

# RIVIERA ADRIA d.d.



ANNUAL REPORT 2011.

Poreč, April 2012.

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**RIVIERA ADRIA d.d.**

**MANAGEMENT BOARD REPORT**

According to regulations of Capital market Act (hereinafter: ZTK) and regulations of Companies Act (hereinafter: ZTD) 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>, 2012 – December 31<sup>st</sup>, 2012**

**and**

**yearly audited business report (For period January 1<sup>st</sup>, 2012 – December 31<sup>st</sup>, 2012)**

### **Significant business matters**

On August 31, 2011, with legal effect from September 1, 2011, in the Commercial Court Rijeka Permanent office Pazin merger of companies RABAC d.d. and ZLATNI OTOK d.d. to company RIVIERA POREČ d.d. was recorded, all based on previously conducted legal prescribed procedures and decisions of General Assembly of ZLATNI OTOK d.d. since June 27, 2011, General Assembly of RABAC d.d. since June 28, 2011 and General Assembly of RIVIERA POREČ d.d. since June 29, 2011, as well as based on the Merger Agreement concluded on June 29, 2011. At the same time company changed name from RIVIERA POREČ d.d. to **Riviera Adria d.d.** (hereafter: Company) and that was also recorded.

Until August 31, 2011 Management Board composed of: Veljko Ostojčić – President, Tihomir Nikolaš – Member and Marko Čižmek – Member, and from September 1, 2011 one new MB Member was appointed - Edi Černjul. In this composition MB operated until mandate expiration on December 31, 2011. Supervisory Board for new mandate of four years, starting from January 1, 2012, appointed MB that is composed of three members: Edi Černjul – President and Marko Čižmek and Tihomir Nikolaš – Members.

After merger of companies ZLATNI OTOK d.d. and RABAC d.d., company Riviera Adria d.d. became the biggest tourist company in Croatia with a possibility of accommodation up to 34.000 guests in one day. In its unique portfolio Company has 17 hotels, 7 camps and 8 tourist villages on west and east Istria coast and Kvarner. During high season, the Company will have up to 2.100 employees, thus being one of the biggest employers in Istria and Croatia. Mentioned facilities, plus capacity of Dubrovnik Babin Kuk d.d. represent more than 10% of all categorized accommodation capacities of hotels, apartments and camps in Croatia, except private accommodation.

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 and more clear positioning of tourist facilities and thus even better market recognition.

## Group results

The Management Board of the Company presents the yearly audited business report for 2012, with emphasis that presented statements have to be observed in context of forward stated changes due to result of mentioned merger

Riviera Adria d.d. Group is a tourist company consisting of company Riviera Adria d.d. from Poreč and company Dubrovnik-Babin kuk d.d. from Dubrovnik (hereinafter: Group). The business of the Group has mostly seasonal character and the main business volume Group realizes in period of second and third quarter, that is during the main tourist season.

**We emphasize that the data for the year in the income statement is not fully comparable with the previous period, as in the statements of the prior period have not been included data of the merged (then independent) companies, and now subsidiaries Rabac and Zlatni otok (data of the merged companies in the income statement of the previous period are included only in the period from September 1 till December 31, 2011).**

The Group from January 1, 2012 till December 31, 2012 realized total revenues in amount of 1,01 billion kuna, that is 263,6 million kuna or 35,19% more related to previous year 2011.

In total revenues of the Group, on the foreign market relates 86,39% (83,83% in 2011) and on the domestic 10,04% (12,96% in 2011). The revenues of the foreign market are higher in relation to 2011 for 39,33%, while the revenues of the domestic market increased for 4,66%.

Proportion of sales revenues in total revenues of Group is 96,43% (96,79% in 2011).

Sales revenues of the Group are higher for 251,5 million kuna (34,69%) in relation to same period of the previous year and amount 976,6 million kuna, out of which on the foreign market relates 875 million kuna, that is 89,59% (86,61% in 2011), while on the domestic market relates 101,6 million kuna, that is 10,41% (13,39% in 2011).

In mentioned period Group realized 4.093.740 overnights what represents an increase of 7,80% (Riviera Adria d.d. records increase of 7,66%, Dubrovnik-Babin kuk d.d. 8,74%). By destinations, in Poreč we record increase of overnights of 9%, in Dubrovnik almost 9%, in Rabac 5% and in Krk 2%.

Total revenue realized by available accommodation unit (RevPAR) significantly increased in relation to previous year; by destinations: in Poreč amounts 42.299 kuna (+13% in relation to previous year), in Dubrovnik 98.306 kuna (+13%), in Rabac 59.418 kuna (+6%) and in Krk 36.322 kuna (+6%).

Proportion of other revenues of Group (other operating revenues and financial revenues) in total revenues amounts 3,57% (3,21% in 2011). Other revenues amount 36,2 million kuna and they increased for 50,51%. Material expenses amount 307,8 million kuna with proportion in operating expenses of 33,14% (33,30% in 2011), what makes them higher for 28,51% in relation to 2011.

Personnel costs amount 233,2 million kuna with proportion of 25,11% in operating expenses (26,97% in 2011) and they increased for 20,19%.

Financial expenses amount 38,4 million kuna what is a decrease of 37,81% in relation to previous year and they represent 3,97% of total expenses (7,90% in 2011).

In mentioned period the Group realized gross profit in amount of 45,5 million kuna, net profit in amount of 44,1 million kuna and operating profit of 56,6 million kuna. A significant reduction in the loss of the company Dubrovnik-Babin kuk d.d. is noticed of 23,6 million kuna (8,5 million versus 32,1 million).

**Compared to numbers from published unaudited temporary yearly financial statements, and as a result of changes of final recordings, gross profit is shown in amount of 45,5 million kuna instead of earlier published profit of 48,8 million kuna. The decrease of gross profit is most influenced by depreciation and reservations.**

It is noted that in 2012 the depreciation rate for buildings is increased from 4% to 5% due to rapid technological obsolescence of accommodation facilities.

Gross margin of Group amounts 4,6% (-4,3% in 2011).

**As already mentioned, presented data from the statements have to be viewed in the context of the merger because the merged companies terminated their business on August 31, 2011 so in the income statement of the previous period were not included data of the merged companies (they were included only in the period from September 1 till December 31, 2011). Gross profit of the group is calculated on the equally comparable basis as explained below and is higher for 58,7 million kuna (45,5 million kuna of profit versus 13,2 million kuna of loss). Gross margin of Group, calculated on the equally comparable basis, amounts 4,6% (-1,5% in 2011).**

Total assets of the group on December 31, 2012 amount 2,66 billion kuna what is lower for 89,8 million kuna in relation to previous year.

### Company's results

The Management Board of the Company presents the yearly audited business report for 2012, with emphasis that presented statements have to be observed in context of forward stated changes due to result of mentioned merger.

**We emphasize that the data for the year in the income statement is not fully comparable with the previous period, as in the statements of the prior period have not been included data of the merged (then independent) companies, and now subsidiaries Rabac and Zlatni otok (data of the merged companies in the income statement of the previous period are included only in the period from September 1 till December 31, 2011).**

The Company in period from January 1, 2012 till December 31, 2012 realized total revenues in amount of 773,8 million kuna, that is 234,1 million kuna or 43,38% more compared to same period of 2011.

In total revenues of the Company, on the foreign market relates 84,68% (81,45% in 2011) and on the domestic 11,61% (15,39% in 2011). The revenues of the foreign market are higher in relation to 2011 for 49,05%, while the revenues of the domestic market increased for 8,20%.

Proportion of sales revenues in total revenues of Company is 96,29% (96,84% in 2011).

Sales revenues of the Company are higher for 222,4 million kuna (42,56%) in relation to same period of the previous year and amount 745,1 million kuna, out of which on the foreign market relates 655,2 million kuna, that is 87,94% (84,11% in 2011), while on the domestic market relates 89,9 million kuna, that is 12,06% (15,89% in 2011).

In mentioned period Company realized 3.538.725 overnights, what represents an increase of 7,66%. By destinations, in Poreč we recorded increase of overnights of 9%, in Rabac 5% and in Krk 2%.

Total revenue realized by available accommodation unit (RevPAR) significantly increased in relation to previous year; by destinations: in Poreč amounts 42.299 kuna (+13% in relation to previous year), in Rabac 59.418 kuna (+6%) and in Krk 36.322 kuna (+6%).

Proportion of other revenues of Company (other operating revenues and financial revenues) in total revenues amounts 3,71% (3,16% in 2011). Other revenues amount 28,7 million kuna and they increased for 68,38%. Material expenses amount 239,9 million kuna with proportion in operating expenses of 34,09% (34,83% in 2011), what makes them higher for 33,70% in relation to 2011.

Personnel costs amount 169,4 million kuna with proportion of 24,07% in operating expenses (25,87% in 2011) and they increased for 27,07%.

