdvisor	2016 Travelers' Choice award	Valamar Rivera Hotel
TripAdvisor	2016 Travelers' Choice award	Valamar Isabella Hotel
TripAdvisor	2016 Travelers' Choice award	Valamar Dubrovnik President Hotel
TripAdvisor	2016 Certificate of Excellence	Valamar Argosy Hotel
World Travel Awards	Croatia's Leading Resort	Valamar Club Tamaris
World Travel Awards	Croatia's Leading Boutique Hotel	Valamar Riviera Hotel
World Travel Awards	Croatia's Leading Business Hotel 2016	Valamar Lacroma Dubrovnik
World Travel Awards	Croatia's Leading Hotel 2016	Valamar Lacroma Dubrovnik
TripAdvisor	2016 Certificate of Excellence	Valamar Argosy Hotel

INTEGRATED REPORT 2015

The first 2015 Integrated Annual Report was presented during Valamar Riviera's Investors Day on 9 June 2016. The Report was prepared according to G4 GRI guidelines and it aims at presenting a strategic and long-term insight into the Company's business operations to all the key stakeholders, including: Valamar Riviera's shareholders, employees, partners, guests and society at large. It particularly focuses on corporate social responsibility, as this is the basis of Valamar Riviera's sustainable business operations and further growth.

Business model

Valamar Riviera's business model includes the development and maintenance of its hospitality properties, the operating management of hotels, resorts and camping resorts, and the management of other hospitality services in its destinations. This approach enables Valamar Riviera to manage the total guest experience, and to be an important partner to its destinations. The experience in property development and technical maintenance optimizes investments and returns, while the management of the whole value chain improves the quality of service and revenue per guest.

Vision

Valamar Riviera's goal is to drive a paradigm shift in leisure tourism development and harness a symbiotic relationship between hospitality and destination management that develops local economies, builds sustainable futures and creates a more enriching guest experience.

Mission

Valamar Riviera's mission is to proudly express its culture through inspiring hospitality and destination experiences, form a seamless integration of local discovery and authentic hospitality that enriches lives, and grow and deliver exceptional and sustainable value.

Temeljne vrijednosti

1) Guest-loving

We make our guests feel very welcome and highly appreciated.

2) Ambitious

We set ourselves challenging targets and strive for excellence in everything we do.

3) Responsible

We are responsible in our business partnerships, caring for our employees, supportive towards society and committed to the environment.

4) Innovative

We engage in collaborative innovation to improve our performance, stay alert and always remain open to change.

5) Proud

We take pride in our destinations and in being part of the Valamar family.

Strategic Goals Until 2020

Grow significantly by retaining market leadership in the Croatian market with two digit EBITDA-CAGR over the next 5 years and through acquisitions or strategic partnership in selected destinations in the leisure hospitality sector in Europe.

Invest HRK 1.5 - 2.0 billion in the portfolio over the coming period while maintaining a solid balance sheet and generate premium returns by steadily growing the EBITDA margin to 35-38% with a sustainable net debt/EBITDA ratio.

Strengthen direct relationships with guests by achieving 50% of revenue from direct bookings and 30% of returning guests.

Broaden and optimize business through strategic partnerships with internationally recognized players in order to prolong the season and diversify the customer base.

Be recognized as the most desirable employer in tourism by paying above-average salaries for Croatia, achieving 70% seasonal worker return rate and developing more than 80% of the management internally.

Steer sustainable and socially responsible development of destinations by investing at least 2.5% of revenues in corporate social responsibility, education, tourism and destination projects.

Create substantial value for shareholders by significantly increasing the market capitalization.

Offer attractive and sustainable dividends to the shareholders.

Our Strategic Initiatives

In order to realize its strategic goals, Valamar Riviera has defined five key strategic initiatives:

1) Focus on the guest

Provide superb quality to create positive moments and lasting memories for every guest each day and address them individually throughout the entire year.

2) Empower employees & organization

Develop, empower and reward employees to become the heart of a guest-centric service organization and create long-term and trusting relationships with employees.

3) Growth strategy

Focus on strong growth in both revenues and profits by utilizing internal capabilities, enhancing guest-focus and development through strategic partnerships, mergers and acquisitions

4) Strive for excellence in innovation and digitization

Be the leading innovator in the leisure hospitality industry in Europe and leverage opportunities provided by digitization to fully meet the guests' needs.

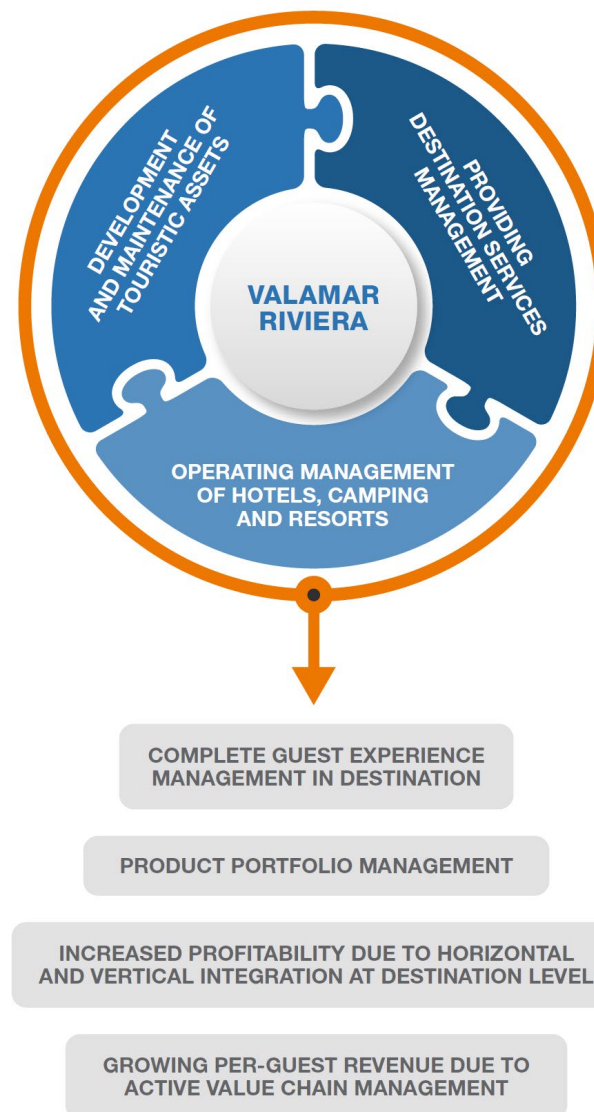
5) Play a leading role

Play a leading role in the development of Croatian tourism, Valamar Riviera's destinations and corporate social responsibility.

