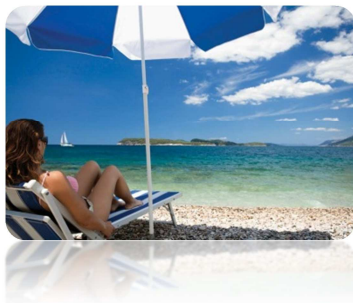


# RIVIERA ADRIA d.d.



## ANNUAL REPORT 2013

Poreč, June 2014

## CONTENTS

1. Management Board report
2. Annual financial statements
  - 2.1. Balance sheet
  - 2.2. Statement of comprehensive income
  - 2.3. Cash flow statement
3. Auditor's report
4. Commentary

According to regulations of Companies Act (hereinafter: ZTD) and regulations of Accounting Act (hereinafter: ZoR) the Management Board of Riviera Adria d.d., headquarters in Poreč, Stancija Kaligari 1 (hereinafter: Company) submits

## **MANAGEMENT REPORT ON COMPANY'S STATUS**

**For period January 1<sup>st</sup>, 2013 – December 31<sup>st</sup>, 2013**

**and**

**yearly audited business report (For period January 1<sup>st</sup>, 2013 – December 31<sup>st</sup>, 2013)**

### **Significant business matters**

On October 31, 2013, with legal effect from November 1, 2013, in the Commercial Court Rijeka Permanent office Pazin merger of company Dubrovnik – Babin kuk d.d. to its parent company Riviera Adria d.d. was recorded, all based on previously conducted legal prescribed procedures and decisions of General Assembly of Dubrovnik – Babin kuk d.d. dating October 9, 2013, as well as based on the Merger Agreement concluded on August 30, 2013.

With this merger Dubrovnik – Babin kuk d.d. became a part of the the biggest tourist company in Croatia which operates from Istria and Kvarner to Dubrovnik with a possibility of accommodation more than 40.000 guests in one day in its 22 hotels, 7 apartment villages and 9 campsites. During high season, the Company will have up to 3000 employees, out of which 40% permanently employed.

Company's permanent aim is continuous growth and development in all business segments. Expand of tourism and other assets portfolio due to merger allows further specialization, clear positioning of tourist facilities on the national and international market, higher stability and crisis resistance, more favorable financing sources and more investments, especially in capital projects.

Until October 31, 2013 Management Board composed of: Edi Černjul – President, Tihomir Nikolaš – Member and Marko Čižmek – Member, and from November 1, 2013 one new MB Member was appointed – Niko Koncul – Vice president.

The Management Board of the Company presents the yearly audited business report for 2013, with emphasis that presented statements have to be observed in context of forward stated changes due to result of mentioned merger

In the financial statements for 2013 all the items and accounting positions of merged company Dubrovnik – Babin kuk d.d. are included for period from November 1 to December 31, 2013 so all the significant changes in financial statement should be observed as a result of mentioned merger. We emphasize that merged company its separate business ended on October 31, 2013 with loss of 2,41 mil kuna.

### **Group results**

Riviera Adria d.d. Group (hereinafter: Group) is a mainly tourist company consisting of company Riviera Adria d.d. from Poreč and following companies: Bugenvilia d.o.o. Dubrovnik, Elafiti Babin kuk d.o.o. Dubrovnik, Palme turizam d.o.o. Dubrovnik, Magične stijene d.o.o. Dubrovnik and Pogača Babin kuk d.o.o. Dubrovnik. The business of the Group has mostly seasonal character and the main business volume Group realizes in period of second and third quarter, i.e. during the main tourist season.

In mentioned period the company, altogether with companies included in consolidation, realized total revenues in amount of 1,086 billion kuna, i.e. 73,66 mil kuna or 7,27% more related to same period in 2012.

In total Group revenues, 85,85% (86,39% in 2012) relates to the foreign market and 10,61% (10,04% in 2012) relates to the domestic market. Foreign market revenues are higher, compared to 2012, for 6,61%, while domestic market revenues increased for 13,37%.

Group sales revenue proportion in total revenues amounts 96,46% (96,43 in 2012).

Group sales revenues are higher for 71,39 mil kuna (7,31%) compared to previous year and amount 1,048 billion kuna, out of which on the foreign market relates 932,77 mil kuna, i.e. 89% (89,59% in 2012), while on the domestic market relates 115,23 mil kuna, i.e. 11% (10,41% in 2012).

In mentioned period the Group realized 4.179.127 overnights what represents a 2,09% increase. By destinations in which the Group operates: in Poreč the Group realized 1,75% overnights less, in Dubrovnik 0,89% less, in Rabac 1,14% more, and in Krk 37,32% overnights more related to same period previous year. Significant overnight increase in Krk is a result of establishing Škrila camp in Stara baška under the Valamar management as well as better occupancy, especially of newly-renovated Krk camp.

Other Group revenues (other operating revenues and financial revenues) amount 38,45 mil kuna (higher for 6,26% related to 2012) and their proportion in total revenues is 3,54 % (3,57% in 2012). Material expenses amount 388,21 mil kuna and their proportion in operational expenses is 38,43% (33,14% in 2012) and they are higher for 26,1% related to 2012; reason for the increase is mostly the significant one off maintenance of facilities.

Personell expenses amount 242,26 mil kuna, with proportion of 24% in operating expenses (25,11% in 2012), and they are higher for 3,86%.

Financial expenses amount 36,33 mil kuna what is a 5,35% decrease with proportion of 3,47% in total expenses (3,97% in 2012.).

In mentioned period the Group realized gross profit in amount of 39,87 mil kuna. By showing of deferred tax assets in amount of 66,13 mil kuna (one-time merger effect) the Group finished the business year with net profit in amount of 106,01 mil kuna and operative profit in amount of 50,42 mil kuna.

Gross margin of Group amounts 3,76% (4,62% in 2012). Gross margin decrease is mainly a result of material expenses increase due to significant one off maintenance of buildings.

Total assets of Group on December 31, 2013 amount 2,75 billion kuna and is higher compared to previous year for 93,67 mil kuna.

## **Company results**

In period from January 1 to December 31, 2013 Riviera Adria d.d. realized total revenues in amount of 842,27 mil kuna, i.e. 68,43 mil kuna or 8,84% more compared to 2012.

In total revenues, on the foreign market relates 84,95% (84,68% in 2012) and on domestic 10,79% (11,61% in 2012). Foreign market revenues are higher compared to 2012 for 9,2%, while domestic market revenues increased for 1,14%.

Sales revenue proportion in total revenues amounts 95,74% (96,29% in 2012).

Sales revenues are higher for 61,29 mil kuna (8,23%) compared to previous year and amount 806,4 mil kuna, out of which on the foreign market relates 715,52 mil kuna, i.e. 88,73% (87,94% in 2012), while on the domestic market relates 90,87 mil kuna, i.e. 11,27% (12,06% in 2012).

In mentioned period Riviera realized 4.179.127 overnights what represents an increase of 2,09%. By destinations in which the company operates: in Poreč realized 1,75% overnights less, in Dubrovnik 0,89% less, in Rabac 1,14% more and in Krk 37,32% overnights more compared to previous year. Significant overnight increase in Krk is a result of establishing Škrila camp in Stara baška under the Valamar management as well as better occupancy, especially of newly-renovated Krk camp.

Other Group revenues (other operating revenues and financial revenues) amount 35,87 mil kuna and their proportion in total revenues is 4,26 % (3,71% in 2012). Material expenses amount 281,95 mil kuna and their proportion in operational expensis is 35,87% (34,09% in 2012) and they are higher for 17,51% related to 2012; reason for the increase is mostly the significant one off maintenance of buildings and material expenses of merged company from November-December period.

Personnel expenses amount 180,79 mil kuna with proportion of 23% in operating expenses (24,07% in 2012), and they are higher for 6,7%.

Financial expenses amount 21,05 mil kuna what represents an increase of 31,93% with proportion of 2,61% in total expenses (2,22% in 2012).

In mentioned period the company realized gross profit in amount of 35,11 mil kuna. By showing of deferred tax assets in amount of 23,53 mil kuna (one-time merger effect) the company finished the business year with net profit in amount of 58,64 mil kuna and operative profit in amount of 30,95 mil kuna.

Company's gross margin amounts 4,30% (7,19% in 2012). Gross margin decrease is a result of increased material expenses due to significant one off maintenance of building and material expenses of merged company from November-December period.

Total assets of the company on December 31, 2013 amounts 2,96 billion kuna and is higher compared to previous period for 789,21 mil kuna (assets include also the assets of merged company).

Changes in equity and reserves are a result of shown retained profits from the merger and profit of the current period.

Company's equity is increased for 52,2 mil kuna of the reinvested profit from 2012, all for the purpose of investment and development.

All other changes of balance sheet items have to be observed in context of mentioned merger.

## **Human resources**

On December 31, 2013 the company had 1791 employees.  
The company systematically and continuously invests in human resource development.

## **Risk exposure of Company and Group**

The Company's activities expose it to financial risks: market risk (including currency risk, interest rate risk, cash flow risk and price risk), credit risk and liquidity risk. In order to reduce and risks the Company uses instruments available on the market.

In order to manage price risk the Company continuously carries out activities of analyzing price movements and overall market trends.

Credit risk, i.e. the risk of loss resulting from non-payment of liabilities to Company is managed in a way of dealing with prudential companies and taking appropriate measures to ensure the proper collection of receivables.

Regarding the liquidity risk, the Company keeps a sufficient liquidity level by monitoring cash balance and harmonizing it with predicted cash flows.

The Group is also exposed to several financial risks which are usually for business and tourism companies in the Republic of Croatia. Those are market risk (foreign currency risks, interest risk of cash flow and price risk), credit risk and liquidity risk.

The Company operates on international level and is exposed to currency risk, so the movements of euro, franc or kuna can have an impact on future operating results and cash flows, especially on operating revenues and credit liabilities.

Interest rate risk mainly arises on the basis of long-term loans. Loans issued at variable rates expose the Group to cash flow interest rate risk.

In order to reduce and limit currency and interest risk, the Group uses derivatives available on the market.

The Group has no significant concentration of credit risk. Company's sales policy ensures that sales are made to customers with appropriate credit history.

Price risk exposes the Group to changes in input prices in the business.

Wise liquidity risk management implies maintaining sufficient cash amount, the availability of an adequate financial amount of credits and the ability of permanent obligations paying.

### **Corporate governance codex**

Riviera Adria d.d. and the Group has been developing continuously and acting in accordance with good corporate governance practices, and, with its corporate strategy, policies, key internal acts and procedures strives to contribute to the transparent and efficient business and quality relations with the business environment in which it operates. For the purpose of further strengthening and establishing high standards of corporate governance and that is accordance with the above good corporate governance practices, the Company adopted its own Corporate Governance Codex. The Management Board adheres fully to the provisions of the adopted Codex. Company also applies Corporate Governance Codex published by the Croatian Agency for Supervision of Financial Services and the Zagreb Stock Exchange and publishes it in accordance with regulations.

Significant direct shareholders according to data from the Central Depository and Clearing Agency are listed in the table under "Other information".

There is a time limit in relation to the use of voting rights at the General Assembly in accordance with the provisions of the Companies Act - the shareholders are asked to report their participation in the specified term.

There is no case in which the right of financial security is separated from holding these securities.

Company has no securities with special control rights and there are no restrictions on voting rights.

Rules on the appointment and dismissal of Management Board and Supervisory Board members are established by the Statute, in accordance with the provisions of the Companies Act.

Company's Management Board is authorized to acquire own shares according to decision of the General Assembly from July 8, 2010.

The rules on Statute modification of the Articles of Association have been established by the Companies Act and the Statute has no additional restrictions.

Authorities of Management Board members are also fully harmonized with the provisions of the Companies Act.

Company has:

Management Board: Edi Černjul (President), Nikola Koncul (Vice president), Tihomir Nikolaš, Marko Čižmek

Supervisory Board: Georg Eltz (President), Gustav Wurmböck (vice President), Franz Lanschützer, Mariza Jugovac, Marijan Palić.

Audit committee which performs duties in accordance with Audit Law: Franz Lanschützer, Vicko Ferić, Gustav Wurmböck, Mladen Markoč, Georg Eltz, David Poropat and Dubravko Kušeta.

Management and Supervisory Board work through meetings and making decisions without holding meetings in accordance with the provisions of Laws.

### **Related companies**

Transactions with related companies within Valamar Group are done under usual commercial conditions, deadlines and market prices. In mentioned period was realized 9,86 mil kuna of revenues from transactions with related companies (in 2012 6,2 mil kuna) for Company and 2,59 mil kuna (2012 2,53 mil kuna) for Group and expenses in amount of 84,38 mil kuna (2012 70,75 mil kuna) for Company and 101,54 mil kuna (2012 94,08 mil kuna) for Group.

The balance of payables and receivables towards related companies on December 31, 2013 amounts: receivables for Company 216,5 mil kuna (2012 71,38 mil kuna) and for Group 0,354 mil kuna (2012 0,386 mil kuna); payables for Company 3,25 mil kuna (2012 3,55 mil kuna) and for Group 3,12 mil kuna (2012 4,21 mil kuna).

According to Companies Act, Article 497. the Management Board made a special report on relations of Company with related companies and according to Paragraph 3 Article 497 declares that Company, according to conditions in moment when each legal transaction was made with related company, received appropriate payment without any damage for Company

## **The Company Branches**

On the September 2, 2011 in Commercial court Rijeka Permanent office Pazin establishment of branch-offices was recorded: Branch office RABAC, headquarters Rabac, Slobode 80, Branch office ZLATNI OTOK, headquarters Krk, Vršanska 8 and on the November 4, 2013 was recorded also Branch office DUBROVNIK-BABIN KUK, headquarters in Dubrovnik, Dr. Ante Starčevića 45.

Branches are economic initiators in their local communities and they continue to operate in their destination by supporting their further investments, creation of tourist attractions and participating in their social and business activity.

## **Sustainable development**

Regardless the hospitality and tourism industry generally does not belong in activities that may significantly affect the environment, the Company is continuously working on improving environmental protection and sustainable development with the aim of building a recognizable environmentally oriented tourist destination. The business objects of the Company apply: Environmental Management System according to ISO 14001:2004, Quality Management System according to ISO 9001 and HACCP standards by the Codex Alimentarius.

The objects of the Company uses the waste heat of refrigeration systems for heating and domestic hot water systems are installed to monitor the consumption of electricity and water, and management systems employed peak power. On many beaches of camps and hotels the Company has the Blue flag, symbol of purity distinctive ecological environment. With the responsible management of nature and the environment we fulfill the expectations of guests and contribute to the protection of natural resources.

Society for project „Green Lanterna“ won the first Croatian award for development of green economy „**Greenovation 2013**“, which is awarded for the best program of overall resource use in touristic facilities by Association for Energy of Zagreb and company Energo Media Servis d.o.o.

Hotels Valamar Sanfior Rabac and Valamar Koralj Krk won certificates of Hospitality employer's Association Croatia and are marked as „**Sustainable Hotel**“, what confirms their green business through environment protection, sustainability management, energy efficiency, educated personnel, energy savings, controlled emission of CO2 etc.

## **Corporate social responsibility**

Besides the quality of relationship with our employees, the environment, the overall social and economic environment, Riviera Adria d.d. confirms the status of socially responsible company and towards the local and wider community. As social responsible Company Riviera Adria d.d. every year donates and helps numerous educational, humanitarian, sports and other associations.

In 2013 recipients of our donations were various sports clubs: football clubs (NK Krk, NK Rudar Labin, NK Jadran Poreč...), handball clubs (RK Poreč, woman RK Rudar...) and other sports clubs like Kickboxing club Poreč, Sailing club Rabac, Sailing club Horizont Poreč, Sailing club Plav, Shooting club Tar, Bowling club Raša, Tennis club Rabac and other sports associations and clubs. Company has also donated DVD Tar – Vabriga, Retirees club Croatia, SIK, STUH, Tourist Board of Istra and Kvarner, – Rabac, Tourist board of Vrsar, High school Mate Blažina Labin, Italian community Poreč, St. Andrija church, Community for cultural heritage Poreč and many others.

Company especially points out the initiatives in the area of culture and of the most important in 2013 are the organization of the fourth Valamar Jazz Festival and the 31th anniversary of Riviera art colony. We point out also the new project “Artist on vacation” which continues also in this year and resulted with huge exposition of international vanguard artists in Museum of Contemporary Art Zagreb. It is

held in Riviera hotel Valamar Club Tamaris in organization of Institute for vanguard research and Marinko Sudac collection and under sponsorship of Ministry of culture of Croatia.

Two big and traditional sports events that Riviera also supports are also tennis tour Istarska rivijera and international cycling race Istra Valamar Terra Magica.

We also actively support various enologic, gastronomic and other fairs as Vinistra and Promohotel which are held every year in Poreč.

With these activities Riviera Adria d.d. confirms as a partner of the community in which achieves its business successes and tries to encourage other business entities and business partners to give support in the same way by showing their social sensitivity, and helping both education and sport.

## **Significant business matters**

On November 19, 2012 The Company received from Valamar Adria Holding d.d., Zagreb, Miramarska cesta 24 Notice of the obligation to publish a takeover bid according to Article 9. of Takeover Law, on what public was noticed as prescribed.

On January 9, 2013 company Valamar Adria holding d.d. published a takeover bid and the process is finished on February 19, 2013. The bid was accepted from 597 shareholders so Valamar Adria holding d.d. paid and took over 1.708.797 shares, what represents 1,6% of equity. After the takeover bid process was over, Valamar Adria holding d.d. had 77.886.061 shares RIVP-R-A, what represents 73,08% of total equity i.e. together with subjects with which jointly operates total 84.312.980 shares, what represents 79,13% of total number of shares. Ownership structure on December 31, 2013 is listed under the "Other information" caption.

On June 10, 2013 the company announced a public takeover bid for Dubrovnik-Babin kuk d.d. The process ended on July 22, 2013. The bid was accepted by 93 shareholders so Riviera paid and took over 21.760 shares, what represents 1,23% of equity. After the takeover bid process was over Riviera had 1.683.373 shares HDBK-R-A, what represents 95,37% of total equity, i.e. with subjects with which jointly operates total 1.702.855 shares, what represents 96,48% of total number of shares.

On July 5, 2013 a General Assembly was held where Yearly financial statements for 2012 were presented and following decisions were adopted: allocation of profit, release of Management and Supervisory Board, nomination of KPMG Croatia d.o.o. for audit company in 2013, substitution of shares with nominal value into shares without nominal value, change of Company's statute, approval of legal affairs with related companies, including purchase of business shares of Bugenvilia d.o.o. Dubrovnik, election of former Supervisory Board members for a new four year mandate period. Employee council again appointed their former representative for a new mandate period. The president of Supervisory Board is Georg Eltz, vice president Gustav Wurmböck and members are Franz Lanschützer, Marijan Palić and Mariza Jugovac.

On July 24, 2013 a General Assembly was held where following decisions are adopted: decision on equity increase from retained earnings from 2012, changes of Company's statute and delisting shares from ZSE.

On July 31, 2013 the Company announced to minority shareholders of Dubrovnik – Babin kuk d.d. the request for transfer of minority shareholders shares according to Article 45 of Takeover company Act. Based on the request, on August 19, 2013 SKDD transferred to Riviera all the minority shareholder's shares so after this process Riviera is the only shareholder of the company Dubrovnik-Babin kuk d.d. and has all 1.765.010 shares what represents 100% of equity.

Both Management Boards of Riviera Adria d.d. and Dubrovnik-Babin kuk d.d. 30. kolovoza on August 30, 2013 signed a Merger contract on acquisition of subsidiary Dubrovnik-Babin kuk d.d. to parent company Riviera Adria d.d., which continued the process of consolidation of Valamar portfolio. The process is finished on October 31, 2013 when the merger was recorded in the court register.

SKDD on November 13, 2013 carried out corporate action of merger record, registration of termination of membership and securities of merged company.



On November 11, 2013 ZSE adopted a decision on listing RIVP-R-A shares, ISIN: HRRIVPRA000 on MTP-Fortis; shares are listed on the platform starting from November 13, 2013 and that was also the first day of trading.

## **Significant business matters after end of the business year**

After the expiry of the business year did not happened any business event that could influence significantly to the financial statements.

## **Management and investments**

In accordance with the management agreement on the Management of hotels and tourist facilities and contents from 2004, Company entrusted managing of hotels and other tourist facilities to company Valamar Hotels & Resorts, a leading local company for management of tourism facilities with the largest tourism portfolio under single management in Croatia. The company continually adapts to new market trends and demands and needs of guests.

According to development plans for tourist season 2013 Riviera Adria d.d. invested approx 170 mil kuna for raising the quality of its facilities. The most important and largest single investment, in amount of 60 mil kuna, is 4 star complex Hotel & Casa Valamar Sanfior in Rabac, which besides modern and redesigned room and diversified service offers also new facilities for families and kids. Second largest investment in amount of almost 16 mil kuna is camp Krk in Krk, which is completely transformed and turned into modern 4 star camp with particularly ecological orientation.

Large investments also for touristic season 2014 are realized, out of which the most important investments are Valamar Dubrovnik President and Argosy hotels in Dubrovnik and hotel Zagreb in Poreč. All mentioned hotels will rise their quality and offer and receive a new star - Valamar Dubrovnik President will become first 5 star hotel in Valamar portfolio and hotels Valamar Zagreb and Valamar Argosy will become 4 star hotels. For season 2014 an investment in first hostel Riviera Adria portfolio is finished - Hostel Papalina in Poreč. Planned total investments for 2014 season will amount approximately 350 mil kuna.

In forthcoming period we plan to continue the current investment policy with focus on increasing the competitiveness of our tourism products in strategic markets and to continuously improve the quality of our facilities and services. Investment projects for following seasons (2015 and 2016) are already preparing so in the case of full realization they could result in investments over 400 mil kuna.

However, increased VAT rate for accommodation and hospitality for 30% and more than doubled fee for water use for sure will have a negative effect on future investments due to decreased investment potential and difficulties in achieving return on individual investments, lower sustainability of project financing through long-term loans as well as on decreasing competitiveness and employment. These increased fees, as every further fee increase, could give a postponement effect or canceling part of planned investments in Company tourist portfolio.

**Other information**

Ownership structure on December 31, 2013:

<b>Owner</b>	<b>Number of shares</b>	<b>%</b>
1. Valamar Adria holding d.d. Miramarska 24, 10000 Zagreb	77.977.120	73,19%
2. Valamar grupa d.d. Miramarska 24, 10000 Zagreb	13.125.548	12,32%
3. Bastion upravljanje d.o.o. Miramarska 24, 10000 Zagreb	432.942	0,41%
4. Radež d.d. Ulica 2 15, 20271 Blato	304.780	0,29%
5. Republika Hrvatska/Zastupnički račun Centra za restrukturiranje i prodaju, Ivana Lučića 6, 10000 Zagreb	152.163	0,14%
6. Prodanov Risto	95.100	0,09%
7. Gerovac Milena	81.280	0,08%
8. PBZ d.d./Skrbnički zbirni račun klijenta/Skrbnik, Radnička cesta 50, 10000 Zagreb	73.760	0,07%
9. Ilijašević Petar	64.082	0,06%
10. Kod-građenje d.o.o. Lhotkina 24, 10000 Zagreb	42.295	0,04%
11. Other minority shareholders + own shares	14.197.270	13,32%
<b>TOTAL</b>	<b>106.546.340</b>	<b>100 %</b>

In period from January 1, 2013 to December 31, 2013 the highest RIVP-R-A share price was 15 kuna, and the lowest 12,50 kuna. Based on General Assembly decision and ZSE resolution dating August 16, 2013 RIVP-R-A shares were delisted from the ZSE regular market; the last day of trading was August 14, 2013.

Shares are listed on the MTP-Fortis market on November 13, 2013. In period from November 13 to December 31, 2013 the highest share price was 13 and the lowest 12,02 kuna.

Based on General Assembly decision dating July 8, 2010 the Company in aim to reward employees, and according to performance management project, in period from January 1 to December 31, 2013 acquired 72.872 own shares. The cost of acquiring amounted total 955.565,16 kuna what represents 0,068395% of equity; company also released 75.370 own shares what represents 0,070739% of equity. On December 31, 2013 the Company possesses 3.226.678 own shares what represents 3,028426% of equity.