Financial expenses amount 15,9 million kuna what is a decrease of 34,30% in relation to previous year and they represent 2,22% of total expenses (4,50% in 2011).

In mentioned period the Company realized gross profit in amount of 54,03 million kuna, net profit in amount of 52,67 million kuna and operating profit of 47,9 million kuna.

**Compared to numbers from published unaudited temporary yearly financial statements, and as a result of changes of final recordings, gross profit is shown in amount of 54,03 million kuna instead of earlier published profit of 55,2 million kuna. The decrease of gross profit is most influenced by item of reservations.**

It is noted that in 2012 the depreciation rate for buildings is increased from 4% to 5% due to rapid technological obsolescence of accommodation facilities.

Gross margin of Group amounts 7,2% (0,01% in 2011).

**As already mentioned, presented data from the statements have to be viewed in the context of the merger because the merged companies terminated their business on August 31, 2011 so in the income statement of the previous period were not included data of the merged companies (they were included only in the period from September 1 till December 31, 2011). When comparing non-consolidated operating income for the current period with added non-consolidated operating income of merged companies for the same period of last year, it is evident a real growth in amount of 69 million kuna (10,10%) after exclusion of interrelations. Gross profit of the Company if calculated on the equally comparable basis is higher for 35,1 million kuna (184,76%) if compared to same period last year (54 million kuna versus 18,9 million kuna). Amongst, this certainly points to positive effects of undertaken merger. Gross margin of Company, calculated on the equally comparable basis, amounts 7,2% (2,8% in 2011).**

Total assets of the Company on December 31, 2012 amount 2,17 billion kuna and is higher for 29 million kuna in relation to previous year.

### **Human resources**

On December 31, 2012 the Company was employing 1.262 employees. After successful completion of merger process a new organizational structure has been established in the central business functions, that is in Finance and accounting, Controlling, IT, Legal department and Human resources.

The existing collective agreements of merged companies remained effective until December 31, 2012 thereby guaranteed all the acquired employee rights while from January 1, 2013 applies a new unique collective agreement.

The Company plans to systematically and continuously invest in development of its human resources.

### **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), 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 6,2 million kuna of revenues from transactions with related companies (in 2011 10,9 million kuna) for Company and 2,5 million kuna (2011 7,8 million kuna) for Group and expenses in amount of 70,7 million kuna (2011 43,6 million kuna) for Company and 94 million kuna (2011 63,3 million kuna) for Group.

In data of the same period in 2011 are included also revenues from transaction merged (then independent) companies in Rabac and Krk for period from January 1, 2011 to August 31, 2011.

The balance of payables and receivables towards related companies on December 31, 2012 amount: receivables for Company 71,4 million kuna mostly from long and short-term loan given to subsidiary Dubrovnik Babin-kuk d.d. (end of 2011 0,588 million kuna) and for Group 0,386 million kuna (end of 2011 0,02 million kuna); payables for Company 3,5 million kuna (end of 2011 5,3 million kuna) and for Group 4,2 million kuna (end of 2011 64,7 million 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, 2012 in Commercial court Rijeka Permanent office Pazin establishment of branch-offices was recorded: Branch office RABAC, headquarters Rabac, Slobode 80 and Branch office ZLATNI OTOK, headquarters Krk, Vršanska 8. 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.

### **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 2012 recipients of our donations were various sports clubs: football clubs (NK Krk, NK Rudar Labin, NK Istra Tar, NK Rabac...), handball

clubs (RK Poreč, Ženski RK Rudar...), volleyball clubs (OK Poreč, OK Tar) and other sports clubs like Table tennis club Malinska, Kickboxing club Poreč, Sailing club Kvarner, Bowling club Poreč, Tennis club

Rabac and other sports associations and clubs. Company has also donated DVD Labin – Rabac, SUH, SIK, TZ Vrsar, SŠ Mate Blažine Labin, Italian community Poreč, church Sv. Andrije Rabac and many others. Company especially points out the initiatives in the area of culture and of the most important in 2012 are the organization of the third Valamar Jazz Festival and the 30th anniversary of Riviera art colony.

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.

### **Important business matters**

On June 20, 2012 General Assembly was held and approved Yearly report for 2011, decided on allocation of profit, noted on release of Management and Supervisory Board, nominated KPMG Croatia d.o.o. for audit company in 2012 and elected Mr. Marijan Palić for Supervisory Board member after the resignation of Mr. Franco Palma, Supervisory Board President. Supervisory Board for its president elected Mr. Georg Eltz and for vice president Mr. Gustav Wurmböck.

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.

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

On January 9, 2013 Valamar Adria Holding d.d. made a public offer for takeover. After procedure prescribed according to Article 41 Paragraph 5 of Takeover Law the Management Board on January 15, 2013 announced to public Opinion of Management Board on takeover bid. The process is finalized on February 19, 2013 when Valamar Adria Holding d.d. published report on takeover. On the same day, according to Article 39 of Takeover Law, report on takeover was delivered on what public was noticed as prescribed.

### **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.

In 2013 Group has plans for investments in amount of about 170 million kuna for raising the quality of its facilities. The Company plans investments on its facilities in amount of about 120 million kuna. All the planned investment processes are ongoing.

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 next season are already preparing so in the case of full realization they could result in investments over 200 million kuna.

**Other information**

Ownership structure on December 31, 2012:

<b>Owner:</b>	<b>Number of shares</b>	<b>%</b>
1. Valamar Adria holding d.d. Miramarska 24, 10000 Zagreb	76.157.264	71,48%
2. Hypo Alpe-Adria-Bank d.d./PBZ Croatia osiguranje-obvezni mirovinski fond/Skrbnik, Slavonska avenija 6, 10000 Zagreb	4.075.056	3,82%
3. Hypo Alpe-Adria-Bank d.d./SZIF d.d. / Skrbnik, Slavonska avenija 6, 10000 Zagreb	2.030.680	1,90%
4. Hypo Alpe-Adria-Bank d.d./Raiffeisen obvezni mirovinski fond/Skrbnik, Slavonska avenija 6, 10000 Zagreb	1.479.080	1,39%
5. Societe generale-Splitska banka d.d./AZ obvezni mirovinski fond/Skrbnik, Ruđera Boškovića 16, 21000 Split	1.205.240	1,13%
6. PBZ d.d./Skrbnički zbirni račun klijenta/Skrbnik, Račkoga 6, 10000 Zagreb	724.858	0,68%
7. Republika Hrvatska/Zastupnički račun Agencije za upravljanje državnom imovinom, Ivana Lučića 6, 10000 Zagreb	678.755	0,64%
8. Auctor d.o.o. Dežmanov prolaz 5, 10000 Zagreb	608.170	0,57%
9. Bastion upravljanje d.o.o. Miramarska 24, 10000 Zagreb	432.942	0,41%
10. Radež d.d. Ulica 2 15, 20271 Blato	304.780	0,29%
11. Other small shareholders + own shares	18.849.495	17,69%
<b>TOTAL</b>	<b>106.546.340</b>	<b>100 %</b>

In period from January 1, 2012 to December 31, 2012 the highest RIVP-R-A share price was 13,95 kuna, and the lowest 8,63 kuna.

In mentioned period, based on General Assembly decision from July 8, 2010 the Company acquired own shares with aim to reward employees according to project of performance management. Number of acquired shares is 2.927.602, the cost of acquiring was 37.793.423,74 kuna what represents 2,747726% of share capital. The company also released 46.060 own shares what represents 0,043230% of share capital.

On December 31, 2012 Company owns 3.229.176 own shares what represents 3,030771% of share capital.

During 2012 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 2012 are determined by Management Board on March 25, 2013.

Management Board proposes that the profit for 2012 amounting 52.670.876,77 kuna allocates as follows: retained profit in amount of 52.200.000,00 kuna will be re-invested so the equity will be increased for aim of investment and development according to regulations while the rest of profit in amount of 470.876,77 kuna will be kept in Company's other reserves.

The Management Board, as responsible for this statement for period from January 1, 2012 to December 31, 2012 gives a statement according to regulations of Capital market Act.

Edi Černjul  
Management Board President



Marko Čižmek  
Management Board Member



Tihomir Nikolaš  
Management Board Member



**RIVIERA ADRIA d.d.**

**RIVIERA ADRIA d.d.  
ANNUAL FINANCIAL STATEMENTS BY REGULATIONS IN USE FOR  
FINANCIAL AGENCY**

Balance sheet  
Statement of comprehensive income  
Cash flow statement

Razdoblje izvještavanja: 1.1.2012 do 31.12.2012 Završni dan računa dobiti i gubitka je ujedno i datum stanja u bilanci

Vrsta poslovnog subjekta: 4 Dioničko društvo

Referentna stranica

Vrsta posla: 777

## GODIŠNJI FINANCIJSKI IZVJEŠTAJ PODUZETNIKA

za 2012 . godinu

42.458.589.547,62

Kontrolni broj

Vrsta izvještaja: 10

Izveštaj kojeg ispunjava obveznik kome je kalendarska godina jednaka poslovnoj godini i kod kojeg u godini za koju se izvještaj podnosi nije bilo statusnih promjena, stečaja ili likvidacije.