Strategic goals are subject to a disclaimer mentioned in the Integrated Company Annual Report and Corporate Social Responsibility 2015 on page 110.

The report is available at the Zagreb Stock Exchange's and Valamar Riviera's website: www.valamar-riviera.com

Valamar Riviera's Business Model



OTHER INFORMATION

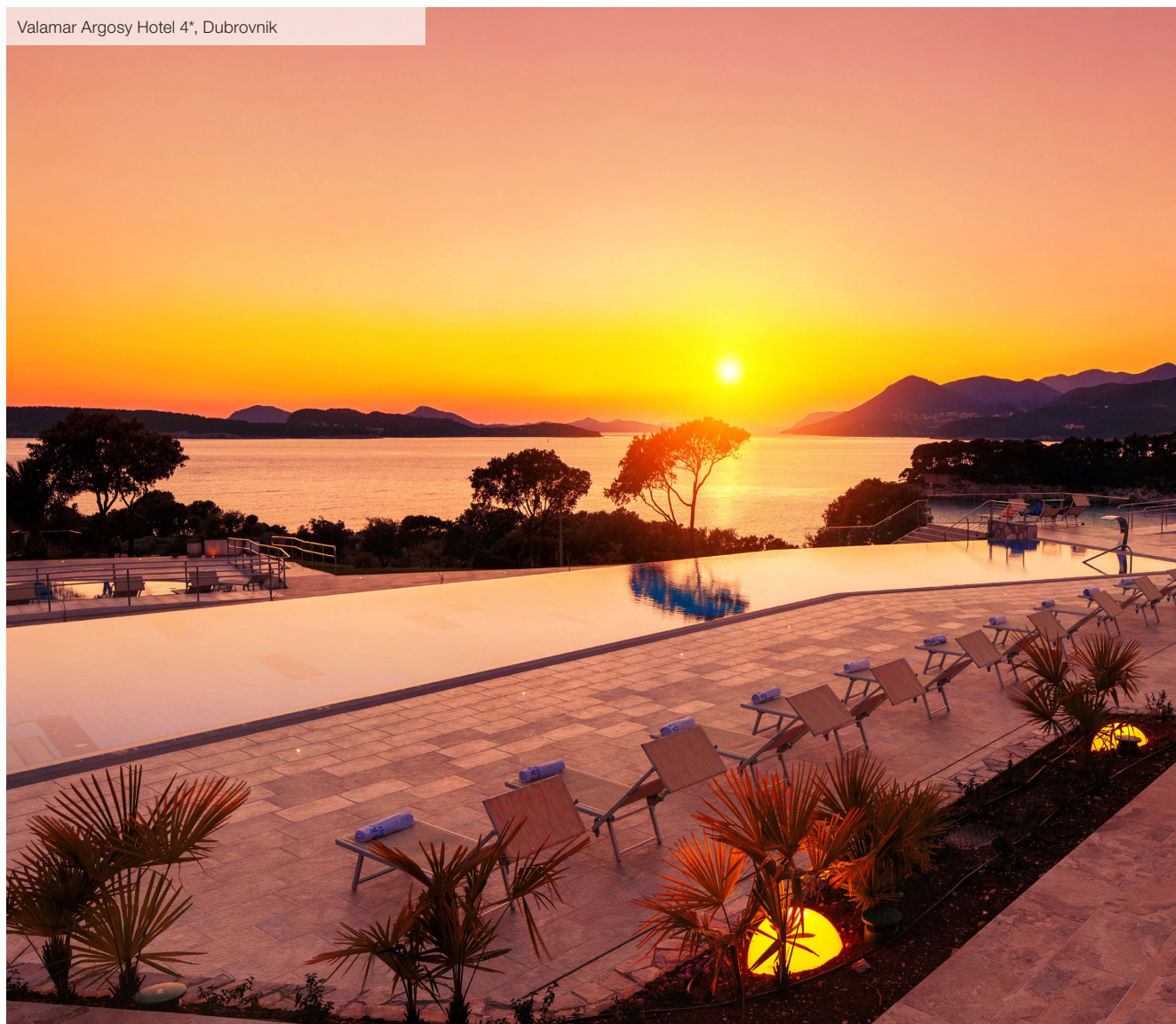
In the course of the third quarter of 2016 and the first nine months (from 1 January to 30 September 2016), the Management Board managed and represented the company in compliance with the provisions of pertaining legal acts and the Articles of Associations, while prudently planning and implementing the business policy. The Management Board will continue to undertake all the necessary measures in order to ensure sustainability and business growth.

On 25 October 2016 the Management Board adopted the financial statements for the third quarter of 2016 and for the period from 1 January 2016 to 30 September 2016.