During 2013 Management Board performed all actions according to Law and Statute in managing business operations and representing the Company as well as planning business policy that is performed with proper care and diligence. Management Board also supervised through permanent internal control.

The Management Board will continue taking all necessary steps to ensure the sustainability and growth of the business in the given circumstances.

Yearly audited, consolidated and non-consolidated financial statements for 2013 are determined by Management Board on June 9, 2014.

Management Board proposes that the profit from 2013 in amount of 58.649.269,93 kuna allocates as follows:

- amount of 2.932.463,40 kuna will be transferred to legal company reserves,
- amount of 55.716.806,53 kuna will be kept as retained profit.

At the end, with deep regret we inform you that Mr. Marijan Palić, a member of Riviera Adria d.d. Supervisory Board died tragically in a car accident in March 2014. Mr. Palić gave a valuable contribution to this business of this Company, for what we are extremely grateful.



Edi Černjul  
Management Board President



Marko Čižmek  
Management Board Member

# GODIŠNJI FINANCIJSKI IZVJEŠTAJ PODUZETNIKA

za **2013**. godinu

**64.885.675.507,84**

Kontrolni broj

Vrsta izvještaja: **10**

Matični broj (MB): **03474771**

Matični broj suda (MBS): **040020883**

Osobni identifikacijski broj (OIB): **36201212847**

Naziv obveznika: **Riviera Adria d.d.**

Poštanski broj i mjesto: **52440**

**Poreč**

Ulica i kućni broj: **Stancija Kaligari 1**

Adresa e-pošte: **uprava@riviera.hr**

Internet adresa: **www.riviera-adria.com**

Šifra općine/grada: **348**

Šifra županije: **18**

Šifra NKD-a: **5510**

Konsolidirani izvještaj: **DA**

Obveza revizije: **DA**

OIB rev.: **20963249418**

Šifra svrhe predaje: **2**

Oznaka veličine: **3**

Oznaka vlasništva: **41**

Porijeklo kapitala: **100**

**0**

Broj zaposlenih: **1262**

**1791**

Broj zaposlenih: **1663**

**2091**

Broj mjeseci poslovanja: **12**

**12**

Matični brojevi pripojenih subjekata:

Matični brojevi sudionika statusnih promjena spajanja:

Knjigovodstveni servis:

(matični broj servisa)

(naziv servisa)

Osoba za kontaktiranje: **Barbara Milotti Akilić**

(unos se samo prezime i ime osobe za kontakt)

Telefon: **052408123**

Telefaks: **052408110**

Adresa e-pošte: **barbara.milotti@riviera.hr**

Prezime i ime: **Edi Černjul, Marko Čizmek**

(osoba ovlaštena za zastupanje)

Evidencijski broj  
(popunjava Registar)

### Popis dokumentacije

DA

Bilanca i Račun dobiti i gubitka

NE

Dodatni podaci

DA

Bilješke uz financijske izvještaje

DA

Izvještaj o novčanom tijeku

DA

Izvještaj o promjenama kapitala

DA

Revizorsko izvješće

DA

Godišnje izvješće

NE

Odluka o raspodjeli dobiti ili pokriću gubitka

DA

Odluka o utvrđivanju godišnjeg financijskog izvještaja

DA

Godišnji financijski izvještaj prema MSFI-u (nestandardni izvještaj)

**RIVIERA ADRIA D.D.**  
M.P.  
**POREČ**

(5) (potpis osobe ovlaštene za zastupanje)

**BILANCA**  
stanje na dan 31.12.2013.

Obrazac  
**POD-BIL**

Obveznik: 36201212847; Riviera Adria d.d.

Naziv pozicije	AOP oznaka	Rbr. bilješke	Prethodna godina (neto)	Tekuća godina (neto)
1	2	3	4	5
<b>AKTIVA</b>				
<b>A) POTRAŽIVANJA ZA UPISANI A NEUPLAĆENI KAPITAL</b>	<b>001</b>			
<b>B) DUGOTRAJNA IMOVINA (003+010+020+029+033)</b>	<b>002</b>		2.400.633.872	2.460.267.504
<b>I. NEMATERIJALNA IMOVINA (004 do 009)</b>	<b>003</b>		1.735.904	8.616.400
1. Izdaci za razvoj	004			
2. Koncesije, patenti, licencije, robne i uslužne marke, softver i ostala prava	005		1.735.904	1.603.090
3. Goodwill	006			
4. Predujmovi za nabavu nematerijalne imovine	007			
5. Nematerijalna imovina u pripremi	008			7.013.310
6. Ostala nematerijalna imovina	009			
<b>II. MATERIJALNA IMOVINA (011 do 019)</b>	<b>010</b>		2.394.313.743	2.381.149.910
1. Zemljište	011		563.330.902	567.405.491
2. Građevinski objekti	012		1.595.728.136	1.527.391.173
3. Postrojenja i oprema	013		126.081.015	128.258.857
4. Alati, pogonski inventar i transportna imovina	014		31.153.978	37.147.176
5. Biološka imovina	015			
6. Predujmovi za materijalnu imovinu	016		29.006.844	27.469.078
7. Materijalna imovina u pripremi	017		33.339.523	75.737.631
8. Ostala materijalna imovina	018		15.673.345	17.740.504
9. Ulaganje u nekretnine	019			
<b>III. DUGOTRAJNA FINACIJSKA IMOVINA (021 do 028)</b>	<b>020</b>		3.379.952	3.182.410
1. Udjeli (dionice) kod povezanih poduzetnika	021		1.270.778	1.328.126
2. Dani zajmovi povezanim poduzetnicima	022			
3. Sudjeljujući interesi (udjeli)	023		160.000	140.000
4. Zajmovi dani poduzetnicima u kojima postoje sudjeljujući interesi	024			
5. Ulaganja u vrijednosne papire	025		1.949.174	1.714.284
6. Dani zajmovi, depoziti i slično	026			
7. Ostala dugotrajna financijska imovina	027			
8. Ulaganja koja se obračunavaju metodom udjela	028			
<b>IV. POTRAŽIVANJA (030 do 032)</b>	<b>029</b>		846.774	802.257
1. Potraživanja od povezanih poduzetnika	030			
2. Potraživanja po osnovi prodaje na kredit	031		461.608	420.556
3. Ostala potraživanja	032		385.166	381.701
<b>V. ODGOĐENA POREZNA IMOVINA</b>	<b>033</b>		357.499	66.516.527
<b>C) KRATKOTRAJNA IMOVINA (035+043+050+058)</b>	<b>034</b>		236.126.557	270.048.661
<b>I. ZALIHE (036 do 042)</b>	<b>035</b>		7.802.245	7.168.797
1. Sirovine i materijal	036		6.058.754	5.341.093
2. Proizvodnja u tijeku	037			
3. Gotovi proizvodi	038		740.909	740.909
4. Trgovačka roba	039		315.810	126.904
5. Predujmovi za zalihe	040		686.772	959.891
6. Dugotrajna imovina namijenjena prodaji	041			
7. Biološka imovina	042			
<b>II. POTRAŽIVANJA (044 do 049)</b>	<b>043</b>		31.684.930	37.663.160
1. Potraživanja od povezanih poduzetnika	044			
2. Potraživanja od kupaca	045		12.431.606	10.290.488
3. Potraživanja od sudjeljujućih poduzetnika	046			
4. Potraživanja od zaposlenika i članova poduzetnika	047		384.929	265.137
5. Potraživanja od države i drugih institucija	048		16.377.892	23.951.600
6. Ostala potraživanja	049		2.490.503	3.155.935
<b>III. KRATKOTRAJNA FINACIJSKA IMOVINA (051 do 057)</b>	<b>050</b>		1.432.638	2.111.570
1. Udjeli (dionice) kod povezanih poduzetnika	051			

**BILANCA**  
stanje na dan 31.12.2013.

Obrazac  
**POD-BIL**

Obveznik: 36201212847; Riviera Adria d.d.

Naziv pozicije	AOP oznaka	Rbr. bilješke	Prethodna godina (neto)	Tekuća godina (neto)
1	2	3	4	5
2. Dani zajmovi povezanim poduzetnicima	052			
3. Sudjelujući interesi (udjeli)	053			
4. Zajmovi dani poduzetnicima u kojima postoje sudjelujući interesi	054			
5. Ulaganja u vrijednosne papire	055		1.083.853	1.105.625
6. Dani zajmovi, depoziti i slično	056		100.268	1.005.945
7. Ostala financijska imovina	057		248.517	
<b>IV. NOVAC U BANC I BLAGAJNI</b>	<b>058</b>		195.206.744	223.105.134
<b>D) PLAĆENI TROŠKOVI BUDUĆEG RAZDOBLJA I OBRAČUNATI PRIHODI</b>	<b>059</b>		20.961.344	21.077.273
<b>E) UKUPNO AKTIVA (001+002+034+059)</b>	<b>060</b>		2.657.721.773	2.751.393.438
<b>F) IZVANBILANČNI ZAPISI</b>	<b>061</b>		54.977.227	54.898.457
<b>PASIVA</b>				
<b>A) KAPITAL I REZERVE (063+064+065+071+072+075+078)</b>	<b>062</b>		1.689.780.480	1.743.897.211
<b>I. TEMELJNI (UPISANI) KAPITAL</b>	<b>063</b>		1.065.463.400	1.117.663.400
<b>II. KAPITALNE REZERVE</b>	<b>064</b>		478.235.923	478.208.416
<b>III. REZERVE IZ DOBITI (066+067-068+069+070)</b>	<b>065</b>		121.513.407	122.288.059
1. Zakonske rezerve	066		57.792.194	57.792.194
2. Rezerve za vlastite dionice	067		52.225.816	52.225.815
3. Vlastite dionice i udjeli (odbitna stavka)	068		45.619.898	45.316.122
4. Statutarne rezerve	069			
5. Ostale rezerve	070		57.115.295	57.586.172
<b>IV. REVALORIZACIJSKE REZERVE</b>	<b>071</b>		262.263	79.152
<b>V. ZADRŽANA DOBIT ILI PRENESENI GUBITAK (073-074)</b>	<b>072</b>		-37.193.712	-80.357.421
1. Zadržana dobit	073			
2. Preneseni gubitak	074		37.193.712	80.357.421
<b>VI. DOBIT ILI GUBITAK POSLOVNE GODINE (076-077)</b>	<b>075</b>		44.644.181	106.015.605
1. Dobit poslovne godine	076		44.644.181	106.015.605
2. Gubitak poslovne godine	077			
<b>VII. MANJINSKI INTERES</b>	<b>078</b>		16.855.018	
<b>B) REZERVIRANJA (080 do 082)</b>	<b>079</b>		26.744.892	358.217
1. Rezerviranja za mirovine, otpremnine i slične obveze	080			
2. Rezerviranja za porezne obveze	081			
3. Druga rezerviranja	082		26.744.892	358.217
<b>C) DUGOROČNE OBVEZE (084 do 092)</b>	<b>083</b>		692.016.888	701.341.675
1. Obveze prema povezanim poduzetnicima	084			
2. Obveze za zajmove, depozite i slično	085			
3. Obveze prema bankama i drugim financijskim institucijama	086		686.356.671	697.170.626
4. Obveze za predujmove	087			
5. Obveze prema dobavljačima	088			
6. Obveze po vrijednosnim papirima	089			
7. Obveze prema poduzetnicima u kojima postoje sudjelujući interesi	090			
8. Ostale dugoročne obveze	091		5.594.651	4.151.260
9. Odgođena porezna obveza	092		65.566	19.789
<b>D) KRATKOROČNE OBVEZE (094 do 105)</b>	<b>093</b>		212.500.588	239.011.402
1. Obveze prema povezanim poduzetnicima	094			
2. Obveze za zajmove, depozite i slično	095		4.345	
3. Obveze prema bankama i drugim financijskim institucijama	096		141.153.553	129.967.302
4. Obveze za predujmove	097		7.853.029	7.489.924
5. Obveze prema dobavljačima	098		40.281.882	77.665.106
6. Obveze po vrijednosnim papirima	099			
7. Obveze prema poduzetnicima u kojima postoje sudjelujući interesi	100			
8. Obveze prema zaposlenicima	101		11.727.784	11.959.342
9. Obveze za poreze, doprinose i slična davanja	102		7.695.213	9.039.849

**BILANCA**  
stanje na dan 31.12.2013.

Obrazac  
**POD-BIL**

Obveznik: 36201212847; Riviera Adria d.d.

Naziv pozicije	AOP oznaka	Rbr. biljetka	Predhodna godina (neto)	Tekuća godina (neto)
1	2	3	4	5
10. Obveze s osnove udjela u rezultatu	103			
11. Obveze po osnovi dugotrajne imovine namijenjene prodaji	104			
12. Ostale kratkoročne obveze	105		3.784.782	2.889.879
<b>E) ODGOĐENO PLAĆANJE TROŠKOVA I PRIHOD BUDUĆEGA RAZDOBLJA</b>	<b>106</b>		36.678.925	66.784.933
<b>F) UKUPNO – PASIVA (062+079+083+093+106)</b>	<b>107</b>		2.657.721.773	2.751.393.438
<b>G) IZVANBILANČNI ZAPISI</b>	<b>108</b>		54.977.227	54.898.457
<b>DODATAK BILANCI (popunjava poduzetnik koji sastavlja konsolidirani godišnji financijski izvještaj)</b>				
<b>A) KAPITAL I REZERVE</b>				
1. Pripisano imateljima kapitala matice	109		1.672.925.462	1.743.897.211
2. Pripisano manjinskom interesu	110		16.855.018	

**RAČUN DOBITI I GUBITKA**  
za razdoblje 01.01.2013. do 31.12.2013.

Obrazac  
**POD-RDG**

Obveznik: 36201212847; Riviera Adria d.d.				
Naziv pozicije	AOP oznaka	Rbr. bilješke	Prethodna godina	Tekuća godina
1	2	3	4	5
<b>I. POSLOVNI PRIHODI (112+113)</b>	<b>111</b>		985.492.577	1.060.666.360
1. Prihodi od prodaje	112		976.607.797	1.048.005.735
2. Ostali poslovni prihodi	113		8.884.780	12.660.625
<b>II. POSLOVNI RASHODI (115+116+120+124+125+126+129+130)</b>	<b>114</b>		928.899.586	1.010.242.315
1. Promjene vrijednosti zaliha proizvodnje u tijeku i gotovih proizvoda	115			
2. Materijalni troškovi (117 do 119)	116		307.862.749	388.215.630
a) Troškovi sirovina i materijala	117		171.174.680	180.605.871
b) Troškovi prodane robe	118		1.087.638	940.365
c) Ostali vanjski troškovi	119		135.600.431	206.669.394
3. Troškovi osoblja (121 do 123)	120		233.251.454	242.264.072
a) Neto plaće i nadnice	121		142.547.553	146.552.426
b) Troškovi poreza i doprinosa iz plaća	122		59.832.173	63.882.287
c) Doprinosi na plaće	123		30.871.728	31.829.359
4. Amortizacija	124		218.868.184	223.323.036
5. Ostali troškovi	125		152.624.795	134.501.289
6. Vrijednosno usklađivanje (127+128)	126		401.323	4.910.643
a) dugotrajne imovine (osim financijske imovine)	127			
b) kratkotrajne imovine (osim financijske imovine)	128		401.323	4.910.643
7. Rezerviranja	129		3.252.031	882.284
8. Ostali poslovni rashodi	130		12.639.050	16.145.361
<b>III. FINANCIJSKI PRIHODI (132 do 136)</b>	<b>131</b>		27.301.351	25.789.294
1. Kamate, tečajne razlike, dividende i slični prihodi iz odnosa s povezanim poduzetnicima	132			452.532
2. Kamate, tečajne razlike, dividende, slični prihodi iz odnosa s nepovezanim poduzetnicima i drugim osobama	133		21.298.317	20.172.142
3. Dio prihoda od pridruženih poduzetnika i sudjelujućih interesa	134			
4. Nerealizirani dobiti (prihodi) od financijske imovine	135		4.859.597	2.856.664
5. Ostali financijski prihodi	136		1.143.437	2.307.956
<b>IV. FINANCIJSKI RASHODI (138 do 141)</b>	<b>137</b>		38.392.100	36.337.567
1. Kamate, tečajne razlike i drugi rashodi s povezanim poduzetnicima	138		720.100	1.048.120
2. Kamate, tečajne razlike i drugi rashodi iz odnosa s nepovezanim poduzetnicima i drugim osobama	139		33.104.318	31.385.115
3. Nerealizirani gubici (rashodi) od financijske imovine	140		3.637.646	1.381.742
4. Ostali financijski rashodi	141		930.036	2.522.590
<b>V. UDIO U DOBITI OD PRIDRUŽENIH PODUZETNIKA</b>	<b>142</b>			
<b>VI. UDIO U GUBITKU OD PRIDRUŽENIH PODUZETNIKA</b>	<b>143</b>			
<b>VII. IZVANREDNI - OSTALI PRIHODI</b>	<b>144</b>			
<b>VIII. IZVANREDNI - OSTALI RASHODI</b>	<b>145</b>			
<b>IX. UKUPNI PRIHODI (111+131+142 + 144)</b>	<b>146</b>		1.012.793.928	1.086.455.654
<b>X. UKUPNI RASHODI (114+137+143 + 145)</b>	<b>147</b>		967.291.686	1.046.579.882
<b>XI. DOBIT ILI GUBITAK PRIJE OPOREZIVANJA (146-147)</b>	<b>148</b>		45.502.242	39.875.772
1. Dobit prije oporezivanja (146-147)	149		45.502.242	39.875.772
2. Gubitak prije oporezivanja (147-146)	150		0	0
<b>XII. POREZ NA DOBIT</b>	<b>151</b>		1.359.970	-66.139.833
<b>XIII. DOBIT ILI GUBITAK RAZDOBLJA (148-151)</b>	<b>152</b>		44.142.272	106.015.605
1. Dobit razdoblja (149-151)	153		44.142.272	106.015.605
2. Gubitak razdoblja (151-148)	154		0	0
<b>DODATAK RDG-u (popunjava poduzetnik koji sastavlja konsolidirani godišnji financijski izvještaj)</b>				
<b>XIV. DOBIT ILI GUBITAK RAZDOBLJA</b>				
1. Pripisana imateljima kapitala matice	155		44.644.181	106.015.605
2. Pripisana manjinskom interesu	156		-501.909	



<b>IZVJEŠTAJ O OSTALOJ SVEOBUHVAATNOJ DOBITI (popunjava poduzetnik obveznik primjene MSFI-a)</b>				
<b>I. DOBIT ILI GUBITAK RAZDOBLJA (= 152)</b>	<b>157</b>		44.142.272	106.015.605
<b>II. OSTALA SVEOBUHVAATNA DOBIT/GUBITAK PRIJE POREZA (159 do 165)</b>	<b>158</b>		-991.543	-228.889
1. Tečajne razlike iz preračuna inozemnog poslovanja	159			
2. Promjene revalorizacijskih rezervi dugotrajne materijalne i nematerijalne imovine	160			
3. Dobit ili gubitak s osnove ponovnog vrednovanja financijske imovine raspoložive za prodaju	161		-991.543	-228.889
4. Dobit ili gubitak s osnove učinkovite zaštite novčanog toka	162			
5. Dobit ili gubitak s osnove učinkovite zaštite neto ulaganja u inozemstvu	163			
6. Udio u ostaloj sveobuhvatnoj dobiti/gubitku pridruženih poduzetnika	164			
7. Aktuarski dobici/gubici po planovima definiranih primanja	165			
<b>III. POREZ NA OSTALU SVEOBUHVAATNU DOBIT RAZDOBLJA</b>	<b>166</b>		-198.308	-45.778
<b>IV. NETO OSTALA SVEOBUHVAATNA DOBIT ILI GUBITAK RAZDOBLJA (158-166)</b>	<b>167</b>		-793.235	-183.111
<b>V. SVEOBUHVAATNA DOBIT ILI GUBITAK RAZDOBLJA (157+167)</b>	<b>168</b>		43.349.037	105.832.494
<b>DODATAK Izvještaju o ostaloj sveobuhvatnoj dobiti (popunjava poduzetnik koji sastavlja konsolidirani godišnji financijski izvještaj)</b>				
<b>VI. SVEOBUHVAATNA DOBIT ILI GUBITAK RAZDOBLJA</b>				
1. Pripisana imateljima kapitala matice	169		43.850.946	105.832.494
2. Pripisana manjinskom interesu	170		-501.909	

# IZVJEŠTAJ O NOVČANOM TIJEKU - Indirektna metoda

u razdoblju 01.01.2013. do 31.12.2013.

Obrazac  
**POD-NTI**

Obveznik: 36201212847; Riviera Adria d.d.