Matični broj (MB): 03474771

Evidencijski broj  
(popunjava Registar)

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 Poreč

Šifra županije: 18 ISTARSKA

Šifra NKD-a: 5510 Hoteli i sličan smještaj

Konsolidirani izvještaj: NE

Obveza revizije: DA OIB rev.:

Šifra svrhe predaje: 2

Predaja samo u svrhu javne objave

Oznaka veličine: 3

Veliki poduzetnik

Oznaka vlasništva: 41

Mješovito vlasništvo s preko 50% privatnog kapitala

Porijeklo kapitala: 100

(domaći kapital, %)

0

(strani kapital, %)

Broj zaposlenih: 1233

(u prethodnoj godini)

1262

(u tekućoj godini)

Broj zaposlenih: 1625

(na temelju sati rada)

(u prethodnoj godini)

1663

(u tekućoj godini)

Broj mjeseci poslovanja: 12

(u prethodnoj godini)

12

(u tekućoj godini)

### Popis dokumentacije

<input checked="" type="checkbox"/> DA	Bilanca i Račun dobiti i gubitka
<input type="checkbox"/> NE	Dodatni podaci
<input type="checkbox"/> NE	Bilješke uz financijske izvještaje
<input checked="" type="checkbox"/> DA	Izveštaj o novčanom tijeku
<input type="checkbox"/> NE	Izveštaj o promjenama kapitala
<input type="checkbox"/> NE	Revizorsko izvješće
<input type="checkbox"/> NE	Godišnje izvješće
<input type="checkbox"/> NE	Odluka o raspodjeli dobiti ili pokriću gubitka
<input type="checkbox"/> NE	Odluka o utvrđivanju godišnjeg financijskog izvještaja
<input type="checkbox"/> NE	Godišnji financijski izvještaj prema MSFI-u (nestandardni izvještaj)

Matični brojevi pripojenih subjekata:

Matični brojevi sudionika statusnih promjena spajanja:

Knjigovodstveni servis: (matični broj servisa)

(naziv servisa)

Osoba za kontaktiranje: Sopta Anka

(unosi se samo prezime i ime osobe za kontakt)

Verzija Excel datoteke: 2.0.1.

Telefon: 052408188

Telefaks: 052408110

Adresa e-pošte: anka.sopta@riviera.hr

Prezime i ime: Černjul Edi, Čižmek Marko

(osoba ovlaštena za zastupanje)

M.P.

(potpis osobe ovlaštene za zastupanje)

RIVIERA ADRIA D.D.  
POREČ  
(4)

**BILANCA**  
stanje na dan 31.12.2012.

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>		1.944.266.434	1.925.729.405
<b>I. NEMATERIJALNA IMOVINA (004 do 009)</b>	<b>003</b>		1.551.530	1.447.358
1. Izdaci za razvoj	004			
2. Koncesije, patenti, licencije, robne i uslužne marke, softver i ostala prava	005		1.551.530	1.447.358
3. Goodwill	006			
4. Predumovi za nabavu nematerijalne imovine	007			
5. Nematerijalna imovina u pripremi	008			
6. Ostala nematerijalna imovina	009			
<b>II. MATERIJALNA IMOVINA (011 do 019)</b>	<b>010</b>		1.623.191.432	1.543.594.025
1. Zemljište	011		280.045.825	280.045.825
2. Građevinski objekti	012		1.212.190.559	1.121.689.172
3. Postrojenja i oprema	013		84.252.281	80.320.651
4. Alati, pogonski inventar i transportna imovina	014		20.724.954	19.967.572
5. Biološka imovina	015			
6. Predumovi za materijalnu imovinu	016		214.853	8.589.429
7. Materijalna imovina u pripremi	017		16.216.563	21.245.888
8. Ostala materijalna imovina	018		9.546.397	11.735.488
9. Ulaganje u nekretnine	019			
<b>III. DUGOTRAJNA FINANCIJSKA IMOVINA (021 do 028)</b>	<b>020</b>		317.189.296	380.045.546
1. Udjeli (dionice) kod povezanih poduzetnika	021		314.265.550	314.771.374
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		2.783.746	1.750.930
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>		616.707	284.977
1. Potraživanja od povezanih poduzetnika	030			
2. Potraživanja po osnovi prodaje na kredit	031			
3. Ostala potraživanja	032		616.707	284.977
<b>V. ODGOĐENA POREZNA IMOVINA</b>	<b>033</b>		1.717.469	357.499
<b>C) KRATKOTRAJNA IMOVINA (035+043+050+058)</b>	<b>034</b>		186.107.076	228.845.496
<b>I. ZALIHE (036 do 042)</b>	<b>035</b>		4.029.233	4.559.156
1. Sirovine i materijal	036		3.153.762	3.574.971
2. Proizvodnja u tijeku	037			
3. Gotovi proizvodi	038		740.909	740.909
4. Trgovačka roba	039		134.562	243.276
5. Predumovi za zalihe	040			
6. Dugotrajna imovina namijenjena prodaji	041			
7. Biološka imovina	042			
<b>II. POTRAŽIVANJA (044 do 049)</b>	<b>043</b>		21.436.127	25.663.812
1. Potraživanja od povezanih poduzetnika	044		568.087	1.579.588
2. Potraživanja od kupaca	045		9.936.171	9.693.296
3. Potraživanja od sudjelujućih poduzetnika	046			
4. Potraživanja od zaposlenika i članova poduzetnika	047		230.742	371.654
5. Potraživanja od države i drugih institucija	048		8.239.944	11.661.386
6. Ostala potraživanja	049		2.461.183	2.357.888
<b>III. KRATKOTRAJNA FINANCIJSKA IMOVINA (051 do 057)</b>	<b>050</b>		2.089.119	7.288.855
1. Udjeli (dionice) kod povezanih poduzetnika	051			
2. Dani zajmovi povezanim poduzetnicima	052			6.036.499
3. Sudjelujući interesi (udjeli)	053			
4. Zajmovi dani poduzetnicima u kojima postoje sudjelujući interesi	054			
5. Ulaganja u vrijednosne papire	055		996.275	1.083.853
6. Dani zajmovi, depoziti i slično	056			
7. Ostala financijska imovina	057		1.092.844	168.503
<b>IV. NOVAC U BANC I BLAGAJNI</b>	<b>058</b>		158.552.597	191.333.673
<b>D) PLAĆENI TROŠKOVI BUDUĆEG RAZDOBLJA I OBRAČUNATI PRIHODI</b>	<b>059</b>		11.396.314	16.184.585
<b>E) UKUPNO AKTIVA (001+002+034+059)</b>	<b>060</b>		2.141.769.824	2.170.759.486
<b>F) IZVANBILANČNI ZAPISI</b>	<b>061</b>		99.165.729	54.977.227