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 Argosy Hotel 4*, Dubrovnik



RESPONSIBILITY FOR THE QUARTERLY FINANCIAL STATEMENTS

In Poreč, 24 October 2016

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 third quarter of 2016 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 30 September 2016 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 d.d.
POREČ (5)



Ljubica Grbac
Director of Department of Finance
and Accounting

Reporting period: from 1.1.2016 to 30.9.2016

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 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 Poreč</u>

County code and name:	<u>18 Istarska</u>	Number of employees: (period end)	<u>3.901</u>
		NKD code:	<u>5510</u>

Consolidated report: YES

Companies of the consolidation subject (according to IFRS):

	Seat:	MB:
<u>Valamar hoteli i ljetovališta d.o.o.</u>	<u>Zagreb</u>	<u>01537369</u>
<u>Valamar hotels & resorts GmbH</u>	<u>Frankfurt</u>	<u>04724750667</u>
<u>Hoteli Baška d.d.</u>	<u>Baška</u>	<u>03035140</u>
<u>Mirta Bašćanska d.o.o.</u>	<u>Baška</u>	<u>01841017</u>
<u>Vala Bašćanska d.o.o.</u>	<u>Baška</u>	<u>02086131</u>
<u>Baškaturist d.o.o.</u>	<u>Baška</u>	<u>03849236</u>
<u>Puntižela d.o.o.</u>	<u>Pula</u>	<u>03203379</u>
<u>Citatis d.o.o.</u>	<u>Zagreb</u>	<u>02626969</u>
<u>Bastion upravljanje d.o.o.</u>	<u>Zagreb</u>	<u>01877453</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>

Bookkeeping service:

Contact person:

Sopta Anka

(only surname and name)

Telephone:

052/408 188

Telefaks:

052/408 110

E-mail address:

anka.sopta@riviera.hr

Family name and name:

Kukurin Željko, Čižmek Marko

(person authorized to represent the company)

Documents disclosed:

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

VALAMAR RIVIERA d.d.
POREČ (5)

L.S.


 (signature of the person authorized to represent the company)

Balance Sheet (as of 30.9.2016)

Company: Valamar Riviera d.d.

Position 1	AOP 2	Previous period 3	Current period 4
ASSETS			
A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL	001		
B) NON-CURRENT ASSETS (003+010+020+029+033)	002	3.190.008.042	3.198.227.789
I. INTANGIBLE ASSETS (004 to 009)	003	17.006.943	23.060.501
1. Expenditure for development	004		
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	10.327.568	9.095.454
3. Goodwill	006	6.567.609	6.567.609
4. Advances for purchase of intangible assets	007		
5. Intangible assets in progress	008	111.766	7.397.438
6. Other intangible assets	009		
II. PROPERTY, PLANT AND EQUIPMENT (011 to 019)	010	3.065.294.774	3.105.732.264
1. Land	011	659.328.328	659.064.989
2. Buildings	012	2.052.868.793	1.959.456.979
3. Plant and equipment	013	203.822.037	183.474.369
4. Tools, working inventory and transportation assets	014	64.897.404	68.838.167
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	5.072.180	2.620.538
7. Tangible assets in progress	017	32.731.559	188.310.773
8. Other tangible assets	018	24.833.592	22.768.051
9. Investment in real-estate	019	21.740.881	21.198.398
III. NON-CURRENT FINANCIAL ASSETS (021 to 028)	020	46.547.373	6.671.140
1. Share in related parties	021	1.241.421	1.658.908
2. Loans to related parties	022		
3. Participating interests (shares)	023	140.000	140.000
4. Loans to companies with participating interest	024		
5. Investments in securities	025	44.761.794	4.545.999
6. Loans, deposits, etc.	026	404.158	326.233
7. Other non-current financial assets	027		
8. Equity-accounted investments	028		
IV. RECEIVABLES (030 to 032)	029	645.153	424.725
1. Receivables from related parties	030		
2. Receivables arising from sales on credit	031	286.116	248.298
3. Other receivables	032	359.037	176.427
V. DEFERRED TAX ASSET	033	60.513.799	62.339.159
C) CURRENT ASSETS (035+043+050+058)	034	355.363.412	785.597.328
I. INVENTORIES (036 to 042)	035	9.761.018	11.729.394
1. Raw materials and supplies	036	8.951.383	11.252.065
2. Production in progress	037		
3. Finished products	038		
4. Merchandise	039	64.641	477.329
5. Advances for inventories	040		
6. Long term assets held for sale	041	744.994	
7. Biological assets	042		
II. RECEIVABLES (044 to 049)	043	26.681.432	119.039.699
1. Receivables from related parties	044	458	654
2. Receivables from end-customers	045	13.147.988	106.830.857
3. Receivables from participating parties	046	253	253
4. Receivables from employees and members of the company	047	485.727	2.963.278
5. Receivables from government and other institutions	048	9.285.057	3.696.357
6. Other receivables	049	3.761.949	5.548.300
III. CURRENT FINANCIAL ASSETS (051 to 057)	050	165.680	1.397.203
1. Share in related parties	051		
2. Loans to related parties	052		
3. Participating interests (shares)	053		
4. Loans to companies with participating interest	054		
5. Investments in securities	055		
6. Loans, deposits, etc.	056	24.845	702.869
7. Other financial assets	057	140.835	694.334
IV. CASH AND CASH EQUIVALENTS	058	318.755.282	653.431.032
D) PREPAYMENTS AND ACCRUED INCOME	059	21.247.239	75.153.181
E) TOTAL ASSETS (001+002+034+059)	060	3.566.618.693	4.058.978.298
F) OFF BALANCE SHEET ITEMS	061	54.717.679	54.657.377

Balance Sheet (as of 30.9.2016) (continued)
Company: Valamar Riviera d.d.