Naziv pozicije	AOP oznaka	Rbr. bilješka	Prethodna godina	Tekuća godina
1	2	3	4	5
<b>NOVČANI TIJEK OD POSLOVNIH AKTIVNOSTI</b>				
1. Dobit prije poreza	001		44.142.272	106.015.605
2. Amortizacija	002		218.868.185	223.323.036
3. Povećanje kratkoročnih obveza	003		6.838.802	38.959.419
4. Smanjenje kratkotrajnih potraživanja	004		1.845.323	2.260.910
5. Smanjenje zaliha	005		11.135	633.848
6. Ostalo povećanje novčanog tijeka	006		1.692.731	3.719.333
<b>I. Ukupno povećanje novčanog tijeka od poslovnih aktivnosti (001 do 006)</b>	<b>007</b>		<b>273.398.448</b>	<b>374.912.151</b>
1. Smanjenje kratkoročnih obveza	008		3.549.355	1.262.353
2. Povećanje kratkotrajnih potraživanja	009		9.956.943	8.239.140
3. Povećanje zaliha	010		658.154	
4. Ostalo smanjenje novčanog tijeka	011		4.456.541	66.274.957
<b>II. Ukupno smanjenje novčanog tijeka od poslovnih aktivnosti (008 do 011)</b>	<b>012</b>		<b>18.620.993</b>	<b>75.776.450</b>
<b>A1) NETO POVEĆANJE NOVČANOG TIJEKA OD POSLOVNIH AKTIVNOSTI (007-012)</b>	<b>013</b>		<b>254.777.455</b>	<b>299.135.701</b>
<b>A2) NETO SMANJENJE NOVČANOG TIJEKA OD POSLOVNIH AKTIVNOSTI (012-007)</b>	<b>014</b>		<b>0</b>	<b>0</b>
<b>NOVČANI TIJEK OD INVESTICIJSKIH AKTIVNOSTI</b>				
1. Novčani primici od prodaje dugotrajne materijalne i nematerijalne imovine	015			
2. Novčani primici od prodaje vlasničkih i dužničkih instrumenata	016			
3. Novčani primici od kamata	017			
4. Novčani primici od dividendi	018			
5. Ostali novčani primici od investicijskih aktivnosti	019			
<b>III. Ukupno novčani primici od investicijskih aktivnosti (015 do 019)</b>	<b>020</b>		<b>0</b>	<b>0</b>
1. Novčani izdaci za kupnju dugotrajne materijalne i nematerijalne imovine	021		90.408.638	217.039.591
2. Novčani izdaci za stjecanje vlasničkih i dužničkih financijskih instrumenata	022		505.824	
3. Ostali novčani izdaci od investicijskih aktivnosti	023			52.463.758
<b>IV. Ukupno novčani izdaci od investicijskih aktivnosti (021 do 023)</b>	<b>024</b>		<b>90.914.462</b>	<b>269.503.349</b>
<b>B1) NETO POVEĆANJE NOVČANOG TIJEKA OD INVESTICIJSKIH AKTIVNOSTI (020-024)</b>	<b>025</b>		<b>0</b>	<b>0</b>
<b>B2) NETO SMANJENJE NOVČANOG TIJEKA OD INVESTICIJSKIH AKTIVNOSTI (024-020)</b>	<b>026</b>		<b>90.914.462</b>	<b>269.503.349</b>
<b>NOVČANI TIJEK OD FINACIJSKIH AKTIVNOSTI</b>				
1. Novčani primici od izdavanja vlasničkih i dužničkih financijskih instrumenata	027			
2. Novčani primici od glavnice kredita, zadužnica, pozajmica i drugih posudbi	028		70.759.287	10.813.955
3. Ostali primici od financijskih aktivnosti	029		15.048.545	1.761.998
<b>V. Ukupno novčani primici od financijskih aktivnosti (027 do 029)</b>	<b>030</b>		<b>85.807.832</b>	<b>12.575.953</b>
1. Novčani izdaci za otplatu glavnice kredita i obveznica	031		117.168.899	11.186.251
2. Novčani izdaci za isplatu dividendi	032			
3. Novčani izdaci za financijski najam	033		100.189	
4. Novčani izdaci za otkup vlastitih dionica	034		37.793.524	955.564
5. Ostali novčani izdaci od financijskih aktivnosti	035		61.783.891	2.168.100
<b>VI. Ukupno novčani izdaci od financijskih aktivnosti (031 do 035)</b>	<b>036</b>		<b>216.846.303</b>	<b>14.309.915</b>
<b>C1) NETO POVEĆANJE NOVČANOG TIJEKA OD FINACIJSKIH AKTIVNOSTI (030-036)</b>	<b>037</b>		<b>0</b>	<b>0</b>
<b>C2) NETO SMANJENJE NOVČANOG TIJEKA OD FINACIJSKIH AKTIVNOSTI (036-030)</b>	<b>038</b>		<b>131.038.471</b>	<b>1.733.962</b>
<b>Ukupno povećanje novčanog tijeka (013 – 014 + 025 – 026 + 037 – 038)</b>	<b>039</b>		<b>32.824.522</b>	<b>27.898.390</b>
<b>Ukupno smanjenje novčanog tijeka (014 – 013 + 026 – 025 + 038 – 037)</b>	<b>040</b>		<b>0</b>	<b>0</b>
Novac i novčani ekvivalenti na početku razdoblja	041		162.382.222	195.206.744
Povećanje novca i novčanih ekvivalenata	042		32.824.522	27.898.390
Smanjenje novca i novčanih ekvivalenata	043			
Novac i novčani ekvivalenti na kraju razdoblja	044		195.206.744	223.105.134

# GODIŠNJI FINANCIJSKI IZVJEŠTAJ PODUZETNIKA

za **2013** . godinu

**53.523.599.465,48**

Kontrolni broj

Vrsta izvještaja: **10**

Matični broj (MB): **03474771**

Matični broj suda (MBS): **040020883**

Osobni identifikacijski broj (OIB): **36201212847**

Naziv obveznika: **Riviera Adria d.d.**

Poštanski broj i mjesto: **52440**

**Poreč**

Ulica i kućni broj: **Stancija Kaligari 1**

Adresa e-pošte: **uprava@riviera.hr**

Internet adresa: **www.riviera-adria.com**

Šifra općine/grada: **348**

Šifra županije: **18**

Šifra NKD-a: **5510**

Konsolidirani izvještaj: **NE**

Obveza revizije: **DA** OIB rev.: **20963249418**

Šifra svrhe predaje: **2**

Oznaka veličine: **3**

Oznaka vlasništva: **41**

Porijeklo kapitala: **100** (domaći kapital, %) **0** (strani kapital, %)

Broj zaposlenih (krajem razdoblja): **1262** (u prethodnoj godini) **1791** (u tekućoj godini)

Broj zaposlenih (na temelju sati rada): **1663** (u prethodnoj godini) **2091** (u tekućoj godini)

Broj mjeseci poslovanja: **12** (u prethodnoj godini) **12** (u tekućoj godini)

Matični brojevi pripojenih subjekata:

Matični brojevi sudionika statusnih promjena spajanja:

Knjigovodstveni servis: (matični broj servisa) (naziv servisa)

Osoba za kontaktiranje: **Barbara Milotti Akilić** (unos se samo prezime i ime osobe za kontakt)

Telefon: **052408123**

Telefaks: **052408110**

Adresa e-pošte: **barbara.milotti@riviera.hr**

Prezime i ime: **Edi Černjul, Marko Čizmek** (osoba ovlaštena za zastupanje)

Evidencijski broj  
(popunjava Registar)

### Popis dokumentacije

DA

Bilanca i Račun dobiti i gubitka

NE

Dodatni podaci

DA

Bilješke uz financijske izvještaje

DA

Izveštaj o novčanom tijeku

DA

Izveštaj o promjenama kapitala

DA

Revizorsko izvješće

DA

Godišnje izvješće

DA

Odluka o raspodjeli dobiti ili pokriću gubitka

DA

Odluka o utvrđivanju godišnjeg financijskog izvještaja

DA

Godišnji financijski izvještaj prema MSFI-u (nestandardni izvještaj)

**RIVIERA ADRIA D.D.**  
**POREČ**

M.P.

(5)

(potpis osobe ovlaštene za zastupanje)

Verzija Excel datoteke: 2.0.4.

**BILANCA**  
stanje na dan 31.12.2013.

Obrazac  
**POD-BIL**

Obveznik: 36201212847; Riviera Adria d.d.

Naziv pozicije	AOP oznaka	Rbr. bilješka	Prethodna godina (neto)	Tekuća godina (neto)
	2	3	4	5
<b>AKTIVA</b>				
<b>A) POTRAŽIVANJA ZA UPISANI A NEUPLAĆENI KAPITAL</b>	<b>001</b>			
<b>B) DUGOTRAJNA IMOVINA (003+010+020+029+033)</b>	<b>002</b>		1.925.729.405	2.454.013.171
<b>I. NEMATERIJALNA IMOVINA (004 do 009)</b>	<b>003</b>		1.447.358	8.616.401
1. Izdaci za razvoj	004			
2. Koncesije, patenti, licencije, robne i uslužne marke, softver i ostala prava	005		1.447.358	1.603.091
3. Goodwill	006			
4. Predujmovi za nabavu nematerijalne imovine	007			
5. Nematerijalna imovina u pripremi	008			7.013.310
6. Ostala nematerijalna imovina	009			
<b>II. MATERIJALNA IMOVINA (011 do 019)</b>	<b>010</b>		1.543.594.025	2.070.126.787
1. Zemljište	011		280.045.825	516.606.646
2. Građevinski objekti	012		1.121.689.172	1.267.279.974
3. Postrojenja i oprema	013		80.320.651	128.258.857
4. Alati, pogonski inventar i transportna imovina	014		19.967.572	37.147.176
5. Biološka imovina	015			
6. Predujmovi za materijalnu imovinu	016		8.589.429	27.469.078
7. Materijalna imovina u pripremi	017		21.245.888	75.624.552
8. Ostala materijalna imovina	018		11.735.488	17.740.504
9. Ulaganje u nekretnine	019			
<b>III. DUGOTRAJNA FINACIJSKA IMOVINA (021 do 028)</b>	<b>020</b>		380.045.546	350.577.272
1. Udjeli (dionice) kod povezanih poduzetnika	021		314.771.374	348.722.988
2. Dani zajmovi povezanim poduzetnicima	022		63.383.242	
3. Sudjelujući interesi (udjeli)	023		140.000	140.000
4. Zajmovi dani poduzetnicima u kojima postoje sudjelujući interesi	024			
5. Ulaganja u vrijednosne papire	025		1.750.930	1.714.284
6. Dani zajmovi, depoziti i slično	026			
7. Ostala dugotrajna financijska imovina	027			
8. Ulaganja koja se obračunavaju metodom udjela	028			
<b>IV. POTRAŽIVANJA (030 do 032)</b>	<b>029</b>		284.977	802.256
1. Potraživanja od povezanih poduzetnika	030			
2. Potraživanja po osnovi prodaje na kredit	031			420.555
3. Ostala potraživanja	032		284.977	381.701
<b>V. ODGOĐENA POREZNA IMOVINA</b>	<b>033</b>		357.499	23.890.455
<b>C) KRATKOTRAJNA IMOVINA (035+043+050+058)</b>	<b>034</b>		228.845.496	485.836.413
<b>I. ZALIHE (036 do 042)</b>	<b>035</b>		4.559.156	7.168.797
1. Sirovine i materijal	036		3.574.971	5.341.093
2. Proizvodnja u tijeku	037			
3. Gotovi proizvodi	038		740.909	740.909
4. Trgovačka roba	039		243.276	126.904
5. Predujmovi za zalihe	040			959.891
6. Dugotrajna imovina namijenjena prodaji	041			
7. Biološka imovina	042			
<b>II. POTRAŽIVANJA (044 do 049)</b>	<b>043</b>		25.663.812	253.319.297
1. Potraživanja od povezanih poduzetnika	044		1.579.588	
2. Potraživanja od kupaca	045		9.693.296	224.681.325
3. Potraživanja od sudjelujućih poduzetnika	046			
4. Potraživanja od zaposlenika i članova poduzetnika	047		371.654	265.137
5. Potraživanja od države i drugih institucija	048		11.661.386	23.950.101
6. Ostala potraživanja	049		2.357.888	4.422.734
<b>III. KRATKOTRAJNA FINACIJSKA IMOVINA (051 do 057)</b>	<b>050</b>		7.288.855	2.592.620
1. Udjeli (dionice) kod povezanih poduzetnika	051			

**BILANCA**  
stanje na dan 31.12.2013.

Obrazac  
**POD-BIL**

Obveznik: 36201212847; Riviera Adria d.d.

Naziv pozicije	AOP oznaka	Rbr bilješke	Prethodna godina (neto)	Tekuća godina (neto)
	2	3	4	5
2. Dani zajmovi povezanim poduzetnicima	052		6.036.499	481.050
3. Sudjelujući interesi (udjeli)	053			
4. Zajmovi dani poduzetnicima u kojima postoje sudjelujući interesi	054			
5. Ulaganja u vrijednosne papire	055		1.083.853	1.105.625
6. Dani zajmovi, depoziti i slično	056			1.005.945
7. Ostala financijska imovina	057		168.503	
<b>IV. NOVAC U BANC I BLAGAJNI</b>	<b>058</b>		<b>191.333.673</b>	<b>222.755.699</b>
<b>D) PLAĆENI TROŠKOVI BUDUĆEG RAZDOBLJA I OBRAČUNATI PRIHODI</b>	<b>059</b>		<b>16.184.585</b>	<b>20.123.849</b>
<b>E) UKUPNO AKTIVA (001+002+034+059)</b>	<b>060</b>		<b>2.170.759.486</b>	<b>2.959.973.433</b>
<b>F) IZVANBILANČNI ZAPISI</b>	<b>061</b>		<b>54.977.227</b>	<b>54.898.457</b>
<b>PASIVA</b>				
<b>A) KAPITAL I REZERVE (063+064+065+071+072+075+078)</b>	<b>062</b>		<b>1.718.345.136</b>	<b>1.952.787.258</b>
<b>I. TEMELJNI (UPISANI) KAPITAL</b>	<b>063</b>		<b>1.065.463.400</b>	<b>1.117.663.400</b>
<b>II. KAPITALNE REZERVE</b>	<b>064</b>		<b>478.235.923</b>	<b>478.208.416</b>
<b>III. REZERVE IZ DOBITI (066+067-068+069+070)</b>	<b>065</b>		<b>121.712.673</b>	<b>122.288.060</b>
1. Zakonske rezerve	066		57.792.194	57.792.194
2. Rezerve za vlastite dionice	067		52.225.816	52.225.816
3. Vlastite dionice i udjeli (odbitna stavka)	068		45.420.632	45.316.122
4. Statutarne rezerve	069			
5. Ostale rezerve	070		57.115.295	57.586.172
<b>IV. REVALORIZACIJSKE REZERVE</b>	<b>071</b>		<b>262.263</b>	<b>79.152</b>
<b>V. ZADRŽANA DOBIT ILI PRENESENI GUBITAK (073-074)</b>	<b>072</b>		<b>0</b>	<b>175.898.960</b>
1. Zadržana dobit	073			175.898.960
2. Preneseni gubitak	074			
<b>VI. DOBIT ILI GUBITAK POSLOVNE GODINE (076-077)</b>	<b>075</b>		<b>52.670.877</b>	<b>58.649.270</b>
1. Dobit poslovne godine	076		52.670.877	58.649.270
2. Gubitak poslovne godine	077			
<b>VII. MANJINSKI INTERES</b>	<b>078</b>			
<b>B) REZERVIRANJA (080 do 082)</b>	<b>079</b>		<b>358.217</b>	<b>358.217</b>
1. Rezerviranja za mirovine, otpremnine i slične obveze	080			
2. Rezerviranja za porezne obveze	081			
3. Druga rezerviranja	082		358.217	358.217
<b>C) DUGOROČNE OBVEZE (084 do 092)</b>	<b>083</b>		<b>296.047.540</b>	<b>701.341.675</b>
1. Obveze prema povezanim poduzetnicima	084			
2. Obveze za zajmove, depozite i slično	085			
3. Obveze prema bankama i drugim financijskim institucijama	086		294.599.270	697.170.626
4. Obveze za predujmove	087			
5. Obveze prema dobavljačima	088			
6. Obveze po vrijednosnim papirima	089			
7. Obveze prema poduzetnicima u kojima postoje sudjelujući interesi	090			
8. Ostale dugoročne obveze	091		1.382.703	4.151.260
9. Odgođena porezna obveza	092		65.567	19.789
<b>D) KRATKOROČNE OBVEZE (094 do 105)</b>	<b>093</b>		<b>127.353.994</b>	<b>238.709.026</b>
1. Obveze prema povezanim poduzetnicima	094		2.768	
2. Obveze za zajmove, depozite i slično	095		4.345	
3. Obveze prema bankama i drugim financijskim institucijama	096		72.647.275	129.967.302
4. Obveze za predujmove	097		5.946.927	7.489.924
5. Obveze prema dobavljačima	098		35.134.000	77.797.646
6. Obveze po vrijednosnim papirima	099			
7. Obveze prema poduzetnicima u kojima postoje sudjelujući interesi	100			
8. Obveze prema zaposlenicima	101		8.233.988	11.959.342
9. Obveze za poreze, doprinose i slična davanja	102		3.890.442	8.629.871

**BILANCA**  
stanje na dan 31.12.2013.

Obrazac  
**POD-BIL**

Obveznik: 36201212847; Riviera Adria d.d.

Naziv pozicije	AOP oznaka	Rbr. biljeska	Prethodna godina (neto)	Tekuća godina (neto)
1	2	3	4	5
10. Obveze s osnovne udjela u rezultatu	103			
11. Obveze po osnovi dugotrajne imovine namijenjene prodaji	104			
12. Ostale kratkoročne obveze	105		1.494.249	2.864.941
<b>E) ODGOĐENO PLAĆANJE TROŠKOVA I PRIHOD BUDUĆEGA RAZDOBLJA</b>	<b>106</b>		28.654.599	66.777.257
<b>F) UKUPNO – PASIVA (062+079+083+093+106)</b>	<b>107</b>		2.170.759.486	2.959.973.433
<b>G) IZVANBILANČNI ZAPISI</b>	<b>108</b>		54.977.227	54.898.457
<b>DODATAK BILANCI (popunjava poduzetnik koji sastavlja konsolidirani godišnji financijski izvještaj)</b>				
<b>A) KAPITAL I REZERVE</b>				
1. Pripisano imateljima kapitala matice	109			
2. Pripisano manjinskom interesu	110			

**RAČUN DOBITI I GUBITKA**  
za razdoblje 01.01.2013. do 31.12.2013.

Obrazac  
**POD-RDG**

Obveznik: 36201212847; Riviera Adria d.d.

Naziv pozicije	AOP oznaka	Rbr. biljешko	Prethodna godina	Tekuća godina
1	2	3	4	5
<b>I. POSLOVNI PRIHODI (112+113)</b>	<b>111</b>		751.758.629	817.061.939
1. Prihodi od prodaje	112		745.111.035	806.404.438
2. Ostali poslovni prihodi	113		6.647.594	10.657.501
<b>II. POSLOVNI RASHODI (115+116+120+124+125+126+129+130)</b>	<b>114</b>		703.855.483	786.104.017
1. Promjene vrijednosti zaliha proizvodnje u tijeku i gotovih proizvoda	115			
2. Materijalni troškovi (117 do 119)	116		239.953.769	281.958.190
a) Troškovi sirovina i materijala	117		128.309.273	138.742.200
b) Troškovi prodane robe	118		946.933	779.098
c) Ostali vanjski troškovi	119		110.697.563	142.436.892
3. Troškovi osoblja (121 do 123)	120		169.439.405	180.797.546
a) Neto plaće i nadnice	121		104.756.823	110.449.083
b) Troškovi poreza i doprinosa iz plaća	122		42.485.617	46.774.284
c) Doprinosi na plaće	123		22.196.965	23.574.179
4. Amortizacija	124		160.499.415	171.975.964
5. Ostali troškovi	125		120.367.434	129.893.534
6. Vrijednosno usklađivanje (127+128)	126		210.423	4.874.870
a) dugotrajne imovine (osim financijske imovine)	127			
b) kratkotrajne imovine (osim financijske imovine)	128		210.423	4.874.870
7. Rezerviranja	129		2.077.947	263.618
8. Ostali poslovni rashodi	130		11.307.090	16.340.295
<b>III. FINANCIJSKI PRIHODI (132 do 136)</b>	<b>131</b>		22.089.654	25.217.779
1. Kamate, tečajne razlike, dividende i slični prihodi iz odnosa s povezanim poduzetnicima	132		1.924.016	5.501.594
2. Kamate, tečajne razlike, dividende, slični prihodi iz odnosa s nepovezanim poduzetnicima i drugim osobama	133		16.886.390	16.394.853
3. Dio prihoda od pridruženih poduzetnika i sudjelujućih interesa	134			
4. Nerealizirani dobiti (prihodi) od financijske imovine	135		2.344.007	1.579.154
5. Ostali financijski prihodi	136		935.241	1.742.178
<b>IV. FINANCIJSKI RASHODI (138 do 141)</b>	<b>137</b>		15.961.953	21.059.388
1. Kamate, tečajne razlike i drugi rashodi s povezanim poduzetnicima	138		720.100	821.270
2. Kamate, tečajne razlike i drugi rashodi iz odnosa s nepovezanim poduzetnicima i drugim osobama	139		13.515.427	18.321.304
3. Nerealizirani gubici (rashodi) od financijske imovine	140		1.398.336	630.061
4. Ostali financijski rashodi	141		328.090	1.286.753
<b>V. UDIO U DOBITI OD PRIDRUŽENIH PODUZETNIKA</b>	<b>142</b>			
<b>VI. UDIO U GUBITKU OD PRIDRUŽENIH PODUZETNIKA</b>	<b>143</b>			
<b>VII. IZVANREDNI - OSTALI PRIHODI</b>	<b>144</b>			
<b>VIII. IZVANREDNI - OSTALI RASHODI</b>	<b>145</b>			
<b>IX. UKUPNI PRIHODI (111+131+142 + 144)</b>	<b>146</b>		773.848.283	842.279.718
<b>X. UKUPNI RASHODI (114+137+143 + 145)</b>	<b>147</b>		719.817.436	807.163.405
<b>XI. DOBIT ILI GUBITAK PRIJE OPOREZIVANJA (146-147)</b>	<b>148</b>		54.030.847	35.116.313
1. Dobit prije oporezivanja (146-147)	149		54.030.847	35.116.313
2. Gubitak prije oporezivanja (147-146)	150		0	0
<b>XII. POREZ NA DOBIT</b>	<b>151</b>		1.359.970	-23.532.956
<b>XIII. DOBIT ILI GUBITAK RAZDOBLJA (148-151)</b>	<b>152</b>		52.670.877	58.649.269
1. Dobit razdoblja (149-151)	153		52.670.877	58.649.269
2. Gubitak razdoblja (151-148)	154		0	0
<b>DODATAK RDG-u (popunjavanje poduzetnik koji sastavlja konsolidirani godišnji financijski izvještaj)</b>				
<b>XIV. DOBIT ILI GUBITAK RAZDOBLJA</b>				
1. Pripisana imateljima kapitala matice	155			
2. Pripisana manjinskom interesu	156			

<b>IZVJEŠTAJ O OSTALOJ SVEOBUHVAATNOJ DOBITI (popunjavanje poduzetnik obveznik primjene MSFI-a)</b>				
<b>I. DOBIT ILI GUBITAK RAZDOBLJA (= 152)</b>	<b>157</b>		52.670.877	58.649.269
<b>II. OSTALA SVEOBUHVAATNA DOBIT/GUBITAK PRIJE POREZA (159 do 165)</b>	<b>158</b>		-991.543	-228.889
1. Tečajne razlike iz preračuna inozemnog poslovanja	159			
2. Promjene revalorizacijskih rezervi dugotrajne materijalne i nematerijalne imovine	160			
3. Dobit ili gubitak s osnove ponovnog vrednovanja financijske imovine raspoložive za prodaju	161		-991.543	-228.889
4. Dobit ili gubitak s osnove učinkovite zaštite novčanog toka	162			
5. Dobit ili gubitak s osnove učinkovite zaštite neto ulaganja u inozemstvu	163			
6. Udio u ostaloj sveobuhvatnoj dobiti/gubitku pridruženih poduzetnika	164			
7. Aktuarski dobici/gubici po planovima definiranih primanja	165			
<b>III. POREZ NA OSTALU SVEOBUHVAATNU DOBIT RAZDOBLJA</b>	<b>166</b>		-198.308	-45.778
<b>IV. NETO OSTALA SVEOBUHVAATNA DOBIT ILI GUBITAK RAZDOBLJA (158-166)</b>	<b>167</b>		-793.235	-183.111
<b>V. SVEOBUHVAATNA DOBIT ILI GUBITAK RAZDOBLJA (157+167)</b>	<b>168</b>		51.877.642	58.466.158
<b>DODATAK Izvještaju o ostaloj sveobuhvatnoj dobiti (popunjavanje poduzetnik koji sastavlja konsolidirani godišnji financijski izvještaj)</b>				
<b>VI. SVEOBUHVAATNA DOBIT ILI GUBITAK RAZDOBLJA</b>				
1. Pripisana imateljima kapitala matice	169			
2. Pripisana manjinskom interesu	170			



**IZVJEŠTAJ O NOVČANOM TIJEKU - Indirektna metoda**  
u razdoblju 01.01.2013. do 31.12.2013.

Obrazac  
**POD-NTI**

Obveznik: 36201212847; Riviera Adria d.d.