<b>PASIVA</b>				
<b>A) KAPITAL I REZERVE (063+064+065+071+072+075+078)</b>	<b>062</b>		1.703.745.606	1.718.345.136
<b>I. TEMELJNI (UPISANI) KAPITAL</b>	<b>063</b>		1.065.463.400	1.065.463.400
<b>II. KAPITALNE REZERVE</b>	<b>064</b>		478.814.684	478.235.923
<b>III. REZERVE IZ DOBITI (066+067-068+069+070)</b>	<b>065</b>		156.620.161	121.712.673
1. Zakonske rezerve	<b>066</b>		57.792.194	57.792.194
2. Rezerve za vlastite dionice	<b>067</b>		9.425.815	52.225.816
3. Vlastite dionice i udjeli (odbitna stavka)	<b>068</b>		8.721.280	45.420.632
4. Statutarne rezerve	<b>069</b>			
5. Ostale rezerve	<b>070</b>		98.123.432	57.115.295
<b>IV. REVALORIZACIJSKE REZERVE</b>	<b>071</b>		1.055.498	262.263
<b>V. ZADRŽANA DOBIT ILI PRENESENI GUBITAK (073-074)</b>	<b>072</b>		0	0
1. Zadržana dobit	<b>073</b>			
2. Preneseni gubitak	<b>074</b>			
<b>VI. DOBIT ILI GUBITAK POSLOVNE GODINE (076-077)</b>	<b>075</b>		1.791.863	52.670.877
1. Dobit poslovne godine	<b>076</b>		1.791.863	52.670.877
2. Gubitak poslovne godine	<b>077</b>			
<b>VII. MANJINSKI INTERES</b>	<b>078</b>			
<b>B) REZERVIRANJA (080 do 082)</b>	<b>079</b>		358.217	358.217
1. Rezerviranja za mirovine, otpremnine i slične obveze	<b>080</b>			
2. Rezerviranja za porezne obveze	<b>081</b>			
3. Druga rezerviranja	<b>082</b>		358.217	358.217
<b>C) DUGOROČNE OBVEZE (084 do 092)</b>	<b>083</b>		284.387.861	296.047.540
1. Obveze prema povezanim poduzetnicima	<b>084</b>			
2. Obveze za zajmove, depozite i slično	<b>085</b>			
3. Obveze prema bankama i drugim financijskim institucijama	<b>086</b>		281.940.655	294.599.270
4. Obveze za predujmove	<b>087</b>			
5. Obveze prema dobavljačima	<b>088</b>			
6. Obveze po vrijednosnim papirima	<b>089</b>			
7. Obveze prema poduzetnicima u kojima postoje sudjelujući interesi	<b>090</b>			
8. Ostale dugoročne obveze	<b>091</b>		2.183.331	1.382.703
9. Odgođena porezna obveza	<b>092</b>		263.875	65.567
<b>D) KRATKOROČNE OBVEZE (094 do 105)</b>	<b>093</b>		128.534.270	127.353.994
1. Obveze prema povezanim poduzetnicima	<b>094</b>		231.884	2.768
2. Obveze za zajmove, depozite i slično	<b>095</b>		54.457	4.345
3. Obveze prema bankama i drugim financijskim institucijama	<b>096</b>		75.958.566	72.647.275
4. Obveze za predujmove	<b>097</b>		4.909.660	5.946.927
5. Obveze prema dobavljačima	<b>098</b>		33.846.768	35.134.000
6. Obveze po vrijednosnim papirima	<b>099</b>			
7. Obveze prema poduzetnicima u kojima postoje sudjelujući interesi	<b>100</b>			
8. Obveze prema zaposlenicima	<b>101</b>		7.880.192	8.233.988
9. Obveze za poreze, doprinose i slična davanja	<b>102</b>		3.625.968	3.890.442
10. Obveze s osnove udjela u rezultatu	<b>103</b>			
11. Obveze po osnovi dugotrajne imovine namijenjene prodaji	<b>104</b>			
12. Ostale kratkoročne obveze	<b>105</b>		2.026.775	1.494.249
<b>E) ODGOĐENO PLAĆANJE TROŠKOVA I PRIHOD BUDUĆEGA RAZDOBLJA</b>	<b>106</b>		24.743.870	28.654.599
<b>F) UKUPNO – PASIVA (062+079+083+093+106)</b>	<b>107</b>		2.141.769.824	2.170.759.486
<b>G) IZVANBILANČNI ZAPISI</b>	<b>108</b>		99.165.729	54.977.227



**RAČUN DOBITI I GUBITKA**  
za razdoblje 01.01.2012. do 31.12.2012.

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>		531.488.234	751.758.629
1. Prihodi od prodaje	112		522.658.106	745.111.035
2. Ostali poslovni prihodi	113		8.830.128	6.647.594
<b>II. POSLOVNI RASHODI (115+116+120+124+125+126+129+130)</b>	<b>114</b>		515.355.304	703.855.483
1. Promjene vrijednosti zaliha proizvodnje u tijeku i gotovih proizvoda	115			
2. Materijalni troškovi (117 do 119)	116		179.472.536	239.953.769
a) Troškovi sirovina i materijala	117		96.916.512	128.309.273
b) Troškovi prodane robe	118		1.757.657	946.933
c) Ostali vanjski troškovi	119		80.798.367	110.697.563
3. Troškovi osoblja (121 do 123)	120		133.344.469	169.439.405
a) Neto plaće i nadnice	121		80.973.932	104.756.823
b) Troškovi poreza i doprinosa iz plaća	122		33.179.775	42.485.617
c) Doprinosi na plaće	123		19.190.762	22.196.965
4. Amortizacija	124		113.247.896	160.499.415
5. Ostali troškovi	125		85.292.946	120.367.434
6. Vrijednosno usklađivanje (127+128)	126		148.621	210.423
a) dugotrajne imovine (osim financijske imovine)	127			
b) kratkotrajne imovine (osim financijske imovine)	128		148.621	210.423
7. Rezerviranja	129		519.465	2.077.947
8. Ostali poslovni rashodi	130		3.329.371	11.307.090
<b>III. FINANIJSKI PRIHODI (132 do 136)</b>	<b>131</b>		8.236.451	22.089.654
1. Kamate, tečajne razlike, dividende i slični prihodi iz odnosa s povezanim poduzetnicima	132		197	1.924.016
2. Kamate, tečajne razlike, dividende, slični prihodi iz odnosa s nepovezanim poduzetnicima i drugim osobama	133		7.861.845	16.886.390
3. Dio prihoda od pridruženih poduzetnika i sudjelujućih interesa	134			
4. Nerealizirani dobiti (prihodi) od financijske imovine	135			2.344.007
5. Ostali financijski prihodi	136		374.409	935.241
<b>IV. FINANIJSKI RASHODI (138 do 141)</b>	<b>137</b>		24.294.987	15.961.953
1. Kamate, tečajne razlike i drugi rashodi s povezanim poduzetnicima	138			720.100
2. Kamate, tečajne razlike i drugi rashodi iz odnosa s nepovezanim poduzetnicima i drugim osobama	139		21.475.516	13.515.427
3. Nerealizirani gubici (rashodi) od financijske imovine	140		2.477.965	1.398.336
4. Ostali financijski rashodi	141		341.506	328.090
<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>		539.724.685	773.848.283
<b>X. UKUPNI RASHODI (114+137+143 + 145)</b>	<b>147</b>		539.650.291	719.817.436
<b>XI. DOBIT ILI GUBITAK PRIJE OPOREZIVANJA (146-147)</b>	<b>148</b>		74.394	54.030.847
1. Dobit prije oporezivanja (146-147)	149		74.394	54.030.847
2. Gubitak prije oporezivanja (147-146)	150		0	0
<b>XII. POREZ NA DOBIT</b>	<b>151</b>		-1.717.469	1.359.970
<b>XIII. DOBIT ILI GUBITAK RAZDOBLJA (148-151)</b>	<b>152</b>		1.791.863	52.670.877
1. Dobit razdoblja (149-151)	153		1.791.863	52.670.877
2. Gubitak razdoblja (151-148)	154		0	0
<b>DODATAK RDG-u (popunjava poduzetnik koji sastavlja konsolidirani godišnji financijski izvještaj)</b>				
<b>IV. DOBIT ILI GUBITAK RAZDOBLJA</b>				
1. Pripisana imateljima kapitala matice	155			
2. Pripisana manjinskom interesu	156			
<b>IZVJEŠTAJ O OSTALOJ SVEOBUHVAATNOJ DOBITI (popunjava poduzetnik obveznik primjene MSFI-a)</b>				
<b>I. DOBIT ILI GUBITAK RAZDOBLJA (= 152)</b>	<b>157</b>		1.791.863	52.670.877
<b>II. OSTALA SVEOBUHVAATNA DOBIT/GUBITAK PRIJE POREZA (159 do 165)</b>	<b>158</b>		-49.180	-991.543
1. Tečajne razlike iz preračuna inozemnog poslovanja	159			
2. Promjene revalorizacijskih rezervi dugotrajne materijalne i nematerijalne imovine	160			
3. Dobit ili gubitak s osnovne ponovnog vrednovanja financijske imovine raspoložive za prodaju	161		-49.180	-991.543
4. Dobit ili gubitak s osnovne učinkovite zaštite novčanog toka	162			
5. Dobit ili gubitak s osnovne učinkovite zaštite neto ulaganja u inozemstvu	163			
6. Udio u ostaloj sveobuhvatnoj dobiti/gubitku pridruženih poduzetnika	164			
7. Aktuarski dobiti/gubici po planovima definiranih primanja	165			
<b>III. POREZ NA OSTALU SVEOBUHVAATNU DOBIT RAZDOBLJA</b>	<b>166</b>			
<b>IV. NETO OSTALA SVEOBUHVAATNA DOBIT ILI GUBITAK RAZDOBLJA (158-166)</b>	<b>167</b>		-49.180	-991.543
<b>V. SVEOBUHVAATNA DOBIT ILI GUBITAK RAZDOBLJA (157+167)</b>	<b>168</b>		1.742.683	51.679.334

**IZVJEŠTAJ O NOVČANOM TIJEKU - Indirektna metoda**  
u razdoblju 01.01.2012. do 31.12.2012.

Obrazac  
**POD-NTI**

Obveznik: 36201212847; Riviera Adria d.d.