Position 1	AOP 2	Previous period 3	Current period 4
EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	1.901.690.680	2.297.263.250
I. SUBSCRIBED SHARE CAPITAL	063	1.672.021.210	1.672.021.210
II. CAPITAL RESERVES	064	-373.815	3.573.938
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	62.737.202	85.417.585
1. Legal reserves	066	61.906.040	67.198.750
2. Reserve for own shares	067	34.344.407	44.815.284
3. Treasury shares and shares (deductible items)	068	33.513.245	36.125.572
4. Statutory reserves	069		
5. Other reserves	070		9.529.123
IV. REVALUATION RESERVES	071	31.189.526	407.047
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	30.576.912	36.541.452
1. Retained earnings	073	30.576.912	36.541.452
2. Loss carried forward	074		
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	105.441.776	499.159.070
1. Net profit for the period	076	105.441.776	499.159.070
2. Net loss for the period	077		
VII. MINORITY INTEREST	078	97.869	142.948
B) PROVISIONS (080 to 082)	079	87.186	0
1. Provisions for pensions, severance pay and similar liabilities	080		
2. Provisions for tax liabilities	081	16.011	
3. Other provisions	082	71.175	
C) NON-CURRENT LIABILITIES (084 to 092)	083	1.331.861.034	1.406.935.591
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits, etc.	085		
3. Liabilities to banks and other financial institutions	086	1.306.223.976	1.383.974.101
4. Liabilities for advances	087		
5. Trade payables	088		
6. Commitments on securities	089		
7. Liabilities to companies with participating interest	090		
8. Other non-current liabilities	091	2.833.087	3.001.480
9. Deferred tax liabilities	092	22.803.971	19.960.010
D) CURRENT LIABILITIES (094 to 105)	093	229.556.759	235.668.345
1. Liabilities to related parties	094	70.585	
2. Liabilities for loans, deposits, etc.	095		
3. Liabilities to banks and other financial institutions	096	139.838.023	33.910.522
4. Liabilities for advances	097	14.788.881	66.910.361
5. Trade payables	098	47.731.018	75.993.118
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	15.738.902	27.504.554
9. Taxes, contributions and similar liabilities	102	7.870.246	28.725.989
10. Liabilities arising from share in the result	103	45.653	72.403
11. Liabilities arising from non-current assets held for sale	104	2.832	
12. Other current liabilities	105	3.470.619	2.551.398
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	103.423.034	119.111.112
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	3.566.618.693	4.058.978.298
G) OFF BALANCE SHEET ITEMS	108	54.717.679	54.657.377
ADDITION TO BALANCE SHEET (only for consolidated financial statements)			
A) ISSUED CAPITAL AND RESERVES			
1. Attributable to majority owners	109	1.901.592.811	2.297.120.302
2. Attributable to minority interest	110	97.869	142.948

Income statement (period 1.1.2016 to 30.9.2016)
Company: Valamar Riviera d.d.

Position	AOP	Previous period		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
I. OPERATING INCOME (112 to 113)	111	1.222.932.767	867.522.782	1.405.912.098	970.706.974
1. Sales revenues	112	1.204.362.692	861.540.787	1.382.496.771	962.848.167
2. Other operating revenues	113	18.570.075	5.981.995	23.415.327	7.858.807
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	845.691.525	405.276.572	946.313.694	465.976.333
1. Change in inventories of work in progress	115				
2. Material expenses (117 to 119)	116	332.950.244	185.798.997	359.946.104	211.774.917
a) Costs of raw materials	117	185.163.228	104.518.436	207.874.892	116.346.486
b) Cost of goods sold	118	1.370.244	978.622	2.235.915	1.670.878
c) Other material expenses	119	146.416.772	80.301.939	149.835.297	93.757.553
3. Employee benefits expenses (121 to 123)	120	238.514.510	112.020.256	288.972.289	143.373.839
a) Net salaries	121	143.213.320	67.771.590	181.108.553	93.040.814
b) Tax and contributions from salary expenses	122	61.406.239	28.359.200	68.129.422	32.169.764
c) Contributions on salary	123	33.894.951	15.889.466	39.734.314	18.163.261
4. Depreciation and amortisation	124	177.949.360	63.151.934	197.103.933	65.701.837
5. Other expenses	125	87.024.041	39.620.050	89.863.787	39.008.337
6. Write down of assets (127+128)	126	711.709	475.902	271.483	229.733
a) non-current assets (except financial assets)	127				
b) current assets (except financial assets)	128	711.709	475.902	271.483	229.733
7. Provisions	129				
8. Other operating costs	130	8.541.661	4.209.433	10.156.098	5.887.670
III. FINANCIAL INCOME (132 to 136)	131	30.340.779	13.372.108	81.453.879	9.495.133
1. Interest, foreign exchange differences, dividends and similar income from related parties	132				
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	24.916.991	12.222.959	35.594.645	6.482.160
3. Income from investments in associates and joint ventures	134				
4. Unrealised gains (income) from financial assets	135	4.059.944	706.426	8.150.742	2.277.091
5. Other financial income	136	1.363.844	442.723	37.708.492	735.882
IV. FINANCIAL EXPENSES (138 to 141)	137	62.688.864	21.462.847	43.807.787	14.323.039
1. Interest, foreign exchange differences, dividends and similar expenses from related parties	138				
2. Interest, foreign exchange differences, dividends and similar expenses from third parties	139	57.808.168	18.611.680	33.082.695	10.087.368
3. Unrealised losses (expenses) from financial assets	140	4.450.709	2.778.931	7.293.756	2.367.168
4. Other financial expenses	141	429.987	72.236	3.431.336	1.868.503
V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES	142				
VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES	143				
VII. EXTRAORDINARY - OTHER INCOME	144				
VIII. EXTRAORDINARY - OTHER EXPENSES	145				
IX. TOTAL INCOME (111+131+142+144)	146	1.253.273.546	880.894.890	1.487.365.977	980.202.107
X. TOTAL EXPENSES (114+137+143+145)	147	908.380.389	426.739.419	990.121.481	480.299.372
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	344.893.157	454.155.471	497.244.496	499.902.735
1. Profit before taxes (146-147)	149	344.893.157	454.155.471	497.244.496	499.902.735
2. Loss before taxes (147-146)	150	0	0	0	0
XII. TAXATION	151	-637.338		-1.959.653	
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	345.530.495	454.155.471	499.204.149	499.902.735
1. Profit for the period (149-151)	153	345.530.495	454.155.471	499.204.149	499.902.735
2. Loss for the period (151-148)	154	0	0	0	0

Income statement (period 1.1.2016 to 30.9.2016) (continued)
Company: Valamar Riviera d.d.