Naziv pozicije	AOP oznaka	Rbr. bilješke	Prethodna godina	Tokuća godina
	2	3	4	5
<b>NOVČANI TIJEK OD POSLOVNIH AKTIVNOSTI</b>				
1. Dobit prije poreza	001		52.670.877	58.649.269
2. Amortizacija	002		160.499.415	171.975.964
3. Povećanje kratkoročnih obveza	003		6.607.266	93.194.578
4. Smanjenje kratkotrajnih potraživanja	004			
5. Smanjenje zaliha	005			
6. Ostalo povećanje novčanog tijeka	006			
<b>I. Ukupno povećanje novčanog tijeka od poslovnih aktivnosti (001 do 006)</b>	<b>007</b>		<b>219.777.558</b>	<b>323.819.811</b>
1. Smanjenje kratkoročnih obveza	008			
2. Povećanje kratkotrajnih potraživanja	009		9.427.422	222.959.249
3. Povećanje zaliha	010		529.923	2.609.641
4. Ostalo smanjenje novčanog tijeka	011		4.456.541	4.456.543
<b>II. Ukupno smanjenje novčanog tijeka od poslovnih aktivnosti (008 do 011)</b>	<b>012</b>		<b>14.413.886</b>	<b>230.025.433</b>
<b>A1) NETO POVEĆANJE NOVČANOG TIJEKA OD POSLOVNIH AKTIVNOSTI (007-012)</b>	<b>013</b>		<b>205.363.672</b>	<b>93.794.378</b>
<b>A2) NETO SMANJENJE NOVČANOG TIJEKA OD POSLOVNIH AKTIVNOSTI (012-007)</b>	<b>014</b>		<b>0</b>	<b>0</b>
<b>NOVČANI TIJEK OD INVESTICIJSKIH AKTIVNOSTI</b>				
1. Novčani primici od prodaje dugotrajne materijalne i nematerijalne imovine	015			
2. Novčani primici od prodaje vlasničkih i dužničkih instrumenata	016			
3. Novčani primici od kamata	017			
4. Novčani primici od dividendi	018			
5. Ostali novčani primici od investicijskih aktivnosti	019			
<b>III. Ukupno novčani primici od investicijskih aktivnosti (015 do 019)</b>	<b>020</b>		<b>0</b>	<b>0</b>
1. Novčani izdaci za kupnju dugotrajne materijalne i nematerijalne imovine	021		80.797.834	705.677.771
2. Novčani izdaci za stjecanje vlasničkih i dužničkih financijskih instrumenata	022		505.824	33.951.614
3. Ostali novčani izdaci od investicijskih aktivnosti	023			
<b>IV. Ukupno novčani izdaci od investicijskih aktivnosti (021 do 023)</b>	<b>024</b>		<b>81.303.658</b>	<b>739.629.385</b>
<b>B1) NETO POVEĆANJE NOVČANOG TIJEKA OD INVESTICIJSKIH AKTIVNOSTI (020-024)</b>	<b>025</b>		<b>0</b>	<b>0</b>
<b>B2) NETO SMANJENJE NOVČANOG TIJEKA OD INVESTICIJSKIH AKTIVNOSTI (024-020)</b>	<b>026</b>		<b>81.303.658</b>	<b>739.629.385</b>
<b>NOVČANI TIJEK OD FINACIJSKIH AKTIVNOSTI</b>				
1. Novčani primici od izdavanja vlasničkih i dužničkih financijskih instrumenata	027			
2. Novčani primici od glavnice kredita, zadužnica, pozajmica i drugih posudbi	028			
3. Ostali primici od financijskih aktivnosti	029		12.658.615	502.496.748
<b>V. Ukupno novčani primici od financijskih aktivnosti (027 do 029)</b>	<b>030</b>		<b>12.658.615</b>	<b>502.496.748</b>
1. Novčani izdaci za otplatu glavnice kredita i obveznica	031		4.360.338	
2. Novčani izdaci za isplatu dividendi	032			
3. Novčani izdaci za financijski najam	033			
4. Novčani izdaci za otkup vlastitih dionica	034		37.793.524	512.218
5. Ostali novčani izdaci od financijskih aktivnosti	035		61.783.691	-175.272.502
<b>VI. Ukupno novčani izdaci od financijskih aktivnosti (031 do 035)</b>	<b>036</b>		<b>103.937.553</b>	<b>-174.760.284</b>
<b>C1) NETO POVEĆANJE NOVČANOG TIJEKA OD FINACIJSKIH AKTIVNOSTI (030-036)</b>	<b>037</b>		<b>0</b>	<b>677.257.032</b>
<b>C2) NETO SMANJENJE NOVČANOG TIJEKA OD FINACIJSKIH AKTIVNOSTI (036-030)</b>	<b>038</b>		<b>91.278.938</b>	<b>0</b>
Ukupno povećanje novčanog tijeka (013 – 014 + 025 – 026 + 037 – 038)	039		32.781.076	31.422.025
Ukupno smanjenje novčanog tijeka (014 – 013 + 026 – 025 + 038 – 037)	040		0	0
Novac i novčani ekvivalenti na početku razdoblja	041		158.552.597	191.333.673
Povećanje novca i novčanih ekvivalenata	042		32.781.076	31.422.025
Smanjenje novca i novčanih ekvivalenata	043			
Novac i novčani ekvivalenti na kraju razdoblja	044		191.333.673	222.755.698

**RIVIERA ADRIA d.d., Poreč**

**INDEPENDENT AUDITORS' REPORT AND  
FINANCIAL STATEMENTS  
31 DECEMBER 2013**

This version of the financial statements is a translation from the original, which was prepared in the Croatian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the report takes precedence over this translation.

## **Table of contents**

Independent Auditors' Report to the shareholders of Riviera Adria d.d.	1
Statement of comprehensive income	2
Statement of financial position	3
Statement of changes in shareholder's equity	4
Cash flow statement	6
Notes (form an integral part of the financial statements)	7-66



## Independent Auditors' Report to the shareholders of Riviera Adria d.d.

We have audited the accompanying separate financial statements of Riviera Adria d.d. ("the Company") and the accompanying consolidated financial statements of Riviera Adria d.d. and its subsidiaries ("the Group"). The financial statements comprise the statements of financial position as at 31 December 2013, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Company and of the Group as at 31 December 2013, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.



**KPMG Croatia d.o.o. za reviziju**  
Croatian Certified Auditors  
Eurotower, 17th floor  
Ivana Lučića 2a  
10000 Zagreb, Croatia

24 March 2014

This version of our audit report is a translation from the original, which was prepared in the Croatian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the report takes precedence over this translation.

RIVIERA ADRIA d.d., POREČ

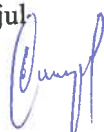
CONSOLIDATED AND UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

<i>(all amounts are expressed in thousands of HRK)</i>	Note	Group		Company	
		2013	2012	2013	2012
Revenue	5	1,048,178	977,105	806,471	745,592
Other income	6	14,252	8,280	11,933	6,030
Cost of materials and services	7	(432,873)	(375,868)	(337,156)	(292,277)
Staff costs	8	(273,979)	(265,701)	(207,126)	(194,961)
Depreciation and amortisation	14, 15	(223,323)	(218,868)	(171,976)	(160,499)
Other operating expenses	9	(79,342)	(67,023)	(69,163)	(54,836)
Other (losses)/gains – net	10	8,029	5,377	6,868	3,400
<b>Operating profit</b>		<b>60,942</b>	<b>63,302</b>	<b>39,851</b>	<b>52,449</b>
Finance income		7,274	12,236	12,166	12,147
Finance costs		(28,340)	(30,036)	(16,901)	(10,565)
<b>Finance income/(costs) – net</b>	11	<b>(21,066)</b>	<b>(17,800)</b>	<b>(4,735)</b>	<b>1,582</b>
<b>Profit before tax</b>		<b>39,876</b>	<b>45,502</b>	<b>35,116</b>	<b>54,031</b>
Income tax (expense)/benefit	12	66,140	(1,360)	23,533	(1,360)
<b>Profit for the year</b>		<b>106,016</b>	<b>44,142</b>	<b>58,649</b>	<b>52,671</b>
<b>Other comprehensive income</b>					
Change in value available-for-sale financial assets	19	(229)	(991)	(229)	(991)
Tax expense on other comprehensive income		46	197	46	197
<b>Total comprehensive income for the year</b>		<b>105,833</b>	<b>43,348</b>	<b>58,466</b>	<b>51,877</b>
<b>Profit attributable to:</b>					
Owners of the parent		106,016	44,644	-	-
Non-controlling interests		-	(502)	-	-
		<b>106,016</b>	<b>44,142</b>	-	-
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		105,833	43,850	-	-
Non-controlling interests		-	(502)	-	-
		<b>105,833</b>	<b>43,348</b>	-	-
<b>Earnings per share (in HRK) attributable to equity holders of the Company during the year:</b>					
- basic and diluted	13	1.026	0.423	-	-

These financial statements were approved by the Management Board of the Company on 24 March 2014.

President of the Management Board:  
Edi Černjul



Member of the Management Board:  
Marko Čižmek



RIVIERA ADRIA D.D.  
POREČ (5)

Accompanying notes form an integral parts of these financial statements.

## CONSOLIDATED AND UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2013

<i>(all amounts are expressed in thousands of HRK)</i>	Note	Group 31 December		Company 31 December	
		2013	2012	2013	2012
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	14	2,381,364	2,394,314	2,070,127	1,543,594
Intangible assets	15	8,402	1,735	8,616	1,447
Investment in subsidiaries	16	-	-	347,233	314,772
Interest in joint venture	17	1,329	1,271	1,490	-
Deferred tax assets	25	66,516	357	23,890	357
Available-for-sale financial assets	19	1,854	1,920	1,854	1,891
Loans and deposits	20	802	847	802	63,668
		<u>2,460,267</u>	<u>2,400,444</u>	<u>2,454,012</u>	<u>1,925,729</u>
<b>Current assets</b>					
Inventories	21	7,170	7,802	7,170	4,559
Trade and other receivables	22	48,388	52,641	263,091	41,842
Income tax receivable		10,034	-	10,034	-
Loans and deposits	20	1,323	106	1,804	6,042
Financial assets at fair value through profit or loss	23	1,106	1,273	1,106	1,084
Derivative financial instruments	24	-	249	-	169
Cash and cash equivalents	26	223,105	195,207	222,756	191,334
		<u>291,126</u>	<u>257,278</u>	<u>505,961</u>	<u>245,030</u>
<b>Total assets</b>		<b>2,751,393</b>	<b>2,657,722</b>	<b>2,959,973</b>	<b>2,170,759</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Share capital</b>					
Share capital	27	1,117,663	1,065,463	1,117,663	1,065,463
Treasury shares	27	(33,847)	(32,490)	(33,847)	(32,291)
Share premium		466,741	466,291	466,741	465,108
Reserve for reinvested profit	28	-	52,200	-	52,200
Other reserves	28	167,682	140,919	343,581	167,394
Retained earnings/accumulated (losses)	28	25,658	(19,458)	58,649	471
		<u>1,743,897</u>	<u>1,672,925</u>	<u>1,952,787</u>	<u>1,718,345</u>
Non-controlling interest		-	16,855	-	-
<b>Total equity</b>		<b>1,743,897</b>	<b>1,689,780</b>	<b>1,952,787</b>	<b>1,718,345</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	29	697,171	686,356	697,171	294,599
Derivative financial instruments	24	2,495	5,112	2,495	900
Deferred tax liabilities	25	20	66	20	66
Provisions	31	29,120	28,390	29,120	2,003
		<u>728,806</u>	<u>719,924</u>	<u>728,806</u>	<u>297,568</u>
<b>Current liabilities</b>					
Trade and other payables	30	138,693	96,578	138,383	75,905
Borrowings	29	129,967	141,159	129,967	72,652
Derivative financial instruments	24	3,073	2,510	3,073	801
Provisions	31	6,957	7,771	6,957	5,488
		<u>278,690</u>	<u>248,018</u>	<u>278,380</u>	<u>154,846</u>
<b>Total liabilities</b>		<b>1,007,496</b>	<b>967,942</b>	<b>1,007,186</b>	<b>452,414</b>
<b>Total equity and liabilities</b>		<b>2,751,393</b>	<b>2,657,722</b>	<b>2,959,973</b>	<b>2,170,759</b>

Accompanying notes form an integral parts of these financial statements.

RIVIERA ADRIA d.d., POREČ

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

Group	Note	Share capital	Treasury shares	Share premium	Reserve for reinvested profit	Other reserves	Retained earnings/(Accumulated losses)	Total	Non-controlling interest	Total equity
<i>(in thousands of HRK)</i>										
Balance at 1 January 2012		1,065,463	(3,675)	474,695	-	156,457	(26,646)	1,666,294	17,921	1,684,215
Profit for the year		-	-	-	-	-	44,644	44,644	(502)	44,142
Other comprehensive loss	28	-	-	-	-	(794)	-	(794)	-	(794)
<b>Total comprehensive loss</b>		-	-	-	-	(794)	-	(794)	(502)	(1,588)
Transfer of profit to reserves	28	-	-	-	-	1,791	(1,791)	-	-	-
Transfer of reserves to cover losses	28	-	-	-	-	(16,535)	16,535	-	-	-
Transfer to reserves for reinvested profit	28	-	-	-	52,200	-	(52,200)	-	-	-
Acquisition of non-controlling interest		-	-	58	-	-	-	58	(564)	(506)
Treasury shares granted	27, 28	-	461	55	-	-	-	516	-	516
Treasury shares purchase	27, 28	-	(29,276)	(8,517)	-	-	-	(37,793)	-	(37,793)
<b>Total contributions by and distributions to owners of the company, recognised directly in equity</b>		-	(28,815)	(8,404)	52,200	(14,744)	(37,456)	(37,219)	(564)	(37,783)
Balance at 31 December 2012		1,065,463	(32,490)	466,291	52,200	140,919	(19,458)	1,672,925	16,855	1,689,780
Profit for the year		-	-	-	-	-	106,016	106,016	-	106,016
Other comprehensive loss	28	-	-	-	-	(183)	-	(183)	-	(183)
<b>Total comprehensive income/(loss)</b>		-	-	-	-	(183)	-	(183)	-	(183)
Transfer of retained earnings to reserves		-	-	-	-	471	(471)	-	-	-
Transfer of reserves to retained earnings	28	-	-	-	-	26,475	(26,475)	-	-	-
Increase of share capital from reinvested profit	28	52,200	-	-	(52,200)	-	-	-	-	-
Acquisition of non-controlling interest	32	-	199	(1,183)	-	-	603	(381)	(16,855)	(17,236)
Subsidiary intragroup transfer	16	-	-	-	-	-	(34,557)	(34,557)	-	(34,557)
Treasury shares granted	27, 28	-	791	242	-	-	-	1,033	-	1,033
Treasury shares purchase	27, 28	-	(764)	(192)	-	-	-	(956)	-	(956)
Effect of increase of share capital	27, 28	-	(1,583)	1,583	-	-	-	-	-	-
<b>Total contributions by and distributions to owners of the company, recognised directly in equity</b>		52,200	(1,357)	450	(52,200)	26,946	(60,900)	(34,861)	(16,855)	(51,716)
Balance at 31 December 2013		1,117,663	(33,847)	466,741	-	167,682	25,658	1,743,897	-	1,743,897

Accompanying notes form an integral parts of these financial statements.

RIVIERA ADRIA d.d., POREČ

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

Company	Note	Share capital	Treasury shares	Share premium	Legal reserves	Reserves for reinvested profit	Other reserves	Retained earnings / (accumulated loss)	Total
<i>(in thousands of HRK)</i>									
Balance at 1 January 2012		1,065,463	(3,476)	473,570	57,792	-	108,605	1,791	1,703,745
Profit for the year	28	-	-	-	-	-	-	52,671	52,671
Other comprehensive loss	28	-	-	-	-	-	(794)	-	(794)
Total comprehensive income for the year		-	-	-	-	-	(794)	52,671	51,877
Transfer of profit to reserves	28	-	-	-	-	-	1,791	(1,791)	-
Transfer to reserves for reinvested profit	28	-	-	-	-	52,200	-	(52,200)	-
Treasury shares granted	27, 28	-	461	55	-	-	-	-	516
Treasury shares purchase	27, 28	-	(29,276)	(8,517)	-	-	-	-	(37,793)
Total contributions by and distributions to owners of the company, recognised directly in equity		-	(28,815)	(8,462)	-	52,200	1,791	(53,991)	(37,277)
Balance at 31 December 2012		1,065,463	(32,291)	465,108	57,792	52,200	109,602	471	1,718,345
Profit for the year		-	-	-	-	-	-	58,649	58,649
Other comprehensive loss		-	-	-	-	-	(183)	-	(183)
Total comprehensive income for the year		-	-	-	-	-	(183)	58,649	58,466
Transfer to share capital	28	52,200	-	-	-	(52,200)	-	-	-
Transfer to reserves	28	-	-	-	-	-	471	(471)	-
Treasury shares granted	27, 28	-	791	242	-	-	-	-	1,033
Treasury shares purchase	27, 28	-	(764)	(192)	-	-	-	-	(956)
Merger effect of subsidiary	36	-	-	-	-	-	175,899	-	175,899
Effect of increase of share capital	28	-	(1,583)	1,583	-	-	-	-	-
Total contributions by and distributions to owners of the company, recognised directly in equity		52,200	(1,556)	1,633	-	(52,200)	176,370	(471)	175,976
Balance at 31 December 2013		1,117,663	(33,847)	466,741	57,792	-	285,789	58,649	1,952,787

Accompanying notes form an integral parts of these financial statements.



RIVIERA ADRIA d.d., POREČ

CONSOLIDATED AND UNCONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2013

<i>(all amounts are expressed in thousands of HRK)</i>	Note	Group		Company	
		2013	2012	2013	2012
<b>Cash flow generated from operating activities</b>					
Cash from operations	34	304,425	284,467	232,375	218,018
Income tax paid		(10,053)	490	(10,034)	490
Interest paid		(23,830)	(26,306)	(14,275)	(10,050)
<b>Net cash generated from operating activities</b>		<b>270,542</b>	<b>258,651</b>	<b>208,066</b>	<b>208,458</b>
<b>Cash flow from investing activities</b>					
Cash from merger of subsidiary	36	-	-	5,050	-
Purchase of property, plant and equipment		(181,266)	(93,631)	(147,937)	(85,771)
Purchase of intangible assets	15	(7,449)	(542)	(7,434)	(492)
Proceeds from disposal of property, plant and equipment	34	226	169	198	169
Acquisition of non controlling interest and subsidiary intragroup transfer	16	(55,519)	(506)	(56,355)	(506)
Loans granted		(1,217)	(106)	(33,956)	(69,279)
Loan repayments received		45	424	53,120	373
Interest received		8,958	8,180	13,851	8,114
Dividend received		-	105	-	105
<b>Net cash used in investing activities</b>		<b>(232,222)</b>	<b>(85,907)</b>	<b>(173,463)</b>	<b>(147,287)</b>
<b>Cash flow from financing activities</b>					
Proceeds from reissue of treasury shares		-	516	-	517
Purchase of treasury shares		(956)	(37,793)	(956)	(37,794)
Proceeds from borrowings		212,850	83,237	212,850	82,456
Repayments of borrowings		(218,316)	(187,377)	(215,075)	(75,227)
<b>Net cash used in financing activities</b>		<b>(6,422)</b>	<b>(141,417)</b>	<b>(3,181)</b>	<b>(30,048)</b>
<b>Net increase in cash and cash equivalents</b>					
		<b>27,898</b>	<b>31,327</b>	<b>31,422</b>	<b>31,123</b>
Cash and cash equivalents at beginning of year		195,207	162,383	191,334	158,553
Effect of exchange rate fluctuations on cash held		-	1,497	-	1,658
<b>Cash and cash equivalents at end of year</b>	26	<b>223,105</b>	<b>195,207</b>	<b>222,756</b>	<b>191,334</b>

Accompanying notes form an integral parts of these financial statements.

**NOTE 1 – GENERAL INFORMATION**

Riviera Adria d.d., Poreč (“the Company”) is registered in accordance with Croatian laws and regulations. The Company is registered with the Commercial Court in Rijeka – permanent attendance in Pazin. Principle activity of the Company is the provision of accommodation in hotels, resorts and camps, food preparation and catering services as well as the preparation and serving of drinks. The registered office of Riviera Adria d.d. is in Poreč, Stancija Kaligari 1.

Parent company of Riviera Adria d.d. is Valamar Adria holding d.d., Zagreb with a share of 73.60%, registered in Croatia. The ultimate controlling company is EPIC GmbH, Vienna, Austria. Shareholder’s equity structure is disclosed in the notes.

Riviera Adria Group consists of Riviera Adria d.d., Poreč for tourism services (the Company) and its subsidiaries as follows (the Group):

- Dubrovnik Babin kuk d.d. Dubrovnik (merger into parent company on 31 October 2013)
- Elafiti Babin kuk d.o.o., Dubrovnik, 100% ownership
- Palme turizam d.o.o., Dubrovnik, 100% ownership
- Magične stijene d.o.o., Dubrovnik, 100% ownership
- Bugenvilia d.o.o., Dubrovnik, 100% ownership
- Pogača Babin kuk d.o.o., Dubrovnik, 33% ownership, joint venture.

Subsidiaries Elafiti Babin kuk d.o.o., Palme turizam d.o.o. and Bugenvilia d.o.o. generate revenue from rent of property to the Company while Magične stijene d.o.o. does not have business activity. Pogača Babin kuk d.o.o. performs the bakery services.

As at 31 October 2013, a merger Agreement was concluded, whereby the company Dubrovnik-Babin kuk d.d. was merged into Riviera Adria d.d., Poreč. The merger was registered in the Court Registry of the Commercial Court in Rijeka, permanent attendance in Pazin, as at 31 October 2013, with legal effect as of 1 November 2013. By this registration, the merged company Dubrovnik-Babin kuk d.d. ceased to exist, and company Riviera Adria d.d., took over all assets, all rights and all liabilities of the merged company.

Transactions are recorded according to accounting method merger for common control transactions. Comparative information for the Company does not include Dubrovnik-Babin kuk d.o.o.. Result for the year of the merged company is accounted for in the Statement of Comprehensive Income of Riviera Adria d.d. from 1 November 2013, which is date of merger. Merger effect for Dubrovnik Babin kuk is disclosed in Note 36.

Until 16 August 2013 and for the whole 2012, shares of the Company were regularly quoted on the Zagreb Stock Exchange (ZSE). As of 13 November 2013 the Company’s shares were included in the Multilateral trading platform (MTP) – Fortis managed by the ZSE.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

### 2.1 Basis of preparation

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). The financial statements have been prepared under the historical cost method, as modified by the revaluation of financial assets at fair value through profit or loss and financial assets available-for sale.

The preparation of financial statements in accordance with International Financial Reporting Standards as adopted by European Union (IFRS) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the separate financial statements, are disclosed in the notes.

#### 2.1.1 Changes in accounting policy and disclosures

A number of new standards, amendments to standards and interpretations are effective but not mandatory for annual periods beginning after 1 January 2013, and have not been applied in preparing these consolidated and unconsolidated financial statements. The application of new standards is not expected to have significant influence on the financial statements of the Group and their early adoption is not planned.

### 2.2 Consolidation

#### *(a) Subsidiaries*

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Company discloses its subsidiaries under historic cost method (note Investment in subsidiaries), impaired where necessary.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.2 Consolidation (continued)**

*(b) Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

*(c) Joint ventures*

The Group's interests in joint ventures are accounted for under the equity method. Under this method, an interest in a jointly controlled entity is initially recorded at cost and adjusted thereafter for the post-acquisition change in the venturer's share of net assets of the jointly controlled entity. The profit or loss of the venturer includes the venturer's share of the profit or loss of the jointly controlled entity. The Company's interest in joint venture is measured at cost less impairment.

**2.3 Merger of entities from parties under common control**

Merger of entities from parties under common control are accounted for using book values (carryover basis accounting). Under this method, the assets and liabilities of the entities under common control are transferred at the successor entity's carrying amounts. Related goodwill inherent in the predecessor entity's original acquisitions is also recorded in these financial statements. Any difference between the carrying amount of net assets, and the consideration paid is accounted for in these financial statements as an adjustment to equity.

**2.4 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is a person or group responsible for allocating resources and assessing performance of the operating segments. The chief operating decision-maker is the Group Management and the company Valamar hoteli i ljetovališta d.o.o. which is in charge of managing hotel and tourist facilities and contents (Tourism).

**2.5 Foreign currencies**

*(a) Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated and unconsolidated financial statements are presented in Croatian kuna (HRK), which is the Company's functional and Group's presentation currency.

*(b) Transactions and balances in foreign currency*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.5 Foreign currencies (continued)**

*(b) Transactions and balances in foreign currency (continued)*

Foreign exchange gains and losses relating to borrowings and cash and cash equivalents are recorded in the statement of comprehensive income within 'finance income/(costs) – net'. All other foreign exchange losses and gains are recorded in the statement of comprehensive income within 'other gains/(losses) – net'.

**2.6 Property, plant and equipment**

Property, plant and equipment is included in the statement of financial position at historical cost less accumulated depreciation and provision for impairment, where required. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred. The cost of replacement of larger items of property, plant and equipment is capitalised, and the carrying amount of replaced parts is derecognized.

Land, arts and assets under construction are not depreciated. Depreciation of other items of property, plant and equipment is calculated using the straight-line method to allocate their cost over their estimated useful lives, as follows:

Buildings	10-20 years
Machinery and equipment	4-10 years
Furniture, tools and horticulture	3-10 years

Depreciation is calculated for each asset until the asset is fully depreciated or to its residual values if significant. The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The residual value of an asset is nil if the Group expects to use the asset until the end of its physical life. The operating assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with carrying amount, and are recognised within 'other gains/(losses) – net' in the statement of comprehensive income.

**2.7 Intangible assets**

Separately acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of up to 4 years.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.8 Impairment of non-financial assets**

Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (24 hotels, 9 apartments and 9 campsites as cash-generating units).

**2.9 Non-current assets classified as held for sale**

Non-current assets are classified in the statement of financial position as 'Non-current assets held for sale' if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying and fair value, less costs to sell. The assets should be available for immediate sale in their present condition and their sale should be very likely. Gains and losses on sale of non-current assets held for sale are included in the statement of comprehensive income within 'other gains/(losses) – net'.