Naziv pozicije	AOP oznaka	Rbr. bilješke	Prethodna godina	Tekuća godina
1	2	3	4	5
<b>NOVČANI TIJEK OD POSLOVNIH AKTIVNOSTI</b>				
1. Dobit prije poreza	001		1.791.863	52.670.877
2. Amortizacija	002		113.247.896	160.499.415
3. Povećanje kratkoročnih obveza	003		38.223.425	6.607.266
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>		153.263.184	219.777.558
1. Smanjenje kratkoročnih obveza	008			
2. Povećanje kratkotrajnih potraživanja	009		5.296.274	9.427.422
3. Povećanje zaliha	010		740.795	529.923
4. Ostalo smanjenje novčanog tijeka	011		6.019.672	4.456.541
<b>II. Ukupno smanjenje novčanog tijeka od poslovnih aktivnosti (008 do 011)</b>	<b>012</b>		12.056.741	14.413.886
<b>A1) NETO POVEĆANJE NOVČANOG TIJEKA OD POSLOVNIH AKTIVNOSTI (007-012)</b>	<b>013</b>		141.206.443	205.363.672
<b>A2) NETO SMANJENJE NOVČANOG TIJEKA OD POSLOVNIH AKTIVNOSTI (012-007)</b>	<b>014</b>		0	0
<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>		0	0
1. Novčani izdaci za kupnju dugotrajne materijalne i nematerijalne imovine	021		464.034.900	80.797.834
2. Novčani izdaci za stjecanje vlasničkih i dužničkih financijskih instrumenata	022		6.907.815	505.824
3. Ostali novčani izdaci od investicijskih aktivnosti	023			
<b>IV. Ukupno novčani izdaci od investicijskih aktivnosti (021 do 023)</b>	<b>024</b>		470.942.715	81.303.658
<b>B1) NETO POVEĆANJE NOVČANOG TIJEKA OD INVESTICIJSKIH AKTIVNOSTI (020-024)</b>	<b>025</b>		0	0
<b>B2) NETO SMANJENJE NOVČANOG TIJEKA OD INVESTICIJSKIH AKTIVNOSTI (024-020)</b>	<b>026</b>		470.942.715	81.303.658
<b>NOVČANI TIJEK OD FINANCIJSKIH 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		452.107.430	12.658.615
<b>V. Ukupno novčani primici od financijskih aktivnosti (027 do 029)</b>	<b>030</b>		452.107.430	12.658.615
1. Novčani izdaci za otplatu glavnice kredita i obveznica	031		15.547.845	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		124.977	37.793.524
5. Ostali novčani izdaci od financijskih aktivnosti	035		313.055	61.783.691
<b>VI. Ukupno novčani izdaci od financijskih aktivnosti (031 do 035)</b>	<b>036</b>		15.985.877	103.937.553
<b>C1) NETO POVEĆANJE NOVČANOG TIJEKA OD FINANCIJSKIH AKTIVNOSTI (030-036)</b>	<b>037</b>		436.121.553	0
<b>C2) NETO SMANJENJE NOVČANOG TIJEKA OD FINANCIJSKIH AKTIVNOSTI (036-030)</b>	<b>038</b>		0	91.278.938
Ukupno povećanje novčanog tijeka (013 – 014 + 025 – 026 + 037 – 038)	039		106.385.281	32.781.076
Ukupno smanjenje novčanog tijeka (014 – 013 + 026 – 025 + 038 – 037)	040		0	0
Novac i novčani ekvivalenti na početku razdoblja	041		52.167.316	158.552.597
Povećanje novca i novčanih ekvivalenata	042		106.385.281	32.781.076
Smanjenje novca i novčanih ekvivalenata	043			
Novac i novčani ekvivalenti na kraju razdoblja	044		158.552.597	191.333.673

**RIVIERA ADRIA d.d.**

**RIVIERA ADRIA d.d.  
ANNUAL FINANCIAL STATEMENTS BY REGULATIONS IN USE FOR ZAGREB  
STOCK EXCHANGE d.d. AND CROATIAN FINANCIAL SERVICES SUPERVISION  
AGENCY**

Balance sheet  
Statement of comprehensive income  
Cash flow statement  
Statement on equity change  
Comments

**Prilog 1.**

Razdoblje izvještavanja:

1.1.2012.

do

31.12.2012.

**Godišnji financijski izvještaj poduzetnika GFI-POD**

Matični broj (MB):	3474771	
Matični broj subjekta (MBS):	040020883	
Osobni identifikacijski broj (OIB):	36201212847	
Tvrtka izdavateljca:	Riviera Adria d.d.	
Pošanski broj i mjesto:	52440 Poreč	
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Šifra i naziv općine/grada:	348 Poreč	
Šifra i naziv županije:	18 Istarska	
Konsolidirani izvještaj:	NE	
Broj zaposlenih (krajem godine):	1.262	
Šifra NKD-a:	5510	
Tvrtke subjekata konsolidacije (prema MSFI):	Sjedište:	MB:

Knjigovodstveni servis: \_\_\_\_\_

Osoba za kontakt: **Sopta Anka**

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(osoba ovlaštene za zastupanje)

**Dokumentacija za objavu:**

1. Revidirani godišnji financijski izvještaji s revizorskim izvješćem
2. Izvještaj posloводства
3. Izjava osoba odgovornih za sastavljanje godišnjeg izvještaja,
4. Odluka nadležnog tijela (prijedlog) o utvrđivanju godišnjih financijskih izvještaja
5. Odluka o prijedlogu raspodjele dobiti ili pokriću gubitka

u PDF formatu

**RIVIERA ADRIA D.D.**  
**POREČ (4)**

M.P.

(potpis osobe ovlaštene za zastupanje)

<b>BILANCA</b>			
stanje na dan 31.12.2012.			
Obveznik: <u>Riviera Adria d.d.</u>			
Naziv pozicije	AOP oznaka	Prethodna godina (neto)	Tekuća godina (neto)
1	2	3	4
<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>	1.944.266.434	1.925.729.405
<b>I. NEMATERIJALNA IMOVINA (004 do 009)</b>	<b>003</b>	1.551.530	1.447.358
1. Izdaci za razvoj	<b>004</b>		
2. Koncesije, patenti, licencije, robne i uslužne marke, softver i ostala prava	<b>005</b>	1.551.530	1.447.358
3. Goodwill	<b>006</b>		
4. Predujmovi za nabavu nematerijalne imovine	<b>007</b>		
5. Nematerijalna imovina u pripremi	<b>008</b>		
6. Ostala nematerijalna imovina	<b>009</b>		
<b>II. MATERIJALNA IMOVINA (011 do 019)</b>	<b>010</b>	1.623.191.432	1.543.594.025
1. Zemljište	<b>011</b>	280.045.825	280.045.825
2. Građevinski objekti	<b>012</b>	1.212.190.559	1.121.689.172
3. Postrojenja i oprema	<b>013</b>	84.252.281	80.320.651
4. Alati, pogonski inventar i transportna imovina	<b>014</b>	20.724.954	19.967.572
5. Biološka imovina	<b>015</b>		
6. Predujmovi za materijalnu imovinu	<b>016</b>	214.853	8.589.429
7. Materijalna imovina u pripremi	<b>017</b>	16.216.563	21.245.888
8. Ostala materijalna imovina	<b>018</b>	9.546.397	11.735.488
9. Ulaganje u nekretnine	<b>019</b>		
<b>III. DUGOTRAJNA FINACIJSKA IMOVINA (021 do 028)</b>	<b>020</b>	317.189.296	380.045.546
1. Udjeli (dionice) kod povezanih poduzetnika	<b>021</b>	314.265.550	314.771.374
2. Dani zajmovi povezanim poduzetnicima	<b>022</b>		63.383.242
3. Sudjelujući interesi (udjeli)	<b>023</b>	140.000	140.000
4. Zajmovi dani poduzetnicima u kojima postoje sudjelujući interesi	<b>024</b>		
5. Ulaganja u vrijednosne papire	<b>025</b>	2.783.746	1.750.930
6. Dani zajmovi, depoziti i slično	<b>026</b>		
7. Ostala dugotrajna financijska imovina	<b>027</b>		
8. Ulaganja koja se obračunavaju metodom udjela	<b>028</b>		
<b>IV. POTRAŽIVANJA (030 do 032)</b>	<b>029</b>	616.707	284.977
1. Potraživanja od povezanih poduzetnika	<b>030</b>		
2. Potraživanja po osnovi prodaje na kredit	<b>031</b>		
3. Ostala potraživanja	<b>032</b>	616.707	284.977
<b>V. ODGOĐENA POREZNA IMOVINA</b>	<b>033</b>	1.717.469	357.499
<b>C) KRATKOTRAJNA IMOVINA (035+043+050+058)</b>	<b>034</b>	186.107.076	228.845.496
<b>I. ZALIHE (036 do 042)</b>	<b>035</b>	4.029.233	4.559.156
1. Sirovine i materijal	<b>036</b>	3.153.762	3.574.971
2. Proizvodnja u tijeku	<b>037</b>		
3. Gotovi proizvodi	<b>038</b>	740.909	740.909
4. Trgovačka roba	<b>039</b>	134.562	243.276
5. Predujmovi za zalihe	<b>040</b>		
6. Dugotrajna imovina namijenjena prodaji	<b>041</b>		
7. Biološka imovina	<b>042</b>		
<b>II. POTRAŽIVANJA (044 do 049)</b>	<b>043</b>	21.436.127	25.663.812
1. Potraživanja od povezanih poduzetnika	<b>044</b>	568.087	1.579.588
2. Potraživanja od kupaca	<b>045</b>	9.936.171	9.693.296
3. Potraživanja od sudjelujućih poduzetnika	<b>046</b>		
4. Potraživanja od zaposlenika i članova poduzetnika	<b>047</b>	230.742	371.654
5. Potraživanja od države i drugih institucija	<b>048</b>	8.239.944	11.661.386
6. Ostala potraživanja	<b>049</b>	2.461.183	2.357.888
<b>III. KRATKOTRAJNA FINACIJSKA IMOVINA (051 do 057)</b>	<b>050</b>	2.089.119	7.288.855
1. Udjeli (dionice) kod povezanih poduzetnika	<b>051</b>		
2. Dani zajmovi povezanim poduzetnicima	<b>052</b>		6.036.499
3. Sudjelujući interesi (udjeli)	<b>053</b>		
4. Zajmovi dani poduzetnicima u kojima postoje sudjelujući interesi	<b>054</b>		
5. Ulaganja u vrijednosne papire	<b>055</b>	996.275	1.083.853
6. Dani zajmovi, depoziti i slično	<b>056</b>		
7. Ostala financijska imovina	<b>057</b>	1.092.844	168.503
<b>IV. NOVAC U BANCIMA I BLAGAJNI</b>	<b>058</b>	158.552.597	191.333.673
<b>D) PLAĆENI TROŠKOVI BUDUĆEG RAZDOBLJA I OBRAČUNATI PRIHODI</b>	<b>059</b>	11.396.314	16.184.585
<b>E) UKUPNO AKTIVA (001+002+034+059)</b>	<b>060</b>	2.141.769.824	2.170.759.486
<b>F) IZVANBILANČNI ZAPISI</b>	<b>061</b>	99.165.729	54.977.227