Position	AOP	Previous period		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6

ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)

XIV. PROFIT OR LOSS FOR THE PERIOD

1. Attributable to majority owners	155	344.223.805	452.847.677	499.159.070	499.856.028
2. Attributable to minority interest	156	1.306.690	1.307.794	45.079	46.707

STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)

I. PROFIT OR LOSS FOR THE PERIOD (=152)	157	345.530.495	454.155.471	499.204.149	499.902.735
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 to 165)	158	6.809.998	6.809.998	-33.475.610	-443.099
1. Exchange differences from international settlement	159				
2. Changes in revaluation reserves of long-term tangible and intangible assets	160				
3. Profit or loss from re-evaluation of financial assets held for sale	161	6.809.998	6.809.998	-33.475.610	-443.099
4. Profit or loss from cash flow hedging	162				
5. Profit or loss from hedging of foreign investments	163				
6. Share of other comprehensive income/loss from associated companies	164				
7. Actuarial gains/losses from defined benefit plans	165				
III. TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166	1.361.999	1.361.999	-2.693.131	-88.620
IV. NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD (158-166)	167	5.447.999	5.447.999	-30.782.479	-354.479
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	350.978.494	459.603.470	468.421.670	499.548.256

ADDITION TO STATEMENT OF OTHER COMPREHENSIVE INCOME (only for consolidated financial statements)

VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD

1. Attributable to majority owners	169	349.671.804	458.295.676	468.376.591	499.501.549
2. Attributable to minority interest	170	1.306.690	1.307.794	45.079	46.707

Cash flow statement - indirect method (period 1.1.2016 to 30.9.2016)
Company: Valamar Riviera d.d.

Position 1	AOP 2	Previous period 3	Current period 4
CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	001	344.223.805	497.244.496
2. Depreciation and amortisation	002	177.949.360	197.103.933
3. Increase of current liabilities	003	83.415.854	112.039.087
4. Decrease of current receivables	004		
5. Decrease of inventories	005		
6. Other cash flow increases	006	22.423.309	15.908.506
I. Total increase of cash flow from operating activities (001 to 006)	007	628.012.328	822.296.022
1. Decrease of current liabilities	008		
2. Increase of current receivables	009	96.570.296	92.358.267
3. Increase of inventories	010	187.248	1.968.376
4. Other cash flow decreases	011	46.457.006	55.963.736
II. Total decrease of cash flow from operating activities (008 to 011)	012	143.214.550	150.290.379
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	484.797.778	672.005.643
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)	014	0	0
CASH FLOW FROM INVESTING ACTIVITIES			
1. Proceeds from sale of non-current assets	015		
2. Proceeds from sale of non-current financial assets	016		39.876.233
3. Interest received	017		
4. Dividend received	018		
5. Other proceeds from investing activities	019		
III. Total cash inflows from investing activities (015 to 019)	020	0	39.876.233
1. Purchase of non-current assets	021	665.486.088	243.594.982
2. Purchase of non-current financial assets	022		
3. Other cash outflows from investing activities	023	6.868.984	1.870.439
IV. Total cash outflows from investing activities (021 to 023)	024	672.355.072	245.465.421
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES (020-024)	025	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES (024-020)	026	672.355.072	205.589.188
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issue of equity securities and debt securities	027	7.410.609	
2. Proceeds from loans and borrowings	028	358.107.825	
3. Other proceeds from financing activities	029	1.320.509	
V. Total cash inflows from financing activities (027 to 029)	030	366.838.943	0
1. Repayment of loans and bonds	031		28.177.377
2. Dividends paid	032	68.922.466	37.330.521
3. Repayment of finance lease	033		
4. Purchase of treasury shares	034	12.767.997	35.692.643
5. Other cash outflows from financing activities	035	143.948	30.540.164
VI. Total cash outflows from financing activities (031 to 035)	036	81.834.411	131.740.705
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)	037	285.004.532	0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)	038	0	131.740.705
Total increases of cash flows (013-014+025-026+037-038)	039	97.447.238	334.675.750
Total decreases of cash flows (014-013+026-025+038-037)	040	0	0
Cash and cash equivalents at the beginning of period	041	195.201.504	318.755.282
Increase of cash and cash equivalents	042	97.447.238	334.675.750
Decrease of cash and cash equivalents	043		0
Cash and cash equivalents at the end of period	044	292.648.742	653.431.032

Statement of changes in equity (period 1.1.2016 to 30.9.2016)
Company: Valamar Riviera d.d.

Position 1	AOP 2	Previous year 3	Current year 4
1. Subscribed share capital	001	1.672.021.210	1.672.021.210
2. Capital reserves	002	-373.815	3.573.938
3. Reserves from profit	003	62.737.202	85.417.585
4. Retained earnings or loss carried forward	004	30.576.912	36.541.452
5. Net profit or loss for the period	005	105.441.776	499.159.070
6. Revaluation of tangible assets	006		
7. Revaluation of intangible assets	007		
8. Revaluation of available for sale assets	008	31.189.526	407.047
9. Other revaluation	009		
10. Total equity and reserves (AOP 001 to 009)	010	1.901.592.811	2.297.120.302
11. Foreign exchange differences from foreign investments	011		
12. Current and deferred taxes	012		
13. Cash flow hedge	013		
14. Change of accounting policies	014		
15. Correction of significant mistakes of prior period	015		
16. Other changes	016		
17. Total increase or decrease of equity (AOP 011 to 016)	017	0	0
17 a. Attributable to majority owners	018	1.901.592.811	2.297.120.302
17 b. Attributable to minority interest	019	97.869	142.948