**2.10 Financial assets**

**2.10.1 Classification**

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

*(a) Financial assets at fair value through profit or loss*

This category includes financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current assets except derivative financial instruments.

*(b) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. Loans and receivables comprise trade and other receivables, as well as cash and cash equivalents in the statement of financial position.

*(c) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months from the reporting date. Available-for-sale financial assets are carried at fair value.

*(d) Repurchase agreements*

The Company enters into sales of investments under agreements to repurchase substantially identical investments at a certain date in the future at a fixed price. Investments sold under repurchase agreements continue to be recognised in the statement of financial position and are measured in accordance with the accounting policy for the relevant financial asset at amortised cost or at fair value as appropriate. The proceeds from the sale of the investments are reported as liabilities to either banks or customers.

The difference in the effective interest rate between the sale and repurchase consideration is recognised on an accrual basis over the period of the transaction and is included in interest expense.

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.10 Financial assets (continued)**

**2.10.2 Measurement and recognition**

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ category are presented in the statement of comprehensive income within ‘other (losses)/gains- net’ in the period in which they arise. Gain and losses arising from changes in the fair value of interest rate swap are presented in the statement of comprehensive income within financial costs/income. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of ‘other income’ when the Group’s right to receive payment is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity (other comprehensive income). When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as ‘gains and losses from investment securities’.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the statement of comprehensive income as part of other income. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income as part of other income when the Group’s right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm’s length transactions and references to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

**2.11 Impairment of financial assets**

*(a) Assets carried at amortised cost*

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.11 Impairment of financial assets (continued)**

*(a) Assets carried at amortised cost (continued)*

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the statement of comprehensive income within other operating expenses. Subsequent recoveries of amounts previously written off are credited against 'other operating expenses' in the statement of comprehensive income.

*(b) Assets classified as available for sale*

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the statement of comprehensive income – is removed from equity and recognized in the statement of comprehensive income. Impairment losses recognized in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income.

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statement of comprehensive income, the impairment loss is reversed through the statement of comprehensive income and recognized within 'other (losses)/gains-net'.

**2.12 Derivative financial instruments**

Derivative financial instruments include foreign currency forward contracts in foreign currencies and interest rate swaps. Derivative financial instruments are recognized in the statement of financial position at fair value. The fair value is determined according to the market value, if appropriate. All derivatives are recorded in the statement of financial position as assets when their fair value is positive, and as liabilities when their fair value is negative. These derivatives do not classify as hedge accounting and are recognized as derivatives held for trading.

**2.13 Leases**

The Group leases certain property, plant and equipment. Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of fair value of the leased property or the present value of minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant interest rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other non-current liabilities.



**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.13 Leases (continued)**

The interest element of the finance costs is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life or the lease term.

Leases in which a significant portion of risks and rewards of ownership are not retained by the Group are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. Assets under lease are disclosed in the Statement of financial position in the line "Property, plant and equipment". Assets are being depreciated on the straight line basis as the rest of the similar assets. Revenue from lease is recognized according to period of the lease.

**2.14 Inventories**

Inventories of raw materials and spare parts are stated at the lower of cost and net realisable value. Cost is determined using weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

**2.15 Trade receivables**

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

**2.16 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other short-term highly liquid instruments with original maturities of three months or less.

**2.17 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Where the Group purchases its equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Group's equity holders until the shares are issued or purchased. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Group's equity holders.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.18 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

**2.19 Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**2.20 Current and deferred income tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in equity. In that case tax is also recognised in equity.

The current income tax charge is calculated at a rate of 20% according to Croatian laws and regulations. Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.21 Employee benefits**

*(a) Pension obligations and post-employment benefits*

In the normal course of business through salary deductions, the Group makes payments to mandatory pension funds on behalf of its employees as required by law. All contributions made to the mandatory pension funds are recorded as salary expense when incurred. The Group does not have any other pension scheme and consequently, has no other obligations in respect of employee pensions. In addition, the Group is not obliged to provide any other post-employment benefits.

*(b) Termination benefits*

Termination benefits are recognised when the Group terminates employment contracts of employees before their normal retirement date in accordance with pension and labour regulations. The Group recognises termination benefits when it has made an individual decision on the termination of an employment agreement due to business or personal reasons, whereby the liability to pay termination benefits are objectively determined, in accordance with regulations and by-laws.

*(c) Short-term employee benefits*

The Group recognises a provision for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation. In addition, the Group recognises a liability for accumulated compensated absences based on unused vacation days at the reporting date and if liability can be reliably estimated.

**2.22 Provisions**

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

**2.23 Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of Group's activities. Revenue is shown net of value-added tax and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.23 Revenue recognition (continued)**

*(a) Sales of services*

Revenue from hotel and tourist services is recognised in the period the services are provided.

Revenue from fixed-price contracts for services is generally recognised in the period the services are provided, using a straight-line basis over the terms of contracts with tourist agencies and tour operators.

*b) Rental of services*

Revenue for rental services is generally recognised in the period the services are provided, using a straight-line basis over the terms of contracts with lesser.

*(c) Interest income*

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

*(d) Dividend income*

Dividend income is recognised when the right to receive payment is established.

**2.24 Earnings per share**

Earnings per share is determined by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of participating shares outstanding during the reporting year.

**2.25 Value added tax**

The Tax Authorities require the settlement of VAT on a net basis. VAT related to sales and purchases is recognised and disclosed in the statement of financial position on a net basis. Where provision has been made for impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT.

**2.26 Change in accounting policy – IFRS 13 Fair value measurement**

Accounting policy is applicable from 1 January 2013 and had no impact on Company's/Group's assets and liabilities.

### NOTE 3 – FINANCIAL RISK MANAGEMENT

#### 3.1 Financial risk factors

The Group's activities expose it to the variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Group does not have a written risk management program, but overall risk management in respect of these risks is carried out by the Group management. However, the Group actively hedges interest rate and foreign exchange risks through instruments available in the market for the purpose of mitigating these risks. Internal objectives and risk management policies relate to hedging foreign exchange inflows during the seasonal activity and a partial interest rate hedge of loan principal.

##### *(a) Market risk*

##### *(i) Foreign exchange risk*

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro (EUR) and Swiss franc (CHF). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

The majority of foreign sales revenue and long-term debt is denominated in EUROS and Swiss francs. Therefore, movements in exchange rates between the EURO, Swiss franc and Croatian kuna may have an impact on the results of future operations and future cash flow. The Group uses derivative instruments in accordance with operating estimates and expected market movements.

At 31 December 2013, if the EURO had weakened/strengthened by 1% against the HRK, with all other variables held constant, the net profit for the year would have been HRK 3,050 thousand higher/(lower) mainly as a result of foreign exchange gains/(losses) on translation of EURO denominated trade receivables, borrowings, foreign cash funds and bonds of Republic of Croatia.

At 31 December 2013, if the CHF had weakened/strengthened by 1% against the HRK, with all other variables held constant, the net profit for the year would have been HRK 1,689 thousand higher/(lower) mainly as a result of foreign exchange gains/(losses) on translation of CHF-denominated borrowings and foreign cash funds.

**NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)**

**3.1 Financial risk factors (continued)**

*(a) Market risk (continued)*

(ii) Interest rate risk

The Group has interest-bearing assets, and therefore the Group's income and operating cash flows are influenced by changes in market interest rates.

The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group uses derivative instruments to actively hedge cash flow and fair value interest rate risk exposure.

At 31 December 2013, if interest rates on currency-denominated borrowings had been higher/lower by 1%, with all other variables held constant, the profit for the year would have been HRK 2,838 thousand lower/higher, mainly as a result of higher/lower interest expense on variable-rate borrowings.

At 31 December 2013, if interest rates on currency-denominated deposits had been 1% higher/lower, with all other variables held constant, the profit for the year would have been HRK 207 thousand higher/(lower), mainly as a result of higher/lower interest income on variable rate deposits.

(iii) Price risk

The Group owns equity securities and is exposed to price risk of listed equity securities, which are classified as financial assets available for sale and at fair value through profit or loss. The Group invests in securities listed on the Zagreb Stock Exchange (ZSE).

As at 31 December 2013, if the indices of the ZSE had been higher/lower by 6.91% for 2013 (which was the average index movement), with all other variables held constant, reserves within equity and other comprehensive income would have been HRK 118 thousand higher/lower as a result of gains/losses on equity securities available for sale.

As at 31 December 2013, if the index of the ZSE had been higher/lower by 5.41%, with all other variables held constant, the profit for the year would have been HRK 48 thousand higher/lower as a result of gains/losses on financial assets at fair value through profit or loss.

*(b) Credit risk*

The Group has no significant concentrations of credit risk. Credit risk arises from cash, time deposits and trade receivables. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history, i.e. the Group's policy ensures that sales to customers are settled through advance payments, in cash or by major credit cards (individual customers). The Group holds advances, bills of exchange, promissory notes and periodically mortgage security for collection. Provisions for impairment of trade, loan and other receivables have been made on the basis of credit risk assessment. Management monitors the collectability of receivables through weekly reports on individual balances of receivables. Impairment of trade receivables is performed when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of trade and other receivables has been written down to their recoverable amount.

**NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)****3.1 Financial risk factors (continued)***(b) Credit risk (continued)*

The Group has policies that limit the amount of credit exposure to any financial institution. Cash transactions are carried out through high quality Croatian banks. The Group has only short-term highly liquid instruments with maturity periods of three months or less.

*(c) Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash (the availability of funding through an adequate amount of committed credit facilities and the ability to meet all obligations). The Group aims to maintain flexibility in funding by keeping committed credit lines available. Management daily monitors available cash resources based on reports on the balance of cash and liabilities. Both monthly cash flow forecast for the following period and midterm cash flow forecast are prepared based on the established budget..

Excess funds that are held by the business units above the amount needed for working capital management are transferred to the Group's treasury. Group Treasury invests surplus of funds in deposits that bear interest, time deposits, money market deposits and marketable securities, thereby choosing instruments with appropriate maturities or sufficient liquidity in accordance with the above objectives.

The table below analyses expected contractual cash flows for financial liabilities of the Group and the Company according to contracted maturities. The amounts stated below include interest, if applicable, and represent undiscounted cash flows.

	<b>Group</b>				
	<b>Less than 3 months</b>	<b>3 months- 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>Over 5 years</b>
<b>At 31 December 2013</b>					
Trade and other payables	14,901	79,677	-	-	-
Borrowings	24,486	122,963	260,637	265,715	266,179
Derivative financial instruments	698	2,375	1,105	1,325	65
<b>Total liabilities (contractual maturities)</b>	<b>40,085</b>	<b>205,015</b>	<b>261,742</b>	<b>267,040</b>	<b>266,244</b>
<b>At 31 December 2012</b>					
Trade and other payables	42,297	9,940	-	-	-
Borrowings	23,833	135,143	251,406	313,969	188,854
Derivative financial instruments	1,082	1,404	4,108	1,028	-
<b>Total liabilities (contractual maturities)</b>	<b>67,212</b>	<b>146,487</b>	<b>255,514</b>	<b>314,997</b>	<b>188,854</b>

**NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)****3.1 Financial risk factors (continued)***(c) Liquidity risk (continued)*

	Company				
	Less than 3 months	3 months- 1 year	1-2 years	2-5 years	Over 5 years
<b>At 31 December 2013</b>					
Trade and other payables	79,810	14,902	-	-	-
Borrowings	24,486	122,963	260,637	265,715	266,179
Derivative financial instruments	698	2,375	1,105	1,325	65
<b>Total liabilities (contractual maturities)</b>	<b>104,994</b>	<b>140,240</b>	<b>261,742</b>	<b>267,040</b>	<b>266,244</b>
<b>At 31 December 2012</b>					
Trade and other payables	41,227	5,694	-	-	-
Borrowings	13,199	68,960	110,798	130,603	92,052
Derivative financial instruments	210	591	650	250	-
<b>Total liabilities (contractual maturities)</b>	<b>54,636</b>	<b>75,245</b>	<b>111,448</b>	<b>130,853</b>	<b>92,052</b>

**3.2 Capital management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the owner and to maintain an optimal capital structure to reduce the cost of capital. In accordance with the Companies Act, the Company is committed to maintain the level of capital above HRK 200 thousand as required for joint stock companies.

**3.3 Fair value estimation**

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

Quoted market prices for similar instruments are used for long-term debt. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.



## NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)

## 3.3 Fair value estimation (continued)

*Fair value hierarchy*

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents assets measured at fair value as at:

	Group			Total
	Level 1	Level 2	Level 3	
<b>At 31 December 2013</b>				
Available-for-sale financial assets:				
-equity securities	1,854	-	-	1,854
Financial assets at fair value through profit or loss:				
-trading securities	1,106	-	-	1,106
<b>Total assets measured at fair value</b>	<b>2,960</b>	<b>-</b>	<b>-</b>	<b>2,960</b>
Derivative financial instruments	-	5,568	-	5,568
<b>Total liabilities measured at fair value</b>	<b>-</b>	<b>5,568</b>	<b>-</b>	<b>5,568</b>
<b>At 31 December 2012</b>				
Available-for-sale financial assets				
-equity securities	1,751	-	-	1,751
Derivative financial instruments	-	249	-	249
Financial assets at fair value through profit or loss				
-trading securities	1,084	-	-	1,084
-equity securities	189	-	-	189
<b>Total assets measured at fair value</b>	<b>3,024</b>	<b>249</b>	<b>-</b>	<b>3,273</b>
Derivative financial instruments	-	7,622	-	7,622
<b>Total liabilities measured at fair value</b>	<b>-</b>	<b>7,622</b>	<b>-</b>	<b>7,622</b>

## NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)

## 3.3 Fair value estimation (continued)

	Company			Total
	Level 1	Level 2	Level 3	
<b>At 31 December 2013</b>				
Available-for-sale financial assets:				
-equity securities	1,854	-	-	1,854
Financial assets at fair value through profit or loss:				
-trading securities	1,106	-	-	1,106
<b>Total assets</b>	<b>2,960</b>	<b>-</b>	<b>-</b>	<b>2,960</b>
Derivative financial instruments	-	5,568	-	5,568
<b>Total liabilities measured at fair value</b>	<b>-</b>	<b>5,568</b>	<b>-</b>	<b>5,568</b>
<b>At 31 December 2012</b>				
Available-for-sale financial assets				
-equity securities	1,751	-	-	1,751
Derivative financial instruments	-	169	-	169
-trading securities	1,084	-	-	1,084
<b>Total assets measured at fair value</b>	<b>2,835</b>	<b>169</b>	<b>-</b>	<b>3,004</b>
Derivative financial instruments	-	1,701	-	1,701
<b>Total liabilities measured at fair value</b>	<b>-</b>	<b>1,701</b>	<b>-</b>	<b>1,701</b>

#### NOTE 4 – CRITICAL ACCOUNTING ESTIMATES

The Group makes estimates and assumptions about uncertain events, including estimates and assumptions about the future. Such accounting assumptions and estimates are regularly evaluated, and are based on historical experience and other factors such as the expected flow of future events that can be rationally assumed in existing circumstances, but nevertheless necessarily represent sources of estimation uncertainty. These and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

##### *(a) Estimated useful lives*

By using a certain asset, the Group uses the economic benefits contained in this asset, which diminish more intensely with economic and technological aging. Consequently, in the process of determining the useful life of an asset, in addition to assessing the expected physical utilisation, it is necessary to consider the changes in demand on the tourist market, which will cause a faster economic obsolescence as well as a more intense development of new technologies. Current business operations in the hotel industry impose the need for more frequent investments, and this circumstance contributes to the fact that the useful life of an asset is decreasing.

Based on historical information, and in line with the technical department, the useful life of buildings components was assessed by Management to be 10-20 years. The useful lives of equipment and other assets have also been assessed.

The useful life of property, plant and equipment will be periodically revised to reflect any changes in circumstances since the previous assessment. Changes in estimate, if any, will be reflected prospectively in a revised depreciation charge over the remaining, revised useful life.

If the depreciation rates of property, plant and equipment had been 5% higher/lower, with all other variables held constant, the profit for the year would have been HRK 11,166 thousand lower/higher (2012: HRK 10,943 thousand), and the net carrying amount of property, plant and equipment would have been lower/higher by the same amount.

##### *(b) Land ownership*

The Law on Tourist and Other Construction Land not evaluated in the transformation and privatisation process (Official Gazette No. 92/10, hereinafter the Law), which entered into force on 1 August 2010, mandates companies to submit the relevant requirements under this law within six months from the date of its entry into force (up to 1 February 2011) related to land not evaluated or not recorded in Group registered capital. On 28 January 2011, regulations were issued elaborating in more detail the manner of complying with the stated law (Official Gazette No. 12/11 and 14/12). On 31 January 2011, in line with provisions of the Law and mentioned regulations for property not evaluated in the transformation and privatisation process (tourist land), the Group submitted the relevant requirements to the governing authorities for concessions on the tourist land in camps, hotels and tourist resorts and requirements for determining the forms and sizes of land (plots) that are in line with the ground plans of evaluated buildings constructed on them and land for regular use of these buildings. During 2013, in the procedures initiated, and in line with requirements of the governing authorities, the Group delivered various statements, documentation, made propositions for dividing the land, etc. Until 31 December 2013, none of the procedures according to the Law on Tourism and Other Construction Land was finalised. At the moment, negative impact on the financial position and results of the Group is not expected. Details are disclosed in the Note 33.

## NOTE 5 – SEGMENT INFORMATION

Following the management approach of IFRS 8, operating segments are reported in accordance with the internal reporting provided to the Group's Management and the company Valamar hoteli i ljetovališta d.o.o. (together the chief operating decision-makers), which are responsible for allocating resources to the reportable segments and assessing its performance.

The Group records operating revenues and expenses by types of services rendered in two basic segments: tourism and other business segments. Other business segments include tourist agency services, "à la carte" services, rental services and other similar services.

The segment information for the year ended 31 December 2013 is as follows:

<b>Group</b> <i>(in thousands of HRK)</i>	<b>Tourism</b>	<b>Other business segments</b>	<b>Total</b>
Total sales	1,066,916	10,982	1,077,898
Inter-segment revenue	(29,720)	-	(29,720)
Revenue from external customers	<b>1,037,196</b>	<b>10,982</b>	<b>1,048,178</b>
Depreciation and amortisation	209,161	14,162	223,323
Net finance income/(expense) net	(31,369)	10,303	(21,066)
Write off of fixed assets	12,632	660	13,292
Profit before tax	39,876	-	39,876
<b>Total assets</b>	<b>2,060,980</b>	<b>346,735</b>	<b>2,407,715</b>
<b>Total liabilities</b>	<b>934,485</b>	<b>13,407</b>	<b>947,892</b>

Most of the Group's assets are located in the Republic of Croatia.

The segment results for the year ended 31 December 2012 are as follows:

<i>(in thousands of HRK)</i>	<b>Tourism</b>	<b>Other business segments</b>	<b>Total</b>
Total sales	989,093	12,367	1,001,460
Inter-segment revenue	(31,389)	-	(31,389)
Revenue from external customers	<b>957,704</b>	<b>12,367</b>	<b>970,071</b>
Depreciation and amortisation	204,787	14,081	218,868
Net finance income/(expense) net	(26,290)	8,490	(17,800)
Write off of fixed assets	8,799	76	8,875
Profit before tax	45,502	-	45,502
<b>Total assets</b>	<b>2,268,249</b>	<b>158,758</b>	<b>2,427,007</b>
<b>Total liabilities</b>	<b>907,630</b>	<b>8,219</b>	<b>915,849</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

## NOTE 5 – SEGMENT INFORMATION (continued)

Reconciliation of the profit per segment with profit before tax is as follows:

<i>(in thousand HRK)</i>	Group Riviera Adria	
	2013	2012
<b>Revenue</b>		
Revenue from segments	1,077,898	1,001,460
Other revenue	-	7,034
Inter-segment revenue	(29,720)	(31,389)
<b>Total revenue</b>	<b>1,048,178</b>	<b>977,105</b>
<b>Profit</b>		
Profit from segments	393,206	392,380
Other expenses	(339,981)	(347,788)
Elimination of inter-segment profits	(13,349)	910
<b>Total profit before tax</b>	<b>39,876</b>	<b>45,502</b>

The reconciliation of segment assets and liabilities with the Group's assets and liabilities is as follows:

<i>(in thousands of HRK)</i>	Group			
	2013		2012	
	Assets	Liabilities	Assets	Liabilities
Segment assets/liabilities	2,407,715	947,892	2,427,007	915,849
Tourism segment	2,060,980	934,485	2,268,249	907,630
Other segment	346,735	13,407	158,758	8,219
Unallocated:	343,678	59,604	230,716	52,093
Investments in joint ventures	1,329	-	1,271	-
Other financial assets	2,960	-	2,975	-
Loans and deposits	2,125	-	1,141	-
Cash and cash equivalents	223,105	-	195,207	-
Inventories	-	-	-	-
Income tax receivable	10,034	-	-	-
Derivative financial assets	-	-	276	-
Other receivables	37,609	-	29,489	-
Deferred tax assets/liabilities	66,516	20	357	-
Borrowings	-	-	-	-
Other liabilities	-	24,896	-	10,593
Derivative financial liabilities	-	5,568	-	7,622
Provisions	-	29,120	-	33,878
<b>Total</b>	<b>2,751,393</b>	<b>1,007,496</b>	<b>2,657,723</b>	<b>967,942</b>

The Group's hotel and hospitality services and sales are provided in Croatia to domestic and foreign customers. The Group's sales revenues can be classified according to the customers' origin.

## NOTE 5 – SEGMENT INFORMATION (continued)

	Group	
	2013	2012
	<i>In thousand HRK</i>	
Revenue from sales to domestic customers	115,402	102,042
Revenue from sales to foreign customers	932,776	875,063
	<b>1,048,178</b>	<b>977,105</b>

Foreign sales revenues can be classified according to the number of overnights based on the customers' origin, as follows:

	Group			
	2013	%	2012	%
Sales to foreign customers				
EU members	805,217	86,32	760,964	86,96
Other	127,559	13,68	114,099	13,04
	<b>932,776</b>	<b>100,00</b>	<b>875,063</b>	<b>100,00</b>

## NOTE 6 – OTHER INCOME

	Group		Company	
	2013	2012	2013	2012
	<i>(In thousand HRK)</i>		<i>(In thousand HRK)</i>	
Insurance and court claims recovered	5,192	4,408	4,979	4,080
Income from other fees	74	364	15	229
Income from donations and other	802	273	802	273
Dividend income	269	105	106	105
Income from net gain in joint ventures	58	162	-	-
Reinvoiced costs	2,279	2,280	1,439	615
Income from provision reversal	1,251	290	1,251	290
Other income	4,327	398	3,341	438
	<b>14,252</b>	<b>8,280</b>	<b>11,933</b>	<b>6,030</b>

## NOTE 7 – COST OF MATERIALS AND SERVICES

	Group		Company	
	2013	2012	2013	2012
	<i>(In thousand HRK)</i>		<i>(In thousand HRK)</i>	
<b>Raw materials and supplies</b>				
Raw materials and supplies used	102,314	97,793	77,417	73,081
Energy and water used	59,028	55,158	46,269	41,596
Miscellaneous inventories	13,663	12,286	11,282	9,862
	<b>175,005</b>	<b>165,237</b>	<b>134,968</b>	<b>124,539</b>
<b>External services</b>				
Management services	72,122	67,540	55,065	51,490
Maintenace	67,845	42,285	47,562	35,875
Reservation centre services	8,673	6,721	7,408	5,520
Utilities	30,389	25,590	25,518	23,496
Telecommunication and transport	5,742	5,885	4,871	4,919
Recreation services	8,035	7,578	6,452	6,155
Marketing, promotion and fairs	25,302	17,315	19,635	12,527
Rent	12,927	13,288	15,507	9,758
Commission fees (agencies and credit cards)	24,632	20,751	18,571	15,195
Other services	2,201	3,678	1,599	2,803
	<b>257,868</b>	<b>210,631</b>	<b>202,188</b>	<b>167,738</b>
	<b>432,873</b>	<b>375,868</b>	<b>337,156</b>	<b>292,277</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

## NOTE 8 – STAFF COSTS

	Group		Company	
	2013	2012	2013	2012
	<i>(In thousand HRK)</i>		<i>(In thousand HRK)</i>	
Net salaries	146,422	139,173	110,318	102,090
Pension contributions	63,735	32,823	46,639	22,075
Health insurance contributions	31,829	25,388	23,574	17,589
Other costs (contributions and taxes)	147	32,491	135	25,018
Termination benefits	429	1,812	88	1,120
Other staff costs /i/	31,417	34,014	26,372	27,069
	<b>273,979</b>	<b>265,701</b>	<b>207,126</b>	<b>194,961</b>
<b>Number of employees at 31 December</b>	<b>1,791</b>	<b>1,785</b>	<b>1,791</b>	<b>1,262</b>

/i/ Other staff costs comprise fees and transportation costs, jubilee awards and similar, as well as remunerations for temporary services.