<b>PASIVA</b>			
<b>A) KAPITAL I REZERVE (063+064+065+071+072+075+078)</b>	<b>062</b>	1.703.745.606	1.718.345.136
I. TEMELJNI (UPISANI) KAPITAL	<b>063</b>	1.065.463.400	1.065.463.400
II. KAPITALNE REZERVE	<b>064</b>	478.814.684	478.235.923
III. REZERVE IZ DOBITI (066+067-068+069+070)	<b>065</b>	156.620.161	121.712.673
1. Zakonske rezerve	<b>066</b>	57.792.194	57.792.194
2. Rezerve za vlastite dionice	<b>067</b>	9.425.815	52.225.816
3. Vlastite dionice i udjeli (odbitna stavka)	<b>068</b>	8.721.280	45.420.632
4. Statutarne rezerve	<b>069</b>		
5. Ostale rezerve	<b>070</b>	98.123.432	57.115.295
IV. REVALORIZACIJSKE REZERVE	<b>071</b>	1.055.498	262.263
V. ZADRŽANA DOBIT ILI PRENESENI GUBITAK (073-074)	<b>072</b>	0	0
1. Zadržana dobit	<b>073</b>		
2. Preneseni gubitak	<b>074</b>		
VI. DOBIT ILI GUBITAK POSLOVNE GODINE (076-077)	<b>075</b>	1.791.863	52.670.877
1. Dobit poslovne godine	<b>076</b>	1.791.863	52.670.877
2. Gubitak poslovne godine	<b>077</b>		
VII. MANJINSKI INTERES	<b>078</b>		
<b>B) REZERVIRANJA (080 do 082)</b>	<b>079</b>	358.217	358.217
1. Rezerviranja za mirovine, otpremnine i slične obveze	<b>080</b>		
2. Rezerviranja za porezne obveze	<b>081</b>		
3. Druga rezerviranja	<b>082</b>	358.217	358.217
<b>C) DUGOROČNE OBVEZE (084 do 092)</b>	<b>083</b>	284.387.861	296.047.540
1. Obveze prema povezanim poduzetnicima	<b>084</b>		
2. Obveze za zajmove, depozite i slično	<b>085</b>		
3. Obveze prema bankama i drugim financijskim institucijama	<b>086</b>	281.940.655	294.599.270
4. Obveze za predujmove	<b>087</b>		
5. Obveze prema dobavljačima	<b>088</b>		
6. Obveze po vrijednosnim papirima	<b>089</b>		
7. Obveze prema poduzetnicima u kojima postoje sudjelujući interesi	<b>090</b>		
8. Ostale dugoročne obveze	<b>091</b>	2.183.331	1.382.703
9. Odgođena porezna obveza	<b>092</b>	263.875	65.567
<b>D) KRATKOROČNE OBVEZE (094 do 105)</b>	<b>093</b>	128.534.270	127.353.994
1. Obveze prema povezanim poduzetnicima	<b>094</b>	231.884	2.768
2. Obveze za zajmove, depozite i slično	<b>095</b>	54.457	4.345
3. Obveze prema bankama i drugim financijskim institucijama	<b>096</b>	75.958.566	72.647.275
4. Obveze za predujmove	<b>097</b>	4.909.660	5.946.927
5. Obveze prema dobavljačima	<b>098</b>	33.846.768	35.134.000
6. Obveze po vrijednosnim papirima	<b>099</b>		
7. Obveze prema poduzetnicima u kojima postoje sudjelujući interesi	<b>100</b>		
8. Obveze prema zaposlenicima	<b>101</b>	7.880.192	8.233.988
9. Obveze za poreze, doprinose i slična davanja	<b>102</b>	3.625.968	3.890.442
10. Obveze s osnove udjela u rezultatu	<b>103</b>		
11. Obveze po osnovi dugotrajne imovine namijenjene prodaji	<b>104</b>		
12. Ostale kratkoročne obveze	<b>105</b>	2.026.775	1.494.249
<b>E) ODGOĐENO PLAĆANJE TROŠKOVA I PRIHOD BUDUĆEGA RAZDOBLJA</b>	<b>106</b>	24.743.870	28.654.599
<b>F) UKUPNO – PASIVA (062+079+083+093+106)</b>	<b>107</b>	2.141.769.824	2.170.759.486
<b>G) IZVANBILANČNI ZAPISI</b>	<b>108</b>	99.165.729	54.977.227