Notes to Financial Statements

(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 2015.	Balance sheet-previous period 31.12.2015.	Balance sheet-current period 30.9.2016.
Valamar hoteli i ljetovališta d.o.o.	Yes (merged to Valamar Riviera d.d. 27.2.2015.)	
Citatis d.o.o.	Yes (merged to Bastion d.o.o. 12.11.2015.)	
Mirta Bašćanska d.o.o.	Yes (merged to Hoteli Baška d.d. 13.1.2016.)	
Vala Bašćanska d.o.o.	Yes (merged to Hoteli Baška d.d. 13.1.2016.)	
Baškaturist d.o.o.	Yes (merged to Hoteli Baška d.d. 13.1.2016.)	
Hoteli Baška d.d.	Yes (merged to Valamar Riviera d.d. 31.3.2016.)	
Bastion upravljanje d.o.o.	Yes (merged to Valamar Riviera d.d. 30.6.2016.)	
Valamar hotels & resorts GmbH	Yes	No
Elafiti Babin kuk d.o.o.	Yes	Yes
Magične stijene d.o.o.	Yes	Yes
Palme turizam d.o.o.	Yes	Yes
Pogača Babin Kuk d.o.o.	Yes	Yes
Bugenvilia d.o.o.	Yes	Yes
Puntžela d.o.o.	Yes	Yes

Companies of the consolidation subject: 2016.	Income statement-previous period 30.9.2015.	Income statement-current period 30.9.2016.
Valamar hoteli i ljetovališta d.o.o.	1.1.-27.2. (merged to Valamar Riviera d.d. 27.2.2015.)	-
Citatis d.o.o.	01.1.-30.9. (merged to Bastion d.o.o. 12.11.2015.)	-
Mirta Bašćanska d.o.o.	-	1.1.-13.1. (merged to Hoteli Baška d.d. 13.1.2016.)
Vala Bašćanska d.o.o.	-	1.1.-13.1. (merged to Hoteli Baška d.d. 13.1.2016.)
Baškaturist d.o.o.	-	1.1.-13.1. (merged to Hoteli Baška d.d. 13.1.2016.)
Hoteli Baška d.d.	-	1.1.-31.3. (merged to Valamar Riviera d.d. 31.3.2016.)
Valamar hotels & resorts GmbH	-	-
Bastion upravljanje d.o.o.	1.1.-30.9.	1.1.-30.6. (merged to Valamar Riviera d.d. 30.6.2016.)
Elafiti Babin kuk d.o.o.	1.1.-30.9.	1.1.-30.9.
Magične stijene d.o.o.	1.1.-30.9.	1.1.-30.9.
Palme turizam d.o.o.	1.1.-30.9.	1.1.-30.9.
Pogača Babin Kuk d.o.o.	1.1.-30.9.	1.1.-30.9.
Bugenvilia d.o.o.	1.1.-30.9.	1.1.-30.9.
Puntžela d.o.o.	1.1.-30.9.	1.1.-30.9.

Balance Sheet (as of 30.9.2016)

Company: Valamar Riviera d.d.

Position 1	AOP 2	Previous period 3	Current period 4
ASSETS			
A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL	001		
B) NON-CURRENT ASSETS (003+010+020+029+033)	002	3.171.672.610	3.371.987.285
I. INTANGIBLE ASSETS (004 to 009)	003	9.202.261	16.448.949
1. Expenditure for development	004		
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	9.090.495	9.051.511
3. Goodwill	006		
4. Advances for purchase of intangible assets	007		
5. Intangible assets in progress	008	111.766	7.397.438
6. Other intangible assets	009		
II. PROPERTY, PLANT AND EQUIPMENT (011 to 019)	010	2.379.794.741	2.804.807.046
1. Land	011	519.577.779	592.402.633
2. Buildings	012	1.525.902.691	1.726.625.987
3. Plant and equipment	013	189.682.352	182.672.608
4. Tools, working inventory and transportation assets	014	63.877.369	68.715.100
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	5.072.180	2.620.538
7. Tangible assets in progress	017	32.557.369	187.803.731
8. Other tangible assets	018	24.663.310	22.768.051
9. Investment in real-estate	019	18.461.691	21.198.398
III. NON-CURRENT FINANCIAL ASSETS (021 to 028)	020	625.876.740	389.804.720
1. Share in related parties	021	584.753.048	384.792.488
2. Loans to related parties	022		
3. Participating interests (shares)	023	140.000	140.000
4. Loans to companies with participating interest	024		
5. Investments in securities	025	40.983.692	4.545.999
6. Loans, deposits, etc.	026		326.233
7. Other non-current financial assets	027		
8. Equity-accounted investments	028		
IV. RECEIVABLES (030 to 032)	029	136.460.510	136.240.082
1. Receivables from related parties	030	135.815.357	135.815.357
2. Receivables arising from sales on credit	031	286.116	248.298
3. Other receivables	032	359.037	176.427
V. DEFERRED TAX ASSET	033	20.338.358	24.686.488
C) CURRENT ASSETS (035+043+050+058)	034	363.445.425	787.305.503
I. INVENTORIES (036 to 042)	035	9.604.766	11.729.394
1. Raw materials and supplies	036	8.810.975	11.252.065
2. Production in progress	037		
3. Finished products	038		
4. Merchandise	039	48.797	477.329
5. Advances for inventories	040		
6. Long term assets held for sale	041	744.994	
7. Biological assets	042		
II. RECEIVABLES (044 to 049)	043	51.857.599	126.497.630
1. Receivables from related parties	044	29.181.921	8.954.641
2. Receivables from end-customers	045	12.765.099	106.028.575
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	485.286	2.903.724
5. Receivables from government and other institutions	048	7.009.354	3.562.803
6. Other receivables	049	2.415.939	5.047.887
III. CURRENT FINANCIAL ASSETS (051 to 057)	050	185.980	1.421.003
1. Share in related parties	051		
2. Loans to related parties	052	20.300	23.800
3. Participating interests (shares)	053		
4. Loans to companies with participating interest	054		
5. Investments in securities	055		
6. Loans, deposits, etc.	056	24.845	702.869
7. Other financial assets	057	140.835	694.334
IV. CASH AND CASH EQUIVALENTS	058	301.797.080	647.657.476
D) PREPAYMENTS AND ACCRUED INCOME	059	20.594.349	72.179.389
E) TOTAL ASSETS (001+002+034+059)	060	3.555.712.384	4.231.472.177
F) OFF BALANCE SHEET ITEMS	061	54.717.679	54.657.377

Balance Sheet (as of 30.9.2016) (continued)
Company: Valamar Riviera d.d.