## NOTE 9 – OTHER OPERATING EXPENSES

	Group		Company	
	2013	2012	2013	2012
	<i>(In thousand HRK)</i>		<i>(In thousand HRK)</i>	
Municipal and similar charges and contributions	35,107	33,337	30,197	28,146
Collection of receivables previously written-off	(72)	(374)	(67)	(295)
Professional services	10,681	9,960	8,815	7,011
Bank charges	1,915	2,805	1,504	1,504
Travel and entertainment costs	3,652	3,223	3,051	2,293
Insurance premiums	4,194	4,322	3,719	3,714
Write off of property, plant and equipment	13,292	8,875	13,023	8,755
Provision-net	473	2,775	195	1,645
Impairment of current assets	4,920	401	4,885	210
Other	5,180	1,699	3,841	1,853
	<b>79,342</b>	<b>67,023</b>	<b>69,163</b>	<b>54,836</b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

## NOTE 10 – OTHER GAINS/(LOSSES) – NET

	Group		Company	
	2013	2012	2013	2012
	<i>(In thousand HRK)</i>		<i>(In thousand HRK)</i>	
Net gains on sale of property, plant and equipment	2	123	68	123
Net foreign exchange gains/(losses)	6,223	3,795	5,851	2,109
Unrealized net gains/(losses) from forwards and interest rate swaps	(810)	78	(388)	(116)
Changes in fair value from non-derivative financial assets at fair value through profit and loss	-	97	-	-
Realised net gain from forwards and interest rate swaps	2,614	1,284	1,337	1,284
	<b>8,029</b>	<b>5,377</b>	<b>6,868</b>	<b>3,400</b>

## NOTE 11 – FINANCE INCOME/(EXPENSE) – NET

	Group		Company	
	2013	2012	2013	2012
	<i>(In thousand HRK)</i>		<i>(In thousand HRK)</i>	
Interest income	7,274	9,834	12,166	11,390
Foreign exchange income – net	-	2,402	-	757
	<b>7,274</b>	<b>12,236</b>	<b>12,166</b>	<b>12,147</b>
Interest expense	(23,967)	(26,783)	(13,255)	(10,342)
Net realized losses from interest rate swaps	-	(1,785)	-	(223)
Net foreign exchange losses on financing activities	(4,373)	(1,468)	(3,646)	-
	<b>(28,340)</b>	<b>(30,036)</b>	<b>(16,901)</b>	<b>(10,565)</b>
<b>Financial income/(expense) - net</b>	<b>(21,066)</b>	<b>(17,800)</b>	<b>(4,735)</b>	<b>1,582</b>

## NOTE 12 – INCOME TAX

Income tax expense/(benefit) comprise:

	Group		Company	
	2013	2012	2013	2012
	<i>(In thousand HRK)</i>		<i>(In thousand HRK)</i>	
Current tax	19	-	-	-
Deferred tax	(66,159)	1,360	(23,533)	1,360
<b>Tax expense/(benefit)</b>	<b>(66,140)</b>	<b>1,360</b>	<b>(23,533)</b>	<b>1,360</b>

Reconciliation of the effective tax rate:

	Group		Company	
	2013	2012	2013	2012
	<i>(In thousand HRK)</i>		<i>(In thousand HRK)</i>	
Profit before tax	39,876	45,502	35,116	54,031
Income tax (20%)	7,975	9,100	7,023	10,806
Income not assessable for tax	(564)	(129)	(411)	(129)
Tax incentives for reinvested profit	-	(10,440)	-	(10,440)
Expenses not deductible for tax	753	1,992	637	1,123
Tax losses utilised not previously recognised	(8,267)	837	(7,372)	-
Recognition of tax losses previously not recognized	(24,261)	-	(19,235)	-
Temporary differences recognised/i/	(41,776)	-	(4,175)	-
<b>Tax expense/(benefit)</b>	<b>(66,140)</b>	<b>1,360</b>	<b>(23,533)</b>	<b>1,360</b>
Effective tax rate	-	2.99%	-	2.52%

/i/ As explained in the Note 36, on 1 November 2013 Riviera Adria has merged with Dubrovnik Babin-kuk. As result of this merger, Riviera Adria recognized temporary differences in amount of 4,175 thousand in Company's financial statements and HRK 41,776 thousand in Group's financial statements, which were previously not recognized.

Croatian tax legislation does not allow tax losses to be transferred among group companies. In accordance with the regulations of the Republic of Croatia, the Tax Authority may at any time inspect the Group companies books and records within three years following the year in which the tax liability was reported, and may impose additional tax assessments and penalties.

Tax Administration has issued a ruling concerning the tax audit for the year 2010 for the company Rabac d.d. which was merged with the company Riviera Adria d.d. on 1 September 2011. According to this ruling, there is an increase in the tax liabilities of HRK 4,428 thousand. The Company has appealed the aforementioned decision. The retrial is in progress, and the Company believes that the outcome of the above will not have material effect on the financial position and performance of the Company.

**NOTE 13 – EARNINGS PER SHARE****Basic**

Basic earnings per share is calculated by dividing the profit/(loss) for the year of the Group by the weighted average number of shares ordinary in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares.

**Diluted**

Diluted earnings per share is equal to basic, since the Group/Company did not have any convertible instruments and share options outstanding during both years.

	<b>Group</b>	
	<u>2013</u>	<u>2012</u>
Profit/(loss) attributable to equity holders ( <i>in thousands of HRK</i> )	106,016	44,644
Weighted average number of shares	103,352,183	105,558,88
<b>Basic earnings per share (<i>in HRK</i>)</b>	<u>1.026</u>	<u>0.4230</u>

## NOTE 14 – PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings	Plant and equipment	Furniture, tools and horticulture	Assets under construction	Total
<i>(In thousand HRK)</i>					
<b>At 1 January 2012</b>					
Cost	4,087,776	446,233	145,816	44,345	4,724,170
Accumulated depreciation and impairment	(1,797,215)	(292,691)	(110,329)	-	(2,200,235)
<b>Carrying amount</b>	<b>2,290,561</b>	<b>153,542</b>	<b>35,487</b>	<b>44,345</b>	<b>2,523,935</b>
<b>Year ended 31 December 2012</b>					
Opening carrying amount	2,290,561	153,542	35,487	44,345	2,523,935
Transfer	218	(13,772)	13,122	-	(432)
Additions	49,991	18,031	11,566	18,253	97,841
Disposals and write offs	(8,212)	(289)	(169)	(251)	(8,921)
Depreciation	(173,500)	(31,432)	(13,177)	-	(218,109)
<b>Carrying amount</b>	<b>2,159,058</b>	<b>126,080</b>	<b>46,829</b>	<b>62,347</b>	<b>2,394,314</b>
<b>At 31 December 2012</b>					
Cost	4,113,837	410,242	192,476	62,347	4,778,902
Accumulated depreciation and impairment	(1,954,779)	(284,162)	(145,647)	-	(2,384,588)
<b>Carrying amount</b>	<b>2,159,058</b>	<b>126,080</b>	<b>46,829</b>	<b>62,347</b>	<b>2,394,314</b>
<b>Year ended 31 December 2013</b>					
Opening carrying amount	2,159,058	126,080	46,829	62,347	2,394,314
Subsidiary intragroup transfer (Note 16)	3,710	-	-	113	3,823
Additions	121,496	34,157	21,927	41,709	219,289
Disposals and write offs	(12,127)	(220)	(212)	(962)	(13,521)
Depreciation	(177,126)	(31,759)	(13,656)	-	(222,541)
<b>Carrying amount</b>	<b>2,095,011</b>	<b>128,258</b>	<b>54,888</b>	<b>103,207</b>	<b>2,381,364</b>
<b>Year ended 31 December 2013</b>					
Cost	4,194,662	433,649	209,436	103,207	4,940,954
Accumulated depreciation and impairment	(2,099,651)	(305,391)	(154,548)	-	(2,559,590)
<b>Carrying amount</b>	<b>2,095,011</b>	<b>128,258</b>	<b>54,888</b>	<b>103,207</b>	<b>2,381,364</b>

As at 31 December 2013, the carrying amount of land and buildings pledged as collateral for borrowings amounted to HRK 1,166,263 thousand (2012: HRK 1,074,388 thousand).

## NOTE 14 –PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Land and buildings	Plant and equipment	Furniture, tools and horticulture	Assets under construction	Total
<i>(In thousand HRK)</i>					
<b>At 1 January 2012</b>					
Cost	2,950,921	267,889	137,080	16,432	3,372,322
Accumulated depreciation and impairment	(1,458,686)	(183,637)	(106,376)	-	(1,748,699)
<b>Carrying amount</b>	<b>1,492,235</b>	<b>84,252</b>	<b>30,704</b>	<b>16,432</b>	<b>1,623,623</b>
<b>Year ended 31 December 2012</b>					
Opening carrying amount	1,492,235	84,252	30,704	16,432	1,623,623
Transfer	-	-	(432)	-	(432)
Additions	49,137	16,108	10,209	13,655	89,109
Disposals and write offs	(8,212)	(204)	(134)	(251)	(8,801)
Depreciation	(131,426)	(19,836)	(8,643)	-	(159,905)
<b>Carrying amount</b>	<b>1,401,734</b>	<b>80,320</b>	<b>31,704</b>	<b>29,836</b>	<b>1,543,594</b>
<b>At 31 December 2012</b>					
Cost	2,975,657	278,214	137,371	29,836	3,421,078
Accumulated depreciation and impairment	(1,573,923)	(197,894)	(105,667)	-	(1,877,484)
<b>Carrying amount</b>	<b>1,401,734</b>	<b>80,320</b>	<b>31,704</b>	<b>29,836</b>	<b>1,543,594</b>
<b>Year ended 31 December 2013</b>					
Opening carrying amount	1,401,734	80,320	31,704	29,836	1,543,594
Merger of subsidiary (Note 36)	430,655	41,999	14,399	38,946	525,999
Additions	102,283	28,491	19,009	35,200	184,983
Disposals and write offs	(12,032)	(120)	(113)	(888)	(13,153)
Depreciation	(138,753)	(22,432)	(10,111)	-	(171,296)
<b>Carrying amount</b>	<b>1,783,887</b>	<b>128,258</b>	<b>54,888</b>	<b>103,094</b>	<b>2,070,127</b>
<b>Year ended 31 December 2013</b>					
Cost	3,809,646	433,649	209,436	103,094	4,555,825
Accumulated depreciation and impairment	(2,025,759)	(305,391)	(154,548)	-	(2,485,698)
<b>Carrying amount</b>	<b>1,783,887</b>	<b>128,258</b>	<b>54,888</b>	<b>103,094</b>	<b>2,070,127</b>

**NOTE 14 – PROPERTY, PLANT AND EQUIPMENT (continued)**

Assets under construction of the Group of HRK 103,207 thousand relate mainly to expenditure on reconstruction and extension of hotels Zagreb, President, Argosy, Tamaris, all buildings on the island of St. Nikola of HRK 57.7 million, the expenditure on camps of HRK 2.15 million, the reconstruction, extension and adaptation of commercial buildings of HRK 11.7 million, advances paid to suppliers for works of HRK 27.5 million and other in the amount of HRK 4.15 million. Within the advances paid to suppliers of 27.5 million, an amount of 16.7 million relates to the payment of subcontractors who are part of the legal dispute as explained in the note for contingent liabilities and commitments.

The carrying amount of the property, plant and equipment leased out under an operating lease is as follows:

	<u>2013</u>	<u>2012</u>
	<i>(in thousands of HRK)</i>	
Cost	108,775	108,716
Accumulated depreciation as at 1 January	(78,180)	(72,913)
Depreciation charge for the year	<u>(5,271)</u>	<u>(5,334)</u>
<b>Carrying amount</b>	<u><b>25,324</b></u>	<u><b>30,469</b></u>

The operating lease relates to the lease of hospitality facilities and shops to third parties. During 2013, the Group realised rental income in the amount of HRK 30,608 thousand (2012: HRK 30,498 thousand). In 2013 and 2012, there were no contingent rents recognised as income in the statement of comprehensive income. All lease agreements are renewable. There is no purchase option.

## NOTE 15 – INTANGIBLE ASSETS

Intangible assets comprise value of software:

*(in thousands of HRK)*

	<u>Group</u>	<u>Company</u>
	<b>Licences</b>	
<b>At 1 January 2012</b>		
Cost	12,338	8,321
Accumulated amortisation	(10,815)	(7,201)
<b>Carrying amount</b>	<b>1,523</b>	<b>1,120</b>
<b>Year ended 31 December 2012</b>		
Opening carrying amount	1,523	1,120
Transfer	432	432
Additions	542	492
Disposals and write offs	(3)	(3)
Amortisation	(759)	(594)
<b>Closing carrying amount</b>	<b>1,735</b>	<b>1,447</b>
<b>At 31 December 2012</b>		
Cost	16,787	12,719
Accumulated amortisation	(15,052)	(11,272)
<b>Carrying amount</b>	<b>1,735</b>	<b>1,447</b>
<b>Year ended 31 December 2013</b>		
Opening carrying amount	1,735	1,447
Merger of subsidiary (Note 36)	-	415
Additions	7,449	7,434
Disposals and write offs	-	-
Amortisation	(782)	(680)
<b>Closing carrying amount</b>	<b>8,402</b>	<b>8,616</b>
<b>At 31 December 2013</b>		
Cost	24,237	24,733
Accumulated amortisation	(15,835)	(16,117)
<b>Carrying amount</b>	<b>8,402</b>	<b>8,616</b>

## NOTE 16 – INVESTMENT IN SUBSIDIARIES

	Company		
	2013	2012	
	<i>(in thousands of HRK)</i>		
At beginning of the year	314,772	314,266	
Purchase of additional shares /i/	17,813	506	
Merger of subsidiary (Note 36)	(332,585)	-	
New acquisition of related entity /ii/	38,542	-	
New subsidiaries resulting from merger (Note 36)	308,691	-	
At end of the year	<b>347,233</b>	<b>314,772</b>	
	<i>(in thousands of HRK)</i>		
	Ownership	2013	2012
		<i>(in thousands of HRK)</i>	
Dubrovnik-Babin kuk d.d., Dubrovnik /i/	94.11%	-	314,772
Elafiti Babin kuk d.o.o., Dubrovnik /iii/	100.00%	115,448	-
Palme turizam d.o.o., Dubrovnik /iii/	100.00%	182,036	-
Magične stijene d.o.o., Dubrovnik /iii/	100.00%	11,207	-
Bugenvilia d.o.o., Dubrovnik /ii/	100.00%	38,542	-
		<b>347,233</b>	<b>314,772</b>

- /i/ During 2013 the Company purchased an additional 5.89% shares in subsidiary Dubrovnik-Babin Kuk d.d. for cash consideration of HRK 17,813 thousand and became 100% owner of subsidiary Dubrovnik-Babin kuk d.d. which was merged into parent company as at 1 November 2013.
- /ii/ As at 4 June 2013 the Company entered into purchase agreement with Dubrovnik – Babin kuk d.d. and Valamar grupa d.d. regarding purchase of shares of related party Bugenvilia d.o.o. and as 12 June 2013 regarding transfer of shares of Bugenvilia d.o.o. With those agreements the Company acquired 100% shareholding in Bugenvilia d.o.o. for the amount of HRK 38,542 thousand. This was confirmed by General meeting of Company on 4 July 2013. Assets and liabilities have been transferred at book values (carryover basis accounting). Difference between investment cost and net assets acquired has been recognised in equity as result of subsidiary intragroup transfer.
- /iii/ Companies Elafiti Babin kuk d.o.o., Palme turizam d.o.o. and Magične stijene d.o.o. were recognised upon merger of subsidiary as explained in Note 36.

Assets and liabilities arising from the acquisition are as follows:

Assets	Bugenvilia d.o.o.
Property, plant and equipment	3,823
Trade and other receivables	33
Cash and cash equivalents	259
<b>Liabilities</b>	
Trade and other payables	(130)
<b>Net assets acquired</b>	<b>3,985</b>
Consideration	(38,542)
<b>Subsidiary intragroup transfer effect</b>	<b>(34,557)</b>



**NOTE 17 – INTEREST IN JOINT VENTURE**

According to the collective agreement, the Group controls 33.33% of the operations of Pogača Babin kuk d.o.o. During 2013 and 2012, there were no changes with respect to the interests in the joint venture. At incorporation of the company Pogača Babin kuk d.o.o., the Group invested share capital in the amount of 49.67% of share capital or HRK 1,490 thousand which does not equal the amount of share capital acquired however represents 1/3 (2012: 49,67% or HRK 1.490 thousand of share capital and business share of 1/3).

	<b>Group</b>	
	<u>2013</u>	<u>2012</u>
	<i>(in thousands of HRK)</i>	
At beginning of year	1,271	1,109
Adjustment of share	-	-
Share in net profit	58	162
<b>At end of year</b>	<u>1,329</u>	<u>1,271</u>
	<b>Company</b>	
	<u>2013</u>	<u>2012</u>
	<i>(in thousands of HRK)</i>	
At beginning of year	-	-
Merger effect (Note 36)	1,490	-
<b>At end of year</b>	<u>1,490</u>	<u>-</u>

Adjustment of share in joint venture with share in net assets of Pogača Babin kuk d.o.o.

	<b>Group</b>	
	<u>2013</u>	<u>2012</u>
	<i>(in thousands of HRK)</i>	
At beginning of year	3,813	3,326
Net profit for the period	173	487
<b>At end of year</b>	<u>3,986</u>	<u>3,813</u>
Share in net assets from joint venture (33.33%)	1,329	1,271
<b>Carrying amount</b>	<u>1,329</u>	<u>1,271</u>

## NOTE 17 – INTEREST IN JOINT VENTURE (continued)

## Group Riviera Adria

	Pogača Babin kuk d.o.o. (100%)	
	2013	2012
	<i>(in thousands of HRK)</i>	
<b>Assets:</b>		
Non-current	1,117	1,210
Current	3,106	4,175
	<b>4,223</b>	<b>5,385</b>
<b>Liabilities:</b>		
Long-term	33	61
Short-term	1,018	1,511
	<b>1,051</b>	<b>1,572</b>
<b>Net assets</b>	<b>3,172</b>	<b>3,813</b>
Income	9,631	9,447
Expenses	(9,414)	(8,837)
Profit before tax	<b>217</b>	<b>610</b>
Profit after tax	<b>173</b>	<b>487</b>
<b>Share in profit of joint venture (33.33%)</b>	<b>58</b>	<b>162</b>

## NOTE 18a – FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

**Group**

<i>(in thousands of HRK)</i>	Cash, loans and receivables	Available-for-sale financial assets	Financial assets at fair value through profit or loss	<b>Total</b>
<b>31 December 2013</b>				
<i>Assets at the reporting date</i>				
Trade and other receivables	15,135	-	-	15,135
Loans and deposits	2,125	-	-	2,125
Available-for-sale financial assets	-	1,854	-	1,854
Financial assets at fair value through profit or loss	-	-	1,106	1,106
Cash and cash equivalents	223,105	-	-	223,105
<b>Total</b>	<b>240,365</b>	<b>1,854</b>	<b>1,106</b>	<b>243,325</b>
<i>(in thousands of HRK)</i>	Cash, loans and receivables	Available-for-sale financial assets	Financial assets at fair value through profit or loss	<b>Total</b>
<b>31 December 2012</b>				
<i>Assets at the reporting date</i>				
Trade and other receivables	20,772	-	-	20,772
Loans and deposits	953	-	-	953
Available-for-sale financial assets	-	1,920	-	1,920
Financial assets at fair value through profit or loss	-	-	1,273	1,273
Derivative financial assets	-	-	249	249
Cash and cash equivalents	195,207	-	-	195,207
<b>Total</b>	<b>216,932</b>	<b>1,920</b>	<b>1,522</b>	<b>220,374</b>

## NOTE 18a – FINANCIAL INSTRUMENTS BY CATEGORY (continued)

## Company

<i>(in thousands of HRK)</i>	Cash, loans and receivables	Available-for- sale financial assets	Financial assets at fair value through profit or loss	Total
<b>31 December 2013</b>				
<i>Assets at the reporting date</i>				
Trade and other receivables	230,792	-	-	230,792
Loans and deposits	2,606	-	-	2,606
Available-for-sale financial assets	-	1,854	-	1,854
Financial assets at fair value through profit or loss	-	-	1,106	1,106
Cash and cash equivalents	222,756	-	-	222,756
<b>Total</b>	<b>456,154</b>	<b>1,854</b>	<b>1,106</b>	<b>459,114</b>
<i>(in thousands of HRK)</i>	Cash, loans and receivables	Available-for- sale financial assets	Financial assets at fair value through profit or loss	Total
<b>31 December 2012</b>				
<i>Assets at the reporting date</i>				
Trade and other receivables	18,563	-	-	18,563
Loans and deposits	69,710	-	-	69,710
Available-for-sale financial assets	-	1,891	-	1,891
Financial assets at fair value through profit or loss	-	-	1,084	1,084
Derivative financial assets	-	-	169	169
Cash and cash equivalents	191,334	-	-	191,334
<b>Total</b>	<b>279,607</b>	<b>1,891</b>	<b>1,253</b>	<b>282,751</b>

The above-mentioned balances of financial assets represent the Group's maximum exposure to credit risk at the reporting date. The carrying values approximate their fair value due to their short-term maturity.

	Group		Company	
	2013	2012	2013	2012
	<i>(in thousands of HRK)</i>		<i>(in thousands of HRK)</i>	
<b>Liabilities at reporting date</b>				
<i>Financial liabilities – at amortised cost:</i>				
Trade and other payables	94,578	52,237	94,712	46,921
Borrowings	827,138	827,515	827,138	367,251
	<b>921,716</b>	<b>879,752</b>	<b>921,850</b>	<b>414,172</b>
<i>Financial liabilities at fair value through profit or loss:</i>				
Derivative financial instruments	5,568	7,622	5,568	1,701
	<b>927,284</b>	<b>887,374</b>	<b>927,418</b>	<b>415,873</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

## NOTE 18b – CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are neither past due nor impaired is as follows:

	Group		Company	
	2013	2012	2013	2012
	<i>(in thousands of HRK)</i>		<i>(in thousands of HRK)</i>	
<b>Loans and deposits</b>				
Loans and deposits	1,119	953	1,119	291
	<b>1,119</b>	<b>953</b>	<b>1,119</b>	<b>291</b>

The credit quality of other financial assets is presented in the following notes.

## NOTE 19 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2013	2012	2013	2012
	<i>(in thousands of HRK)</i>		<i>(in thousands of HRK)</i>	
Investments in banks and other financial institutions/i/	1,714	1,751	1,714	1,751
Other	140	169	140	140
	<b>1,854</b>	<b>1,920</b>	<b>1,854</b>	<b>1,891</b>

/i/ Investments in banks and other financial institutions represent less than 1% ownership interests and are represented in fair values.

	Group		Company	
	2013	2012	2013	2012
	<i>(in thousands of HRK)</i>		<i>(in thousands of HRK)</i>	
At beginning of year	1,920	2,911	1,891	2,882
Transfer upon merger /i/	163	-	192	-
Devaluation recorded in other comprehensive income	(229)	(991)	(229)	(991)
<b>At end of year</b>	<b>1,854</b>	<b>1,920</b>	<b>1,854</b>	<b>1,891</b>

/i/ Merger effect is disclosed in Note 36 in other financial assets.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

## NOTE 20 – LOANS AND DEPOSITS

	Group		Company	
	2013	2012	2013	2012
	<i>(in thousands of HRK)</i>		<i>(in thousands of HRK)</i>	
<b>Loans:</b>				
Loans	421	562	902	69,419
Provision for loan impairment	-	-	-	-
Loans – net	421	562	902	69,419
<b>Deposits:</b>				
Deposits	1,704	1,313	1,704	291
Provision for deposit impairment	-	(922)	-	-
Deposits – net	1,704	391	1,704	291
Total	2,125	953	2,606	69,710
Less: non-current portion	(802)	(847)	(802)	(63,668)
Current portion	1,323	106	1,804	6,042

Loans include an amount of HRK 421 thousand (2012: HRK 562 thousand) due from employees for housing loans at an interest rate of 1% are placed through a business bank and are payable by year 2025. The loans are not secured with any collateral. Net deposits are interest-free and given as a collateral for operating leases of vehicles for a 5-year term.