<b>RACUN DOBITI I GUBITKA</b>			
u razdoblju 01 .01.2012. do 31.12.2012.			
Obveznik: <b>Riviera Adria d.d.</b>			
Naziv pozicije	AOP oznaka	Prethodna godina	Tekuća godina
1	2	3	4
<b>I. POSLOVNI PRIHODI (112+113)</b>	<b>111</b>	531.488.234	751.758.629
1. Prihodi od prodaje	112	522.658.106	745.111.035
2. Ostali poslovni prihodi	113	8.830.128	6.647.594
<b>II. POSLOVNI RASHODI (115+116+120+124+125+126+129+130)</b>	<b>114</b>	515.355.304	703.855.483
1. Promjene vrijednosti zaliha proizvodnje u tijeku i gotovih proizvoda	115		
2. Materijalni troškovi (117 do 119)	116	179.472.536	239.953.769
a) Troškovi sirovina i materijala	117	96.916.512	128.309.273
b) Troškovi prodane robe	118	1.757.657	946.933
c) Ostali vanjski troškovi	119	80.798.367	110.697.563
3. Troškovi osoblja (121 do 123)	120	133.344.469	169.439.405
a) Neto plaće i nadnice	121	80.973.932	104.756.823
b) Troškovi poreza i doprinosa iz plaća	122	33.179.775	42.485.617
c) Doprinosi na plaće	123	19.190.762	22.196.965
4. Amortizacija	124	113.247.896	160.499.415
5. Ostali troškovi	125	85.292.946	120.367.434
6. Vrijednosno usklađivanje (127+128)	126	148.621	210.423
a) dugotrajne imovine (osim financijske imovine)	127		
b) kratkotrajne imovine (osim financijske imovine)	128	148.621	210.423
7. Rezerviranja	129	519.465	2.077.947
8. Ostali poslovni rashodi	130	3.329.371	11.307.090
<b>III. FINANCIJSKI PRIHODI (132 do 136)</b>	<b>131</b>	8.236.451	22.089.654
1. Kamate, tečajne razlike, dividende i slični prihodi iz odnosa s	132	197	1.924.016
2. Kamate, tečajne razlike, dividende, slični prihodi iz odnosa s	133	7.861.845	16.886.390
3. Dio prihoda od pridruženih poduzetnika i sudjelujućih interesa	134		
4. Nerealizirani dobiti (prihodi) od financijske imovine	135		2.344.007
5. Ostali financijski prihodi	136	374.409	935.241
<b>IV. FINANCIJSKI RASHODI (138 do 141)</b>	<b>137</b>	24.294.987	15.961.953
1. Kamate, tečajne razlike i drugi rashodi s povezanim poduzetnicima	138		720.100
2. Kamate, tečajne razlike i drugi rashodi iz odnosa s nepovezanim	139	21.475.516	13.515.427
3. Nerealizirani gubici (rashodi) od financijske imovine	140	2.477.965	1.398.336
4. Ostali financijski rashodi	141	341.506	328.090
<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>	539.724.685	773.848.283
<b>X. UKUPNI RASHODI (114+137+143 + 145)</b>	<b>147</b>	539.650.291	719.817.436
<b>XI. DOBIT ILI GUBITAK PRIJE OPOREZIVANJA (146-147)</b>	<b>148</b>	74.394	54.030.847
1. Dobit prije oporezivanja (146-147)	149	74.394	54.030.847
2. Gubitak prije oporezivanja (147-146)	150	0	0
<b>XII. POREZ NA DOBIT</b>	<b>151</b>	-1.717.469	1.359.970
<b>XIII. DOBIT ILI GUBITAK RAZDOBLJA (148-151)</b>	<b>152</b>	1.791.863	52.670.877
1. Dobit razdoblja (149-151)	153	1.791.863	52.670.877
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		
2. Pripisana manjinskom interesu	156		
<b>IZVJEŠTAJ O OSTALOJ SVEOBUHVAATNOJ DOBITI (popunjava poduzetnik obveznik primjene MSF-a)</b>			
<b>I. DOBIT ILI GUBITAK RAZDOBLJA (= 152)</b>	<b>157</b>	1.791.863	52.670.877
<b>II. OSTALA SVEOBUHVAATNA DOBIT/GUBITAK PRIJE POREZA (159 do 165)</b>	<b>158</b>	-49.180	-991.543
1. Tečajne razlike iz preračuna inozemnog poslovanja	159		
2. Promjene revalorizacijskih rezervi dugotrajne materijalne i	160		
3. Dobit ili gubitak s osnove ponovnog vrednovanja financijske	161	-49.180	-991.543
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 dobiti/gubici po planovima definiranih primanja	165		
<b>III. POREZ NA OSTALU SVEOBUHVAATNU DOBIT RAZDOBLJA</b>	<b>166</b>		
<b>IV. NETO OSTALA SVEOBUHVAATNA DOBIT ILI GUBITAK</b>	<b>167</b>	-49.180	-991.543
<b>V. SVEOBUHVAATNA DOBIT ILI GUBITAK RAZDOBLJA (157+167)</b>	<b>168</b>	1.742.683	51.679.334

<b>IZVJESTAJ O NOVČANOM TIJEKU - Indirektna metoda</b>			
u razdoblju 01.01.2012. do 31.12.2012.			
Obveznik: <u>Riviera Adria d.d.</u>			
Naziv pozicije	AOP oznaka	Prethodna godina	Tekuća godina
1	2	3	4
<b>NOVČANI TIJEK OD POSLOVNIH AKTIVNOSTI</b>			
1. Dobit prije poreza	<b>001</b>	1.791.863	52.670.877
2. Amortizacija	<b>002</b>	113.247.896	160.499.415
3. Povećanje kratkoročnih obveza	<b>003</b>	38.223.425	6.607.266
4. Smanjenje kratkotrajnih potraživanja	<b>004</b>		
5. Smanjenje zaliha	<b>005</b>		
6. Ostalo povećanje novčanog tijeka	<b>006</b>		
<b>I. Ukupno povećanje novčanog tijeka od poslovnih aktivnosti (001 do 006)</b>	<b>007</b>	153.263.184	219.777.558
1. Smanjenje kratkoročnih obveza	<b>008</b>		
2. Povećanje kratkotrajnih potraživanja	<b>009</b>	5.296.274	9.427.422
3. Povećanje zaliha	<b>010</b>	740.795	529.923
4. Ostalo smanjenje novčanog tijeka	<b>011</b>	6.019.672	4.456.541
<b>II. Ukupno smanjenje novčanog tijeka od poslovnih aktivnosti (008 do 011)</b>	<b>012</b>	12.056.741	14.413.886
<b>A1) NETO POVEĆANJE NOVČANOG TIJEKA OD POSLOVNIH</b>	<b>013</b>	141.206.443	205.363.672
<b>A2) NETO SMANJENJE NOVČANOG TIJEKA OD POSLOVNIH</b>	<b>014</b>	0	0
<b>NOVČANI TIJEK OD INVESTICIJSKIH AKTIVNOSTI</b>			
1. Novčani primici od prodaje dugotrajne materijalne i nematerijalne imovine	<b>015</b>		
2. Novčani primici od prodaje vlasničkih i dužničkih instrumenata	<b>016</b>		
3. Novčani primici od kamata	<b>017</b>		
4. Novčani primici od dividendi	<b>018</b>		
5. Ostali novčani primici od investicijskih aktivnosti	<b>019</b>		
<b>III. Ukupno novčani primici od investicijskih aktivnosti (015 do 019)</b>	<b>020</b>	0	0
1. Novčani izdaci za kupnju dugotrajne materijalne i nematerijalne imovine	<b>021</b>	464.034.900	80.797.834
2. Novčani izdaci za stjecanje vlasničkih i dužničkih financijskih instrumenata	<b>022</b>	6.907.815	505.824
3. Ostali novčani izdaci od investicijskih aktivnosti	<b>023</b>		
<b>IV. Ukupno novčani izdaci od investicijskih aktivnosti (021 do 023)</b>	<b>024</b>	470.942.715	81.303.658
<b>B1) NETO POVEĆANJE NOVČANOG TIJEKA OD INVESTICIJSKIH</b>	<b>025</b>	0	0
<b>B2) NETO SMANJENJE NOVČANOG TIJEKA OD INVESTICIJSKIH</b>	<b>026</b>	470.942.715	81.303.658
<b>NOVČANI TIJEK OD FINACIJSKIH AKTIVNOSTI</b>			
1. Novčani primici od izdavanja vlasničkih i dužničkih financijskih instrumenata	<b>027</b>		
2. Novčani primici od glavnice kredita, zadužnica, pozajmica i drugih posudbi	<b>028</b>		
3. Ostali primici od financijskih aktivnosti	<b>029</b>	452.107.430	12.658.615
<b>V. Ukupno novčani primici od financijskih aktivnosti (027 do 029)</b>	<b>030</b>	452.107.430	12.658.615
1. Novčani izdaci za otplatu glavnice kredita i obveznica	<b>031</b>	15.547.845	4.360.338
2. Novčani izdaci za isplatu dividendi	<b>032</b>		
3. Novčani izdaci za financijski najam	<b>033</b>		
4. Novčani izdaci za otkup vlastitih dionica	<b>034</b>	124.977	37.793.524
5. Ostali novčani izdaci od financijskih aktivnosti	<b>035</b>	313.055	61.783.691
<b>VI. Ukupno novčani izdaci od financijskih aktivnosti (031 do 035)</b>	<b>036</b>	15.985.877	103.937.553
<b>C1) NETO POVEĆANJE NOVČANOG TIJEKA OD FINACIJSKIH</b>	<b>037</b>	436.121.553	0
<b>C2) NETO SMANJENJE NOVČANOG TIJEKA OD FINACIJSKIH</b>	<b>038</b>	0	91.278.938
Ukupno povećanje novčanog tijeka (013 – 014 + 025 – 026 + 037 – 038)	<b>039</b>	106.385.281	32.781.076
Ukupno smanjenje novčanog tijeka (014 – 013 + 026 – 025 + 038 – 037)	<b>040</b>	0	0
Novac i novčani ekvivalenti na početku razdoblja	<b>041</b>	52.167.316	158.552.597
Povećanje novca i novčanih ekvivalenata	<b>042</b>	106.385.281	32.781.076
Smanjenje novca i novčanih ekvivalenata	<b>043</b>		
Novac i novčani ekvivalenti na kraju razdoblja	<b>044</b>	158.552.597	191.333.673