Position 1	AOP 2	Previous period 3	Current period 4
EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	2.088.581.493	2.481.552.245
I. SUBSCRIBED SHARE CAPITAL	063	1.672.021.210	1.672.021.210
II. CAPITAL RESERVES	064	109.139	3.573.938
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	67.203.861	85.417.585
1. Legal reserves	066	61.906.040	67.198.750
2. Reserve for own shares	067	34.344.407	44.815.284
3. Treasury shares and shares (deductible items)	068	29.046.586	36.125.572
4. Statutory reserves	069		
5. Other reserves	070		9.529.123
IV. REVALUATION RESERVES	071	31.431.842	407.047
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	211.961.240	229.875.817
1. Retained earnings	073	211.961.240	229.875.817
2. Loss carried forward	074		
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	105.854.201	490.256.648
1. Net profit for the period	076	105.854.201	490.256.648
2. Net loss for the period	077		
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 to 082)	079	0	0
1. Provisions for pensions, severance pay and similar liabilities	080		
2. Provisions for tax liabilities	081		
3. Other provisions	082		
C) NON-CURRENT LIABILITIES (084 to 092)	083	1.164.439.231	1.398.387.020
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits, etc.	085		
3. Liabilities to banks and other financial institutions	086	1.158.888.007	1.375.425.530
4. Liabilities for advances	087		
5. Trade payables	088		
6. Commitments on securities	089		
7. Liabilities to companies with participating interest	090		
8. Other non-current liabilities	091	2.833.086	3.001.480
9. Deferred tax liabilities	092	2.718.138	19.960.010
D) CURRENT LIABILITIES (094 to 105)	093	205.346.633	233.118.850
1. Liabilities to related parties	094	204.906	
2. Liabilities for loans, deposits, etc.	095		
3. Liabilities to banks and other financial institutions	096	125.355.698	33.503.447
4. Liabilities for advances	097	12.944.972	65.821.284
5. Trade payables	098	43.376.126	75.136.136
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	14.943.850	27.308.308
9. Taxes, contributions and similar liabilities	102	6.643.162	28.729.034
10. Liabilities arising from share in the result	103		59.985
11. Liabilities arising from non-current assets held for sale	104		
12. Other current liabilities	105	1.877.919	2.560.656
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	97.345.027	118.414.062
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	3.555.712.384	4.231.472.177
G) OFF BALANCE SHEET ITEMS	108	54.717.679	54.657.377
ADDITION TO BALANCE SHEET (only for consolidated financial statements)			
A) ISSUED CAPITAL AND RESERVES			
1. Attributable to majority owners	109		
2. Attributable to minority interest	110		

Income statement (period 1.1.2016 to 30.9.2016)
Company: Valamar Riviera d.d.

Position	AOP	Previous period		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
I. OPERATING INCOME (112 to 113)	111	1.138.070.146	785.508.942	1.388.401.414	959.447.075
1. Sales revenues	112	1.121.544.736	781.520.197	1.368.292.186	951.746.394
2. Other operating revenues	113	16.525.410	3.988.745	20.109.228	7.700.681
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	813.405.270	373.914.184	937.164.842	466.448.165
1. Change in inventories of work in progress	115				
2. Material expenses (117 to 119)	116	342.866.342	180.818.535	377.176.173	217.275.569
a) Costs of raw materials	117	177.433.748	97.318.441	206.303.849	115.834.590
b) Cost of goods sold	118	1.366.167	978.622	2.235.915	1.670.877
c) Other material expenses	119	164.066.427	82.521.472	168.636.409	99.770.102
3. Employee benefits expenses (121 to 123)	120	225.247.725	103.567.784	283.614.136	142.428.457
a) Net salaries	121	135.531.519	62.677.534	178.485.660	92.471.119
b) Tax and contributions from salary expenses	122	57.489.763	26.122.567	67.203.991	32.169.764
c) Contributions on salary	123	32.226.443	14.767.683	37.924.485	17.787.574
4. Depreciation and amortisation	124	160.891.728	53.752.557	180.248.254	61.964.245
5. Other expenses	125	80.855.686	34.569.465	88.369.594	38.670.084
6. Write down of assets (127+128)	126	711.709	475.902	271.483	229.733
a) non-current assets (except financial assets)	127				
b) current assets (except financial assets)	128	711.709	475.902	271.483	229.733
7. Provisions	129				
8. Other operating costs	130	2.832.080	729.941	7.485.202	5.880.077
III. FINANCIAL INCOME (132 to 136)	131	55.925.940	15.305.944	78.723.787	9.448.512
1. Interest, foreign exchange differences, dividends and similar income from related parties	132	26.181.223	2.143.519		
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	24.320.929	12.013.275	33.262.560	6.435.539
3. Income from investments in associates and joint ventures	134				
4. Unrealised gains (income) from financial assets	135	4.059.944	706.427	8.150.742	2.277.091
5. Other financial income	136	1.363.844	442.723	37.310.485	735.882
IV. FINANCIAL EXPENSES (138 to 141)	137	58.573.629	18.708.111	39.703.711	13.781.350
1. Interest, foreign exchange differences, dividends and similar expenses from related parties	138				
2. Interest, foreign exchange differences, dividends and similar expenses from third parties	139	53.692.933	15.856.944	29.911.940	9.545.680
3. Unrealised losses (expenses) from financial assets	140	4.450.709	2.778.931	7.293.756	2.367.168
4. Other financial expenses	141	429.987	72.236	2.498.015	1.868.502
V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES	142				
VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES	143				
VII. EXTRAORDINARY - OTHER INCOME	144				
VIII. EXTRAORDINARY - OTHER EXPENSES	145				
IX. TOTAL INCOME (111+131+142+144)	146	1.193.996.086	800.814.886	1.467.125.201	968.895.587
X. TOTAL EXPENSES (114+137+143+145)	147	871.978.899	392.622.295	976.868.553	480.229.515
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	322.017.187	408.192.591	490.256.648	488.666.072
1. Profit before taxes (146-147)	149	322.017.187	408.192.591	490.256.648	488.666.072
2. Loss before taxes (147-146)	150	0	0	0	0
XII. TAXATION	151				
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	322.017.187	408.192.591	490.256.648	488.666.072
1. Profit for the period (149-151)	153	322.017.187	408.192.591	490.256.648	488.666.072
2. Loss for the period (151-148)	154	0	0	0	0

Income statement (period 1.1.2016 to 30.9.2016) (continued)
Company: Valamar Riviera d.d.