All given loans and deposits are denominated in HRK.

The carrying amounts of short-term loans and deposits approximate their fair value. The fair value of non-current loans and deposits is HRK 687 thousand (2012: HRK 719 thousand). The fair value is calculated based on the cash flows discounted using a rate based on the borrowing rate of 6.5% (interest rate on the government bonds with maturity in year 2022) (2012: 6.5%).

## NOTE 21 – INVENTORIES

	Group		Company	
	2013	2012	2013	2012
	<i>(in thousands of HRK)</i>		<i>(in thousands of HRK)</i>	
Raw materials and supplies	6,296	6,423	6,296	3,490
Trade goods and packaging material	311	823	311	328
Apartments	741	741	741	741
Provision for impairment of slow-moving inventories	(178)	(185)	(178)	-
	7,170	7,802	7,170	4,559

## NOTE 22 – TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013	2012	2013	2012
	<i>(in thousands of HRK)</i>		<i>(in thousands of HRK)</i>	
Domestic receivables	16,960	16,161	16,858	11,777
Foreign receivables	5,162	3,396	5,162	2,491
Related parties receivables	354	386	216,021	1,965
Provision for impairment of trade receivables	(12,186)	(7,707)	(12,094)	(5,157)
Trade receivables – net	10,290	12,236	225,947	11,076
Accrued income not yet invoiced	438	2,446	438	1,397
Interest receivables	4,407	6,090	4,407	6,090
<i>Total financial assets</i>	15,135	20,772	230,792	18,563
Prepaid expenses	9,714	4,844	8,761	4,844
VAT receivable	14,458	15,954	14,458	11,377
Advances to suppliers	7,352	4,974	7,352	4,974
Receivables from employees	265	385	231	372
Receivables from state institutions	233	140	265	-
Other receivables	1,231	5,572	1,232	1,712
	<b>48,388</b>	<b>52,641</b>	<b>263,091</b>	<b>41,842</b>

Movements in provisions for impairment of trade and other receivables:

	Group		Company	
	2013	2012	2013	2012
	<i>(in thousands of HRK)</i>		<i>(in thousands of HRK)</i>	
At 1 January	7,707	13,448	5,157	7,475
Merger effect (Note 36)	-	-	2,195	-
Provision for receivables impairment	4,955	401	4,875	210
Collected	(67)	(374)	(67)	(295)
Receivables written-off	(409)	(5,768)	(66)	(2,233)
<b>At 31 December</b>	<b>12,186</b>	<b>7,707</b>	<b>12,094</b>	<b>5,157</b>

## NOTE 22 – TRADE AND OTHER RECEIVABLES (continued)

	Group		Company	
	2013	2012	2013	2012
	<i>(in thousands of HRK)</i>		<i>(in thousands of HRK)</i>	
<b>Trade receivables:</b>				
Neither past due nor impaired	4,969	6,789	7,297	6,638
Past due, but not impaired	5,321	5,447	218,650	4,438
Past due and impaired	12,186	7,707	12,094	5,157
	<b>22,476</b>	<b>19,943</b>	<b>238,041</b>	<b>16,233</b>

Trade and other receivables are carried at amortized cost. As at 31 December 2013 receivables overdue but not impaired of HRK 213,334 thousand of the Company relate to the re-invoicing of investments of hotel Valamar Lacroma Dubrovnik to subsidiary Elafiti Babin kuk d.o.o. Provisions for impairment of the intercompany receivables have not been made due to collectability of receivables as the receivables are settled with the rent invoiced from the Elafiti Babin kuk d.o.o. to the Company.

As of 31 December 2013, trade receivables in the amount of HRK 5,321 thousand (2012: HRK 5,447 thousand) were past due but not impaired. The maturities of these receivables are as follows:

	Group		Company	
	2013	2012	2013	2012
	<i>(in thousands of HRK)</i>		<i>(in thousands of HRK)</i>	
Up to one month	2,482	905	2,489	676
One to two months	1,607	610	2,077	297
Two to three months	850	803	1,932	483
Over three months up to 1 year	382	3,129	212,152	2,982
	<b>5,321</b>	<b>5,447</b>	<b>218,650</b>	<b>4,438</b>

The carrying amounts of trade and other receivables are denominated in the following currencies:

	Group		Company	
	2013	2012	2013	2012
	<i>(in thousands of HRK)</i>		<i>(in thousands of HRK)</i>	
EUR	9,060	11,574	9,052	10,537
HRK	6,075	9,198	221,740	8,026
	<b>15,135</b>	<b>20,772</b>	<b>230,792</b>	<b>18,563</b>

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group holds advances, bills of exchange and promissory notes and periodically mortgage security for collection. The carrying amounts of trade and other receivables approximate their fair value due to its short term.



## NOTE 23 – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2013	2012	2013	2012
	<i>(in thousands of HRK)</i>		<i>(in thousands of HRK)</i>	
Listed securities	-	189	-	-
Bonds of the Republic of Croatia	1,106	1,084	1,106	1,084
	<b>1,106</b>	<b>1,273</b>	<b>1,106</b>	<b>1,084</b>

As at 31 December 2013, the interest rate on bonds was 4.25%. Financial assets are held for trading. Bonds of the Republic of Croatia are denominated in EUR.

Bonds of the Republic of Croatia have been pledged under a repurchase agreement, with corresponding borrowing of HRK 1,031 thousand presented within loans and borrowings.

## NOTE 24 – DERIVATIVE FINANCIAL INSTRUMENTS

## Group

	2013		2012	
	Receivables	Liabilities	Receivables	Liabilities
	<i>(in thousands of HRK)</i>		<i>(in thousands of HRK)</i>	
Fair value of interest rate swap	-	4,151	-	6,984
Market value of foreign currency forward contracts	-	1,417	249	638
<b>Total</b>	-	<b>5,568</b>	<b>249</b>	<b>7,622</b>
Less non-current portion:	-	(2,495)	-	(5,112)
Fair value of interest rate swap	-	1,656	-	2,475
Market value of foreign currency forward contracts	-	1,417	249	35
Current portion	-	<b>3,073</b>	<b>249</b>	<b>2,510</b>

## NOTE 24 – DERIVATIVE FINANCIAL INSTRUMENTS (continued)

## Company

	2013		2012	
	Receivables	Liabilities	Receivables	Liabilities
	<i>(in thousands of HRK)</i>		<i>(in thousands of HRK)</i>	
Fair value of interest rate swap	-	4,151	-	1,383
Market value of foreign currency forward contracts	-	1,417	169	318
<b>Total</b>	-	<b>5,568</b>	<b>169</b>	<b>1,701</b>
Less: non-current portion:	-	(2,495)	-	(900)
Fair value of interest rate swap	-	1,656	-	790
Market value of foreign currency forward contracts	-	1,417	-	11
<b>Current portion</b>	-	<b>3,073</b>	<b>169</b>	<b>801</b>

## (a) Foreign currency forward contracts

As at 31 December 2013, the contracted value of foreign currency forward contracts amounts to HRK 56,700 thousand (2012: HRK 121,258 thousand) at high quality Croatian banks and are related to the Company Riviera Adria d.d.

Forward contracts transactions denominated in foreign currency subject to risk hedge are expected on various dates during the following year (final contract maturity is on 29 December 2014).

Gains and losses arising from changes in market value of foreign currency forward contracts as at 31 December 2013 are recognized in the statement of comprehensive income under 'other gains/(losses)-net'.

## (b) Interest rate swaps

As at 31 December 2013, the contracted value of outstanding interest rate swaps amounts to HRK 94,237 thousand (2012: HRK 133,669 thousand).

As at 31 December 2013, interest rates fixed by interest rate swap contracts ranged from 2.16% to 2.64%, while key variable interest rates (EURIBOR) for EUR borrowings were at the level of 0.288%. Interest rates fixed by interest rate swap contracts ranged from 1.67% to 2.32%, while key variable interest rates (CHF LIBOR) for CHF borrowings were at the level of 0.023%. Fair value gains and losses on interest rate swaps are recorded directly in comprehensive income within finance costs until the repayment of borrowings with final maturities as at 31 December 2018 and 2019 retrospectively.

## NOTE 25 – DEFERRED TAX ASSETS / LIABILITIES

## DEFERRED TAX ASSETS

## Group

<i>(in thousands of HRK)</i>	Impairment of financial assets	Impairment of trade receivables	Interest for legal cases	Provisions for concessions	Tax losses carried forward	Property	Total
At 1 January 2012	714	-	-	898	105	-	1,717
Credited to the income	78	-	-	-	-	-	78
Debited to the income	(452)	-	-	(898)	(88)	-	(1,438)
<b>At 31 December 2012</b>	<b>340</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17</b>	<b>-</b>	<b>357</b>
Credited to the income	845	166	3,375	-	24,261	37,600	66,247
Debited to the income	(71)	-	-	-	(17)	-	(88)
<b>At 31 December 2013</b>	<b>1,114</b>	<b>166</b>	<b>3,375</b>	<b>-</b>	<b>24,261</b>	<b>37,600</b>	<b>66,516</b>

## DEFERRED TAX ASSETS

## Company

<i>(in thousands of HRK)</i>	Impairment of financial assets	Impairment of trade receivables	Interest for legal cases	Provisions for concessions	Tax losses carried forward	Total
At 1 January 2012	714	-	-	898	105	1,717
Credited to the income	78	-	-	-	-	78
Debited to the income	(452)	-	-	(898)	(88)	(1,438)
<b>At 31 December 2012</b>	<b>340</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17</b>	<b>357</b>
Credited to the income	845	166	3,375	-	19,235	23,621
Debited to the income	(71)	-	-	-	(17)	(88)
<b>At 31 December 2013</b>	<b>1,114</b>	<b>166</b>	<b>3,375</b>	<b>-</b>	<b>19,235</b>	<b>23,890</b>

## NOTE 25 – DEFERRED TAX ASSETS / LIABILITIES (continued)

## DEFERRED TAX LIABILITIES

## Group and Company

*(in thousands of HRK)*

## Financial assets available-for-sale

At 1 January 2013	66
Credited to the other comprehensive income	(46)
<b>At 31 December 2013</b>	<b>20</b>

Deferred tax liabilities relate to accumulated fair value gains/losses of available-for sale financial assets recorded in revaluation reserves.

## NOTE 26 – CASH AND CASH EQUIVALENTS

	Group		Company	
	2013	2012	2013	2012
	<i>(in thousands of HRK)</i>		<i>(in thousands of HRK)</i>	
Giro-accounts and current accounts	2,003	16,593	1,654	14,300
Cash in hand	62	210	62	-
Foreign currency accounts	4,283	3,119	4,283	1,749
Time deposits up to one month	216,757	175,285	216,757	175,285
	<b>223,105</b>	<b>195,207</b>	<b>222,756</b>	<b>191,334</b>

The interest rate on cash and cash equivalents is up to 5.30% (2012: up to 5.30%).

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2013	2012	2013	2012
	<i>(in thousands of HRK)</i>		<i>(in thousands of HRK)</i>	
HRK	2,066	16,803	1,717	14,300
EUR	220,417	177,983	220,417	176,818
CHF	568	43	568	21
Other	54	378	54	195
	<b>223,105</b>	<b>195,207</b>	<b>222,756</b>	<b>191,334</b>

## NOTE 27 – EQUITY

/i/ The authorised and registered share capital of the Company in 2013 amounts to HRK 1,117,663,400 and comprises 106,546,340 ordinary shares which nominal value by 5 July 2013 amounted 10 HRK and after denomination shares do not have nominal value. All shares are fully paid.

/ii/ The ownership structure as at 31 December is as follows:

<b>2013</b>	<b>Number of shares</b>	<b>%</b>
Valamar Adria holding d.d. Grupa, Zagreb	78,410,062	73.60
Valamar Grupa d.d.	13,125,548	12.31
Treasury shares	3,226,678	3.03
Other shareholders - free float	11,784,052	11.06
<b>Total</b>	<b>106,546,340</b>	<b>100.00</b>

<b>2012</b>	<b>Number of shares</b>	<b>%</b>
Valamar Adria Holding d.d., Zagreb (Dom Holding d.d.)	76,590,206	71.89
Treasury shares	3,229,176	3.02
Other shareholders - free float	26,726,958	25.09
<b>Total</b>	<b>106,546,340</b>	<b>100.00</b>

/iii/ Based on the decision of the Company's General Assembly held on 5 July 2013, change was made from shares with nominal amount of 10 HRK to shares with no nominal amount and based on the decision of the Company's General Assembly held on 24 July 2013 registered capital was increased by conversion of reinvested profit from the year 2012 from HRK 1,065,463,400.00 by HRK 52,200,000.00 to HRK 1,117,663,400.00. Share capital was increased without share issue. After increase it was divided into 106,546,340 ordinary registered shares with no nominal value. The distribution of this amount in future periods may result in tax obligations given it is based on a tax incentive.

Based on the decision of the Company's General Assembly from 8 July 2010, in 2013 the Company, for the purpose of awarding employees according to the projects of work efficiency management acquired and reissued its treasury shares. In 2013, on the organised market in accordance with Article 332 of Capital Market Law a total of 72,872 treasury shares were acquired, which comprise 0.06% of the Company's registered capital, and 75,370 treasury shares were reissued, which comprise 0.07% of the Company's registered capital.

As at 31 December 2013, the Group holds 3,226,678 treasury shares, (2012: 3,229,176 treasury shares, which represents 3.02% (2012: 3.03%) of the Company's registered capital. As at 31 December 2013, share premium for treasury shares amounted to HRK 9,886 thousand (2012: HRK 16,941 thousand) and HRK 1,583 thousand which arose from denomination of nominal value of shares and increase of share capital.

## NOTE 28 – SHARE PREMIUM, RESERVES AND ACCUMULATED LOSSES

## a) Share premium

As at 31 December 2013 share premium amounts to HRK 466,741 thousand (2012: HRK 466,291 thousand). As at 31 December 2013 this amount comprise HRK 365,352 thousand (2012: 365,352 thousand) which was created by reduction of the share capital, and of HRK 112,857 thousand (2012: 116,697 thousand) which was created as a result of a company merger Zlatni Otok d.d. and Rabac d.d. to the Company Riviera Adria d.d., less HRK 9,885 thousand (2012: 15,758 thousand) which arose from transactions with treasury shares and HRK 1,583 thousand which arose from cancelation of nominal value of shares and increase of share capital.

## b) Reserves, retained earnings and losses carried forward

	Group	
	2013	2012
	<i>(in thousands of HRK)</i>	
Legal reserves	57,792	57,792
Other reserves	109,890	83,127
Reserves for reinvested gain	-	52,200
Retained earnings/(accumulated losses)	25,658	(19,458)
	<b>193,340</b>	<b>173,661</b>
<b>Changes in reserves:</b>		
<b>Legal reserves</b>		
At beginning of the year	57,792	57,792
Coverage of losses	-	-
<b>At end of the year</b>	<b>57,792</b>	<b>57,792</b>
<b>Other reserves</b>		
At beginning of the year	83,127	82,130
Revaluation of available-for-sale financial assets, net after tax	(183)	(794)
Transfer to other reserves	26,946	1,791
<b>At end of the year</b>	<b>109,890</b>	<b>83,127</b>
<b>Reserve for reinvested profit</b>		
At beginning of the year	52,200	-
Transfer from retained earnings/share capital increase	(52,200)	52,200
<b>At end of the year</b>	<b>-</b>	<b>52,200</b>
<b>Retained earnings/(accumulated losses)</b>		
At beginning of the year	(19,458)	(26,646)
Result for the year	106,016	44,644
Transfer to other reserves	(26,946)	(1,791)
Transfer from retained earnings	-	(52,200)
Effect of subsidiary intragroup transfer (Note 16)	(34,557)	-
Coverage of losses	-	16,535
Acquisition of minority interest	603	-
<b>At end of the year</b>	<b>25,658</b>	<b>(19,458)</b>

## NOTE 28 – SHARE PREMIUM, RESERVES AND ACCUMULATED LOSSES (continued)

## b) Reserves, retained earnings and losses carried forward (continued)

	Company	
	2013	2012
	<i>(in thousands of HRK)</i>	
Legal reserves	57,792	57,792
Other reserves	285,789	109,602
Reserves for reinvested profit	-	52,200
Retained earnings	58,649	471
	<b>402,230</b>	<b>220,065</b>
<b>Changes in reserves:</b>		
<b>Legal reserves</b>		
At beginning of the year	57,792	57,792
Coverage of losses	-	-
<b>At the end of the year</b>	<b>57,792</b>	<b>57,792</b>
<b>Other reserves</b>		
At beginning of the year	109,602	108,605
Revaluation of available-for-sale financial assets, net after tax	(183)	(794)
Merger effect (Note 36)	175,899	-
Transfer from retained earnings	471	1,791
<b>At the end of the year</b>	<b>285,789</b>	<b>109,602</b>
<b>Reserve for reinvested profit</b>		
At beginning of the year	52,200	-
Transfer from retained earnings/share capital increase	(52,200)	52,200
<b>At the end of the year</b>	<b>-</b>	<b>52,200</b>
<b>Retained earnings</b>		
At beginning of the year	471	1,791
Result for the year	58,649	52,671
Transfer to other reserves	(471)	(1,791)
Transfer to reserve for reinvested profit	-	(52,200)
<b>At the end of the year</b>	<b>58,649</b>	<b>471</b>

The legal reserve is required under Croatian law and must be built up at a minimum of 5% of the profit for the year until the total legal reserve reaches 5% of the Company's share capital. As at 31 December 2013, legal reserves amounted to HRK 57,792 thousand or 5.42% of the share capital at 31 December 2012: 57,792 thousand or 5.42% of the share capital). This reserve is not distributable.

Based on the Decision of the General Assemblies held on 4 July 2013, retained earnings from 2012 in the amount of HRK 471 thousand were transferred to other reserves.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

## NOTE 28 – SHARE PREMIUM, RESERVES AND ACCUMULATED LOSSES (continued)

## b) Reserves, retained earnings and losses carried forward (continued)

As at 31 December 2013 other reserves of the Group amounted to HRK 109,890 thousand (2012: HRK 83,127 thousand). Other reserves comprise treasury shares reserve in the amount of HRK 52,226 thousand (2012: HRK 52,226 thousand) and revaluation reserve in the amount of HRK 79 thousand (2012: HRK 262 thousand). Treasury share reserve and revaluation reserve from available-for-sale financial assets are not distributable. The remaining Group reserves in the amount of HRK 57,585 thousand (2012: HRK 30,639 thousand) relates to retained earnings which is distributable.

## NOTE 29 – BORROWINGS

	Group		Company	
	2013	2012	2013	2012
	<i>(in thousands of HRK)</i>			
<b>Current</b>				
Bank borrowings	129,732	141,159	129,732	72,652
Finance lease	235	-	235	-
	<u>129,967</u>	<u>141,159</u>	<u>129,967</u>	<u>72,652</u>
<b>Non-current</b>				
Bank borrowings	696,310	685,483	696,310	294,599
Finance lease	861	873	861	-
	<u>697,171</u>	<u>686,356</u>	<u>697,171</u>	<u>294,599</u>
<b>Total borrowings</b>	<u>827,138</u>	<u>827,515</u>	<u>827,138</u>	<u>367,251</u>

All banks have secured their borrowed funds with a pledge over hotel facilities with a net book value of HRK 1,166,263 thousand (2012: HRK 1,074,388 thousand).

The carrying amount of borrowings is denominated in EUR and CHF. Effective interest rates at reporting date were as follows:

## Group

Borrowings:	2013		2012	
	<i>(in thousands of HRK)</i>	%	<i>(in thousands of HRK)</i>	%
EUR	602,719	1.021%-4%	518,304	1.022%-4%
CHF	211,754	1.19%-1.5%	272,339	1.2125%-1.5%
HRK	12,665	2.8%-4.3%	36,872	2.0%-5.2%
	<u>827,138</u>		<u>827,515</u>	



## NOTE 29 – BORROWINGS (continued)

## Company

Borrowings:	2013		2012	
	(in thousands of HRK)	%	(in thousands of HRK)	%
EUR	602,719	1.021%-4%	239,492	1.022%-3.72%
CHF	211,754	1.19%-1.5%	125,259	1.2125%-1.5%
HRK	12,665	2.8%-4.3%	2,500	2%-5.2%
	<b>827,138</b>		<b>367,251</b>	

Maturities of non-current borrowings are as follows:

	Group		Company	
	2013	2012	2013	2012
	<i>(in thousands of HRK)</i>		<i>(in thousands of HRK)</i>	
1-2 years	229,833	221,880	229,833	95,886
2-5 years	239,828	289,737	239,828	118,568
Over 5 years	227,510	174,739	227,510	80,145
	<b>697,171</b>	<b>686,356</b>	<b>697,171</b>	<b>294,599</b>

The carrying amounts and fair value of non-current borrowings are as follows:

	Carrying amounts		Fair value	
	2013	2012	2013	2012
	<i>(in thousands of HRK)</i>			
Group	<b>697,171</b>	<b>686,356</b>	<b>686,590</b>	<b>655,050</b>
Company	<b>697,171</b>	<b>294,599</b>	<b>686,590</b>	<b>290,471</b>

The fair value is based on cash flows discounted using a rate based on the weighted average interest rate on borrowings of 2.53% (2012: 3.3%). The carrying amounts of current borrowings approximate their fair value due to short term maturity.

## NOTE 30 – TRADE AND OTHER PAYABLES

	Group		Company	
	2013	2012	2013	2012
	<i>(in thousands of HRK)</i>		<i>(in thousands of HRK)</i>	
Trade payables	74,543	36,068	74,543	31,579
Trade payables – related parties	3,121	3,917	3,255	3,558
Interest payable – related parties	-	298	-	-
Interest payable	1,592	1,296	1,592	1,126
Concession fees payable	15,322	10,658	15,322	10,658
<i>Total financial liabilities</i>	<b>94,578</b>	<b>52,237</b>	<b>94,712</b>	<b>46,921</b>
Liabilities to employees	23,688	24,255	23,688	16,877
Liabilities for taxes and contributions and similar charges	9,074	8,223	8,630	3,890
Advances received	7,490	7,853	7,490	5,947
Other current liabilities	3,863	4,010	3,863	2,270
	<b>138,693</b>	<b>96,578</b>	<b>138,383</b>	<b>75,905</b>

The carrying amount of financial liabilities are denominated in the following currencies:

	Group		Company	
	2013	2012	2013	2012
	<i>(in thousands of HRK)</i>		<i>(in thousands of HRK)</i>	
EUR	225	1,867	225	1,767
GBP	2	-	2	-
HRK	94,351	50,370	94,485	45,154
	<b>94,578</b>	<b>52,237</b>	<b>94,712</b>	<b>46,921</b>

## NOTE 31 – PROVISIONS

<b>Group</b> <i>(in thousands of HRK)</i>	<b>Termination benefits</b>	<b>Legal proceedings</b>	<b>Bonuses</b>	<b>Total</b>
<b>At 1 January 2013</b>	<b>491</b>	<b>28,390</b>	<b>7,280</b>	<b>36,161</b>
Unwinding of discount	-	-	-	-
Additional provisions	-	1,004	6,436	7,440
Used during year	(491)	(274)	(6,759)	(7,524)
Reversed during year	-	-	-	-
<b>At 31 December 2013</b>	<b>-</b>	<b>29,120</b>	<b>6,957</b>	<b>36,077</b>
<b>2013</b>				
Current portion	-	-	6,957	<b>6,957</b>
Non-current portion	-	29,120	-	<b>29,120</b>
<b>Company</b> <i>(in thousands of HRK)</i>				
	<b>Termination benefits</b>	<b>Legal proceedings</b>	<b>Bonuses</b>	<b>Total</b>
<b>At 1 January 2013</b>	<b>491</b>	<b>2,003</b>	<b>4,997</b>	<b>7,491</b>
Merger effect (Note 36)	-	26,972	2,385	29,357
Unwinding of discount	-	-	-	-
Additional provisions	-	264	4,572	4,836
Used during year	(491)	(119)	(4,997)	(5,607)
Reversed during year	-	-	-	-
<b>At 31 December 2013</b>	<b>-</b>	<b>29,120</b>	<b>6,957</b>	<b>36,077</b>
<b>2013</b>				
Current portion	-	-	6,957	<b>6,957</b>
Non-current portion	-	29,120	-	<b>29,120</b>

Provisions for legal proceedings primarily relate to land sold for construction purposes with a total surface area of 11,239 sq.m. , which was not included in the share capital of subsidiary Dubrovnik – Babin kuk d.d. A number of buyers were not able to register their ownership title over the stated land, and consequently initiated legal proceedings at the Municipal Court in Dubrovnik with the aim of terminating the purchase and sale contract. The Group's provisions are based on the estimate of market value of the aforementioned land.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

**NOTE 31 – PROVISIONS (continued)**

In previous year, provision were made for several legal disputes that the subsidiary has initiated against the company Glavice d.o.o., Dubrovnik in bankruptcy before the arbitration court, in order to resolve all mutual relations in respect of the extension and reconstruction of the hotel Valamar Lacroma Dubrovnik. These provisions were made because the company Glavice d.o.o. is in bankruptcy, and in case of a favourable outcome of these disputes for the Group, the collection is uncertain.

**NOTE 32 – CONSOLIDATED SUBSIDIARY**

	Country	Ownership at 31 December	
		2013	2012
Dubrovnik-Babin kuk d.d.	Croatia	-	94.11%
Palme turizam d.o.o.	Croatia	100.00%	100.00%
Elafiti Babin kuk d.o.o.	Croatia	100.00%	100.00%
Magične stijene d.o.o.	Croatia	100.00%	100.00%
Bugenvilia d.o.o.	Croatia	100.00%	100.00%

The Company acquired an additional 5.89% shares in Dubrovnik-Babin kuk d.d., Dubrovnik for cash consideration of HRK 17,236 thousand and became 100% owner until merger on 31 October 2013.

**NOTE 33 – CONTINGENCIES AND COMMITMENTS****Legal proceedings**

In the ordinary course of business, the Company is plaintiff and defendant in various legal actions. In the financial statements for the year ended 31 December 2013, provisions for certain legal proceedings have been made for which the Company anticipates outflows in the amount of HRK 29,120 thousand.

**Transformation and privatisation audit and ownership over land**

A transformation and privatisation audit was carried out for the Company during 2002 and 2003, with a separate audit for Riviera Poreč d.d. (formerly Riviera Holding d.d., now Riviera Adria d.d.) and for companies merged into Riviera Adria d.d.: Rabac d.d., Zlatni Otok d.d. and Dubrovnik Babin kuk d.d. All the Reports reported in common that the transformation and privatisation process had not been performed completely in accordance with legal regulations, primarily in relation to properties that are not evaluated in the Company's equity but are owned by the Company, partly also recorded in the land records as well as properties that are reported in the Company's equity but have not yet been recorded in the land registry. The Company, as did its legal predecessors before the mergers carried out in 2011 and 2013, submitted timely objections to the transformation and privatisation audit reports to the State Audit Office, but up to the date of issue of these financial statements they have not received any response from the State Audit Office with respect to the objection of the Company and/or legal predecessors of the Company.

It is not expected that the outcome of these proceedings would have significant impact on financial position or results of the Company/Group.

**NOTE 33 – CONTINGENCIES AND COMMITMENTS (continued)**

**Transformation and privatisation audit and ownership over land (continued)**

The company is also managing a number of legal and/or administrative procedures with respect to land, as follows:

- a) Land in the Lanterna, Solaris, and Istria campgrounds, and the Lanterna and Solaris tourist resorts in the Porec area – according to a claim of the Republic of Croatia from 2003 for land that is unappraised or excluded from appraisal in the total area of 2,357,779 m<sup>2</sup>. The process has not yet been finalized but it is expected to be resolved in accordance with provisions of the Act on tourist and other construction land not assessed in transformation and privatisation processes, as explained below. Given that the value of the land is not presented in the Company's business records even though it is registered in the land registry (with notes of the Republic of Croatia/Croatian Privatisation fund dispute), completion of the above-mentioned dispute should not affect the overall financial position or business results of the Company or Group.

Land in the Ježevac, Krk (formerly Politin) and Škrila campgrounds, in the area of Krk - according to claims of the Republic of Croatia from the year 2000 and counterclaims of the Company (formerly of its predecessor Zlatni otok d.d.) in relation to land unappraised or excluded from the assessment in these campgrounds. The Company has stated the current value of land in the Ježevac and Politin campgrounds in the amount of HRK 10,284 thousand, and the Škrila campground (Stara Baška) in the amount of HRK 1,899 thousand. The procedures were not effectively resolved, but due to the application of the provisions of the Act on tourist and other construction land not assessed in transformation and privatisation processes to the resolution of these disputes, we can expect an impact of approximately 42% on the net present value of the land in the Ježevac, Politin Škrila (Stara Baška) campgrounds.

Furthermore, in case of loss, the above-mentioned sites are as a tourist land already included in land under concession, which means that there will be not any additional annual costs for the Group.

- b) Land in the area of Dubrovnik (formerly of predecessor Dubrovnik - Babin kuk d.d. ); 1.) in relation to 27,393 m<sup>2</sup> of land which is not registered in the Land Registry in the ownership of the Company but appraised in the transformation (partially due to subsequent coverage in maritime domain, partially because of registered public good and partially because of the entry of a third , including the Republic of Croatia) and stated in the business records of the Company in the amount of HRK 12,727 thousand; 2.) in relation to 12,884 m<sup>2</sup> of land in accordance with a final Resolution of the CPF of 20 July 2009, according to which the above-mentioned land would be included in the valuation along with the recapitalization of the Company, which was not accepted at the General Meeting of the Company held on 17.02.2010; 3.) in relation to the land that was the subject of a request for renewal of the transformation process initiated in 1999. The procedures that the Company led against the Resolution of the CPF of 3.07.2002 in which the motion for renewal of the transformation process was rejected, as well as against the Resolution of the CPF of 20.07.2009, have ended and the Company with its proposals has been rejected. An assessment of further outcomes in relation to land in the area of Dubrovnik is presented below.

**NOTE 33 – CONTINGENCIES AND COMMITMENTS (continued)**

**Transformation and privatisation audit and ownership over land (continued)**

Riviera Adria d.d. as the universal legal successor of the merged companies Rabac d.d., Zlatni Otok d.d. and Dubrovnik Babin kuk d.d. took over all initiated proceedings and all described balances as previously stated in the notes. The outcome and the result of the legal and other proceedings stated under a) and b) cannot be reliably anticipated but a resolution is expected in accordance with the Act on tourist and other construction land not assessed in transformation and privatisation processes, and in relation to land in the area of Dubrovnik through settlement, and this resolution is not likely to have a significant impact on the overall financial position of the Company. On 1 August 2010, Act on tourist and other construction land not assessed in transformation and privatisation processes ("the ZTZ") entered into force, in accordance with which and based on the provisions of which the ownership and co-ownership over land not assessed in the transformation and privatisation process should finally be determined, and in the spirit of the provisions of which all disputes which are ongoing in relation to unapprised tourist land, primarily land in the area of Poreč, Rabac and Krk will be resolved. Within the prescribed period, on 31 January 2011, the Company initiated procedures through submission of a request for concessions on tourist land in campgrounds and tourist land in tourist resorts, as well as requests for verification of plots/land ground plan surface area of assessed buildings (hotels, apartments and other assessed buildings) and other prescribed requests. The outcome of these procedures will be the determination of the ownership and/or co-ownership of the Company on the part of land not assessed in transformation and privatisation procedures. During 2013, the Company continued with active participation in these procedures, according to the requests and/or instructions of authorities. Until 31 December 2013, not one of the initiated procedures in accordance with provisions of the ZTZ in relation to concessions had been finally resolved, and only two precautionary proceedings filed with regard to determining the shape and size of land (z.k. plots) which are in line with the ground plan surface area of the assessed buildings in the Ježevac and Krk (formerly Politin) campgrounds in which the Company's requests were rejected. During 2013, bills for a portion of the concession fees according to the Regulation (so-called advance payment of 50% of the assumed fee) were issued and paid.

In relation to land in Dubrovnik, there is a separate presentation of how the Company, i.e. the legal predecessor Dubrovnik-Babin Kuk d.d., prior to the finalisation of the Resolution of the CPF (as stated under b) of this Note), began negotiations with the Agency for the Management of State Property and the State Attorney of the Republic of Croatia, and after several discussions a text for settlement was proposed, such that open questions from the time of transformation of the Company, including implementation of the above-mentioned Resolution, would be resolved in an integrated manner through settlement. Namely, the Company's proposal includes the following:

- a) statement the unrecorded 5,614 m<sup>2</sup> on the land that was assessed and entered in the equity and has not yet been stated
- b) through correction of the statement, revoke the erroneously reported 5,980 m<sup>2</sup> in the maritime domain zone which the CPF mistakenly stated, and state this on the land that represents a technological unit
- c) reduce the statement of real estate in the positions of sites within the subsequently expanded maritime domain zone in a surface area of 24,920 m<sup>2</sup>

**NOTE 33 – CONTINGENCIES AND COMMITMENTS (continued)****Transformation and privatisation audit and ownership over land (continued)**

For the above-mentioned real estate, to record the land in the following positions:

- a) Parts of land that represent a technological whole tourist resort with an area of 12,884 m<sup>2</sup> confirmed by the Resolution of the CPF of 20 July 2009
- b) land that in the late nineties was sold to customers with a total surface area of 11,239 m<sup>2</sup>, and was not recorded in the Company's equity
- c) carry out other technical corrections to previous resolutions envisaged by the Resolution of 20 July 2009.

Taking into account that there is approximately the same number of square meters of land owned by the Republic of Croatia as by the Company and which are subject to settlement, as well as the provisions in the amount of HRK 24,948 thousand which the Company carries in its financial statements based on what has been discussed above, the above-mentioned Resolution is not expected to have a negative impact on the financial position or results of the Company.

**Capital commitments**

Future commitments with respect to investments in tourism facilities as at 31 December 2013 amounted to HRK 279,007 thousand (2012: HRK 75,678 thousand).

**Contractual commitments**

The Group has signed a contract in 2004 appointing Valamar hoteli i ljetovališta d.o.o. for management facility services. The contract comprise of basic monthly fee and monthly incentive. The contract was prolonged in 2012 for an additional period of 15 years, with an option for renewal in the next 5 years.

**Operating leases commitments - where the Group is the lessee.**

Non-cancellable the future aggregate minimum lease payments receivable under operating leases are as follows:

	Group		Company	
	2013	2012	2013	2012
	<i>(in thousands of HRK)</i>		<i>(in thousands of HRK)</i>	
Up to 1 year	346	1,860	346	441
From 2 to 5 years	306	798	306	-
<b>Total</b>	<b>652</b>	<b>2,658</b>	<b>652</b>	<b>441</b>

The lease terms for software, vehicle and mobile houses are between 1 and 5 years and the majority of lease agreements is renewable at market rate at the end of the lease period.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

## NOTE 34 – CASH GENERATED FROM OPERATIONS

Adjustment of profit with cash generated from operations:

	Group		Company	
	2013	2012	2013	2012
	<i>(in thousands of HRK)</i>		<i>(in thousands of HRK)</i>	
Profit before taxation	39,876	45,502	35,116	54,031
Adjustments for:				
Depreciation and amortization	223,323	218,868	171,976	160,499
Net gains on sale of property, plant and equipment and intangible assets	(2)	(123)	(68)	(123)
Write off of property, plant and equipment	13,292	8,878	13,023	8,758
Provision for impairment of trade and other receivables – net	4,478	27	4,742	(85)
Interest income	-	(273)	-	(273)
Dividend income	-	(105)	-	(105)
Finance (income)/costs – net	21,066	17,800	4,735	(1,582)
Fair value losses/(gains) on financial assets	1,028	(97)	-	-
Fair value losses from financial instruments – net	(2,832)	(1,362)	(949)	(1,168)
Increase in provisions – net	(84)	1,596	(770)	496
Share of profit in joint venture	(58)	(162)	-	-
Other non-cash items	-	98	-	-
Changes in:				
- Trade and other receivables	(1,909)	(8,592)	19,561	(8,180)
- Inventories	632	(622)	539	(530)
- Trade and other payables	5,615	3,034	(15,530)	6,280
Cash generated from operations	<b>304,425</b>	<b>284,467</b>	<b>232,375</b>	<b>218,018</b>

In the cash flow statement, proceeds from sale of property, plant and equipment comprise:

	Group		Company	
	2013	2012	2013	2012
	<i>(in thousands of HRK)</i>		<i>(in thousands of HRK)</i>	
Net book value of property, plant and equipment	224	48	130	46
Gains on sale of property, plant and equipment	2	123	68	123
Proceeds from sale of property, plant and equipment	<b>226</b>	<b>171</b>	<b>198</b>	<b>169</b>



**NOTE 35 – RELATED PARTY TRANSACTIONS**

Related parties are those companies which have the power to exercise control over the other party or are under common control or which have a significant influence on the other party in making business or financial decisions. The parent Company is Valamar Adria Holding d.d. (previously: Dom Holding d.d.), Zagreb which owns 73.60% of the Company's shares. The ultimate parent of the Company is Valamar grupa d.d., Zagreb while the ultimate controlling company is Epic GmbH, Vienna.

Related parties in the Valamar Group are: Valamar grupa d.d., Zagreb, Valamar Adria holding d.d., Zagreb, Dubrovnik-Babin kuk d.d., Dubrovnik (merged 31 October 2013), Puntizela d.o.o., Pula, Valamar hoteli i ljetovališta d.o.o., Zagreb, Valamar turistički projekti d.o.o., Zagreb, Epima d.o.o., Zagreb, Epic GmbH, Beč, Bugenvilia d.o.o., Dubrovnik, Bastion upravljanje d.o.o., Zagreb., Valamar poslovni razvoj d.o.o., Zagreb, Scapus d.o.o., Zagreb, Satis d.o.o., Zagreb, Enitor d.o.o., Zagreb, Linteum savjetovanje d.o.o., Zagreb, Valamar Hotels and Resorts GmbH, Frankfurt am Main and Citatis savjetovanje d.o.o., Zagreb.

Riviera Adria d.d., Poreč is the parent company of the subsidiaries: Elafiti Babin kuk d.o.o., Dubrovnik, Palme turizam d.o.o., Dubrovnik, Magične stijene d.o.o., Dubrovnik as of 1 November 2013 upon merger of Dubrovnik Babin kuk d.d., Bugenvilia d.o.o., Dubrovnik as of 12 June 2013 when the Company Riviera Adria d.d. acquired 100% of share in Bugenvilia d.o.o., Dubrovnik.

Related party transactions were as follows:

<b>Group</b>	<u>2013</u>	<u>2012</u>
	<i>(in thousands of HRK)</i>	
<b>Sale of services</b>		
Valamar grupa d.d., Zagreb	8	16
Valamar hoteli i ljetovališta d.o.o., Zagreb	2,480	2,139
Valamar turistički projekti d.o.o., Zagreb	9	10
Puntizela d.o.o., Pula	30	298
Epima d.o.o., Zagreb	-	-
Epic GmbH, Vienna	4	-
Valamar poslovni razvoj d.o.o., Zagreb	43	41
Bugenvilia d.o.o., Dubrovnik	-	-
Valamar Hotels & Resorts GmbH	1	-
Valamar Adria holding d.d., Zagreb	20	28
	<u>2,595</u>	<u>2,532</u>

## NOTE 35 – RELATED PARTY TRANSACTIONS (continued)

## Group (continued)

	<b>2013</b>	<b>2012</b>
	<i>(in thousands of HRK)</i>	
<b>Purchase of services</b>		
Valamar Adria holding d.d. Zagreb	1,350	4,735
Valamar hoteli i ljetovališta d.o.o., Zagreb/i/	97,166	86,585
Valamar turistički projekti d.o.o., Zagreb	519	(8)
Valamar Grupa d.d.	38	25
Bugenvilia d.o.o., Dubrovnik	-	80
Epima d.o.o., Zagreb	-	-
Valamar poslovni razvoj d.o.o., Zagreb	2,462	2,672
Puntizela d.o.o., Pula	2	-
	<b>101,537</b>	<b>94,089</b>
	<b>Note</b>	<b>2012</b>
		<i>(in thousands of HRK)</i>
<b>Borrowings – Valamar Adria holding d.d., Zagreb</b>		
At beginning of year	-	57,044
Increase	-	11,242
Decrease	-	(68,286)
At end of year	-	-
<b>Interest expense</b>		
Valamar Adria holding d.d., Zagreb	-	3,452
<b>Receivables</b>		
Valamar hoteli i ljetovališta d.o.o., Zagreb	347	380
Valamar Adria Holding d.d. Zagreb	1	2
Valamar Poslovni razvoj d.o.o. Zagreb	2	1
Puntizela d.o.o. Pula	2	3
Valamar turistički projekti d.o.o.	1	-
Valamar Grupa d.d.	1	-
	<b>22</b>	<b>386</b>
<b>Liabilities</b>		
Valamar Adria holding d.d. Zagreb	835	1,070
Valamar turistički projekti d.o.o.	-	-
Valamar Grupa d.d. Zagreb	-	31
Valamar hoteli i ljetovališta d.o.o., Zagreb	2,175	2,791
Valamar poslovni razvoj d.o.o., Zagreb	109	298
Bugenvilia d.o.o. Dubrovnik	-	25
Puntizela d.o.o.	2	-
	<b>30</b>	<b>4,215</b>
<b>Contingent liability – guarantee</b>		
Valamar Adria holding d.d. Zagreb	-	143,089

## NOTE 35 – RELATED PARTY TRANSACTIONS (continued)

## Company

	<u>2013</u>	<u>2012</u>
	<i>(in thousands of HRK)</i>	
<b>Sale of services</b>		
Valamar grupa d.d., Zagreb	7	15
Valamar hoteli i ljetovališta d.o.o., Zagreb	2,066	1,941
Valamar turistički projekti d.o.o., Zagreb	9	9
Puntižela d.o.o., Pula	28	298
Valamar poslovni razvoj d.o.o., Zagreb	42	40
Dubrovnik-Babin kuk d.d.	1,785	1,955
Valamar Adria holding d.d. Zagreb	15	25
Valamar Hotels & resorts GmbH	1	-
Epic GmbH, Vienna	1	-
Elafiti Babin Kuk d.o.o.	861	-
	<u>4,815</u>	<u>4,283</u>
	<u>2013</u>	<u>2012</u>
	<i>(in thousands of HRK)</i>	
<b>Purchase of services</b>		
Valamar Adria holding d.d. Zagreb	1,236	1,196
Valamar hoteli i ljetovališta d.o.o., Zagreb	75,272	67,058
Valamar turistički projekti d.o.o., Zagreb	464	-
Valamar Grupa d.d.	18	12
Dubrovnik-Babin kuk d.d.	409	200
Epima d.o.o., Zagreb	-	-
Valamar poslovni razvoj d.o.o., Zagreb	2,094	2,285
Bugenvilia d.o.o.	13	-
Puntižela d.o.o., Pula	2	-
Elafiti Babin Kuk d.o.o.	4,774	-
Palme Turizam d.o.o.	100	-
Magične stijene d.o.o.	-	-
	<u>84,382</u>	<u>70,751</u>

## NOTE 35 – RELATED PARTY TRANSACTIONS (continued)

	Note	2013 (in thousands of HRK)	2012
<b>Financial income</b>			
Dubrovnik-Babin kuk d.d. (1/1.-31/10/2013 and 1/1.-31/12/2012)		5,048	1,924
<b>Trade and other receivables</b>			
Valamar hoteli i ljetovališta d.o.o., Zagreb		347	379
Valamar Adria Holding d.d. Zagreb		1	2
Valamar Poslovni razvoj d.o.o. Zagreb		2	1
Puntižela d.o.o.,Pula		2	3
Valamar Grupa d.d. Zagreb		2	-
Dubrovnik-Babin kuk d.d.		-	1,580
Valamar turistički projekti d.o.o.		1	-
Elafiti Babin kuk d.o.o.		215,618	-
Palme turizam d.o.o.		48	-
	22	<b>216,021</b>	<b>1,965</b>
<b>Trade and other payables</b>			
Valamar Adria holding d.d. Zagreb		835	1,049
Valamar turistički projekti d.o.o.		-	-
Valamar Grupa d.d. Zagreb		-	15
Valamar hoteli i ljetovališta d.o.o., Zagreb		2,175	2,219
Valamar poslovni razvoj d.o.o., Zagreb		109	272
Bugenvilia d.o.o., Dubrovnik		17	-
Dubrovnik-Babin kuk d.d.		-	3
Puntižela d.o.o.,Pula		2	-
Elafiti Babin Kuk d.o.o		-	-
Palme Turizam d.o.o.		117	-
Magične stijene d.o.o.		-	-
	30	<b>3,255</b>	<b>3,558</b>
<b>Loans given</b>			
Dubrovnik-Babin kuk d.d.		-	69,419
Palme turizam d.o.o.		26	-
Magične stijene d.o.o.		5	-
Elafiti Babin kuk d.o.o.		450	-
		<b>481</b>	<b>69,419</b>
<b>Contingent liabilities-guarantee</b>			
Dubrovnik Babin kuk d.d.		-	214,088
		-	<b>214,088</b>

## Key management compensation

	Group		Company	
	2013 (in thousands of HRK)	2012	2013 (in thousands of HRK)	2012
Salaries	2,275	2,219	1,765	1,664
Pension contributions	457	447	363	335
Health insurance contribution	532	550	410	406
Other costs (contribution and taxes)	1,469	2,147	1,110	1,735
	<b>4,733</b>	<b>5,363</b>	<b>3,648</b>	<b>4,140</b>

**NOTE 35 – RELATED PARTY TRANSACTIONS (continued)**

Group Management consists of 6 members:

Management of the Company comprise Edi Černjul, Nikola Koncul, Marko Čižmek, Tihomir Nikolaš

Management of the subsidiary comprise:

Elafiti Babin Kuk d.o.o.: Nikola Koncul, Mišo Matana

Palme Turizam d.o.o.: Nikola Koncul, Mišo Matana

Magične stijene d.o.o.: Nikola Koncul, Mišo Matana

Bugenvilia d.o.o.: Edi Černjul, Nikola Koncul

Joint venture:

Pogača Babin kuk d.o.o.: Mario Perović

**NOTE 36 – MERGER OF ENTITIES UNDER COMMON CONTROL**

Following the completion of a public takeover bid for the company Dubrovnik - Babin kuk d.d. and the process of transfer of shares from minority shareholders (squeeze out) in accordance with the Takeover Act, as at 1 November 2013 the company Dubrovnik Babin-kuk was merged into Riviera Adria d.d. where, at the time of the merger, the Company held 100% shares. Assets and liabilities of this entity were merged at carrying amounts. Result of the merged company is included in the Statement of Comprehensive Income of the Company Riviera Adria d.d. from the 1 November 2013.

Assets and liabilities at merger are:

<b>Assets</b>	<b>1 November 2013</b>
Property, plant and equipment (Note 14)	525,999
Intangible assets (Note 15)	415
Inventories	3,149
Trade and other receivables (gross)	249,431
Impairment of receivables	(2,195)
Cash and cash equivalents	5,050
Financial assets – subsidiaries (Note 16)	308,691
Interest in joint venture (Note 17)	1,490
Other financial assets	1,518
<b>Liabilities</b>	
Borrowings	(507,732)
Provisions (Note 31)	(29,356)
Trade and other payables	(47,976)
<b>Net assets acquired</b>	<b>508,484</b>
Share capital	529,503
Accumulated losses	(21,019)
	<b>508,484</b>
<b>Less: elimination of investment in subsidiary Dubrovnik Babin-kuk (Note 16)</b>	<b>(332,585)</b>
<b>Net effect on equity (Equity note)</b>	<b>175,899</b>