Position	AOP	Previous period		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6

ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)

XIV. PROFIT OR LOSS FOR THE PERIOD

1. Attributable to majority owners	155	322.017.187	408.192.591	490.256.648	488.666.072
2. Attributable to minority interest	156				

STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)

I. PROFIT OR LOSS FOR THE PERIOD (=152)	157	322.017.187	408.192.591	490.256.648	488.666.072
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 to 165)	158	1.812.222	1.812.222	-33.645.125	-354.020
1. Exchange differences from international settlement	159				
2. Changes in revaluation reserves of long-term tangible and intangible assets	160				
3. Profit or loss from re-evaluation of financial assets held for sale	161	1.812.222	1.812.222	-33.645.125	-354.020
4. Profit or loss from cash flow hedging	162				
5. Profit or loss from hedging of foreign investments	163				
6. Share of other comprehensive income/loss from associated companies	164				
7. Actuarial gains/losses from defined benefit plans	165				
III. TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166	362.444	362.444	-2.620.331	-67.640
IV. NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD (158-166)	167	1.449.778	1.449.778	-31.024.794	-286.380
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	323.466.965	409.642.369	459.231.854	488.379.692

ADDITION TO STATEMENT OF OTHER COMPREHENSIVE INCOME (only for consolidated financial statements)

VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD

1. Attributable to majority owners	169
2. Attributable to minority interest	170

Cash flow statement - indirect method (period 1.1.2016 to 30.9.2016)
Company: Valamar Riviera d.d.

Position 1	AOP 2	Previous period 3	Current period 4
CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	001	322.017.188	490.256.648
2. Depreciation and amortisation	002	160.891.728	180.248.254
3. Increase of current liabilities	003	56.206.620	149.529.137
4. Decrease of current receivables	004		
5. Decrease of inventories	005	479.851	
6. Other cash flow increases	006	57.989	271.483
I. Total increase of cash flow from operating activities (001 to 006)	007	539.653.376	820.305.522
1. Decrease of current liabilities	008		
2. Increase of current receivables	009	59.450.857	122.882.122
3. Increase of inventories	010		1.968.192
4. Other cash flow decreases	011	40.656.941	55.932.209
II. Total decrease of cash flow from operating activities (008 to 011)	012	100.107.798	180.782.523
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	439.545.578	639.522.999
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)	014	0	0
CASH FLOW FROM INVESTING ACTIVITIES			
1. Proceeds from sale of non-current assets	015		
2. Proceeds from sale of non-current financial assets	016		39.024.277
3. Interest received	017		
4. Dividend received	018		
5. Other proceeds from investing activities	019		11.598.486
III. Total cash inflows from investing activities (015 to 019)	020	0	50.622.763
1. Purchase of non-current assets	021	282.284.800	240.549.742
2. Purchase of non-current financial assets	022		
3. Other cash outflows from investing activities	023	178.778.806	5.740.298
IV. Total cash outflows from investing activities (021 to 023)	024	461.063.606	246.290.040
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES (020-024)	025	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES (024-020)	026	461.063.606	195.667.277
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issue of equity securities and debt securities	027		
2. Proceeds from loans and borrowings	028	201.816.261	118.422.204
3. Other proceeds from financing activities	029	1.449.778	
V. Total cash inflows from financing activities (027 to 029)	030	203.266.039	118.422.204
1. Repayment of loans and bonds	031		143.394.366
2. Dividends paid	032	68.922.466	37.330.521
3. Repayment of finance lease	033		
4. Purchase of treasury shares	034	12.268.002	35.692.643
5. Other cash outflows from financing activities	035	9.251.135	
VI. Total cash outflows from financing activities (031 to 035)	036	90.441.603	216.417.530
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)	037	112.824.436	0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)	038	0	97.995.326
Total increases of cash flows (013-014+025-026+037-038)	039	91.306.408	345.860.396
Total decreases of cash flows (014-013+026-025+038-037)	040	0	0
Cash and cash equivalents at the beginning of period	041	166.188.610	301.797.080
Increase of cash and cash equivalents	042	91.306.408	345.860.396
Decrease of cash and cash equivalents	043		0
Cash and cash equivalents at the end of period	044	257.495.018	647.657.476

Statement of changes in equity (period 1.1.2016 to 30.9.2016)
Company: Valamar Riviera d.d.

Position 1	AOP 2	Previous year 3	Current year 4
1. Subscribed share capital	001	1.672.021.210	1.672.021.210
2. Capital reserves	002	109.139	3.573.938
3. Reserves from profit	003	67.203.861	85.417.585
4. Retained earnings or loss carried forward	004	211.961.240	229.875.817
5. Net profit or loss for the period	005	105.854.201	490.256.648
6. Revaluation of tangible assets	006		
7. Revaluation of intangible assets	007		
8. Revaluation of available for sale assets	008	31.431.842	407.047
9. Other revaluation	009		
10. Total equity and reserves (AOP 001 to 009)	010	2.088.581.493	2.481.552.245
11. Foreign exchange differences from foreign investments	011		
12. Current and deferred taxes	012		
13. Cash flow hedge	013		
14. Change of accounting policies	014		
15. Correction of significant mistakes of prior period	015		
16. Other changes	016		
17. Total increase or decrease of equity (AOP 011 to 016)	017	0	0
17 a. Attributable to majority owners	018		
17 b. Attributable to minority interest	019		

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