<b>IZVJESTAJ O PROMJENAMA KAPITALA</b>					
		za razdoblje od	1.1.2012	do	31.12.2012
Naziv pozicije			AOP oznaka	Prethodna godina	Tekuća godina
1			2	3	4
1. Upisani kapital			001	1.065.463.400	1.065.463.400
2. Kapitalne rezerve			002	478.814.684	478.235.923
3. Rezerve iz dobiti			003	156.620.161	121.712.673
4. Zadržana dobit ili preneseni gubitak			004		
5. Dobit ili gubitak tekuće godine			005	1.791.863	52.670.877
6. Revalorizacija dugotrajne materijalne imovine			006		
7. Revalorizacija nematerijalne imovine			007		
8. Revalorizacija financijske imovine raspoložive za prodaju			008	1.055.498	262.263
9. Ostala revalorizacija			009		
<b>10. Ukupno kapital i rezerve (AOP 001 do 009)</b>			<b>010</b>	1.703.745.606	1.718.345.136
11. Tečajne razlike s naslova neto ulaganja u inozemno poslovanje			011		
12. Tekući i odgođeni porezi (dio)			012		
13. Zaštita novčanog tijeka			013		
14. Promjene računovodstvenih politika			014		
15. Ispravak značajnih pogrešaka prethodnog razdoblja			015		
16. Ostale promjene kapitala			016		
<b>17. Ukupno povećanje ili smanjenje kapitala (AOP 011 do 016)</b>			<b>017</b>	0	0

### Bilješke uz financijske izvještaje

(1) Bilješke uz financijske izvještaje sadrže dodatne i dopunske informacije koje nisu prezentirane u bilanci, računu dobiti i gubitka, izvještaju o novčanom tijeku i izvještaju o promjenama kapitala sukladno odredbama odgovarajućih standarda financijskog izvještavanja. (2) Bilješke uz godišnji financijski izvještaj objavljuju se u punom sadržaju sukladno odgovarajućim odredbama standarda financijskog izvještavanja.

**RIVIERA ADRIA d.d.**

**RIVIERA ADRIA d.d.**

Auditor's Report  
Commentary

**RIVIERA ADRIA d.d., Poreč**

**INDEPENDENT AUDITORS' REPORT AND  
UNCONSOLIDATED FINANCIAL STATEMENTS  
31 DECEMBER 2012**

## **Content**

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

Unconsolidated statement of comprehensive income

Unconsolidated statement of financial position

Unconsolidated statement of changes in equity

Unconsolidated cash flow statement

Notes (form an integral part of unconsolidated financial statements)

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

We have audited the accompanying unconsolidated financial statements of Riviera Adria d.d. ("the Company"), which comprise the unconsolidated statement of financial position as at 31 December 2012, the unconsolidated 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 unconsolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of unconsolidated 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 consolidated 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 unconsolidated financial statements give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2012, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

### *Other matter*

The unconsolidated financial statements of the Company as at and for the year ended 31 December 2011 were audited by another auditor who expressed an unmodified opinion on those unconsolidated financial statements on 3 April 2012.

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

**25 March 2013**

**RIVIERA ADRIA d.d., Poreč****UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2012**

*(all amounts are expressed in thousands of HRK)*

	<u>Note</u>	<u>2012</u>	<u>2011</u>
Sales	5	745,592	522,047
Other income	6	6,030	5,814
Cost of materials and services	7	(292,277)	(210,772)
Staff costs	8	(194,961)	(154,722)
Depreciation and amortisation	14,15	(160,499)	(113,248)
Other operating expenses	9	(54,836)	(32,789)
Other (losses)/ gains – net	10	3,400	(450)
<b>Operating profit</b>		<b>52,449</b>	<b>15,880</b>
Finance income	11	12,147	3,967
Finance costs	11	(10,565)	(19,773)
<b>Net finance income/(costs)</b>	11	<b>1,582</b>	<b>(15,806)</b>
<b>Profit before tax</b>		<b>54,031</b>	<b>74</b>
Tax (expense)/benefit	12	(1,360)	1,717
<b>Profit for the year</b>		<b>52,671</b>	<b>1,791</b>
<b>Other comprehensive income/(loss):</b>			
Change in value available-for-sale financial assets	18	(991)	(50)
Tax on other comprehensive income		197	-
<b>Total comprehensive income for the year</b>		<b>51,877</b>	<b>1,741</b>
Earnings per share (in HRK) – basic and diluted	13	0.4990	0.0214

The financial statements were approved by the Company's Management Board on 25 March 2013.

President of the Management Board:

Edi Černjul

Member of the Management Board:

Marko Čižmek

Tihomir Nikolaš

## UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

<i>(all amounts are expressed in thousands of HRK)</i>	<b>Note</b>	<b>31 December</b>	
		<b>2012</b>	<b>2011</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	1,543,594	1,623,623
Intangible assets	15	1,447	1,120
Investments in subsidiaries	16	314,772	314,266
Available-for-sale financial assets	18	1,891	2,882
Loans and deposits	19	63,668	658
Deferred tax assets	25	357	1,717
Derivative financial instruments	23	-	593
		1,925,729	1,944,859
<b>Current assets</b>			
Inventories	20	4,559	4,029
Trade and other receivables	21	41,842	32,336
Income tax receivable		-	490
Loans and deposits	19	6,042	6
Financial assets at fair value through profit or loss	22	1,084	996
Derivative financial instruments	23	169	500
Cash and cash equivalents	24	191,334	158,553
		245,030	196,910
<b>Total assets</b>		<b>2,170,759</b>	<b>2,141,769</b>
<b>EQUITY</b>			
Share capital	26	1,065,463	1,065,463
Treasury shares	26	(32,291)	(3,476)
Share premium	27	465,108	473,570
Reserve for reinvested profit	27	52,200	-
Reserves	27	167,394	166,397
Retained earnings	27	471	1,791
<b>Total equity</b>		1,718,345	1,703,745
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	28	294,599	281,941
Derivative financial instruments	23	900	2,286
Deferred tax liability	25	66	264
Provisions for other liabilities and charges	30	2,003	358
		297,568	284,849
<b>Current liabilities</b>			
Trade and other payables	29	75,905	69,240
Borrowings	28	72,652	76,013
Derivative financial instruments	23	801	1,285
Provisions for other liabilities and charges	30	5,488	6,637
		154,846	153,175
<b>Total liabilities</b>		452,414	438,024
<b>Total equity and liabilities</b>		<b>2,170,759</b>	<b>2,141,769</b>

**RIVIERA ADRIA d.d., Poreč**

**UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

<i>(all amounts are expressed in thousands of HRK)</i>	Note	Share capital	Treasury shares	Share premium	Legal reserves	Reserves for reinvested profit	Other reserves	Retained earnings / (accumulated loss)	Total
<b>Balance at 1 January 2011</b>		<b>1,096,055</b>	<b>(6,179)</b>	<b>(6,444)</b>	<b>70,645</b>	-	<b>108,919</b>	<b>(12,853)</b>	<b>1,250,143</b>
Profit for the year		-	-	-	-	-	-	1,791	1,791
Other comprehensive loss	18	-	-	-	-	-	(50)	-	(50)
<b>Total comprehensive income for the year</b>		-	-	-	-	-	<b>(50)</b>	<b>1,791</b>	<b>1,741</b>
Deferred tax liabilities	25	-	-	-	-	-	(264)	-	(264)
Transfer	27	-	-	-	(12,853)	-	-	12,853	-
Decrease in registered capital	26/iii/	(365,352)	1,988	363,364	-	-	-	-	-
Issue of ordinary shares	26/iii/	334,760	-	-	-	-	-	-	334,760
Reissue treasury shares	26/iii/	-	11	17	-	-	-	-	28
Effect of merger	34	-	-	116,697	-	-	-	-	116,697
Reissue and purchase of treasury shares		-	704	(64)	-	-	-	-	640
<b>Total contributions by and distributions to owners of the company, recognised directly in equity</b>		<b>(30,592)</b>	<b>2,703</b>	<b>480,014</b>	<b>(12,853)</b>	-	<b>(264)</b>	<b>12,853</b>	<b>451,861</b>
<b>Balance at 31 December 2011</b>		<b>1,065,463</b>	<b>(3,476)</b>	<b>473,570</b>	<b>57,792</b>	-	<b>108,605</b>	<b>1,791</b>	<b>1,703,745</b>
Profit for the year		-	-	-	-	-	-	52,671	52,671
Other comprehensive loss		-	-	-	-	-	(794)	-	(794)
<b>Total comprehensive income for the year</b>		-	-	-	-	-	<b>(794)</b>	<b>52,671</b>	<b>51,877</b>
Transfer	27	-	-	-	-	-	1,791	(1,791)	-
Transfer	27	-	-	-	-	52,200	-	(52,200)	-
Treasury shared issue		-	461	55	-	-	-	-	516
Treasury shared purchase		-	(29,276)	(8,517)	-	-	-	-	(37,793)
<b>Total contributions by and distributions to owners of the company, recognised directly in equity</b>		-	<b>(28,815)</b>	<b>(8,462)</b>	-	52,200	1,791	<b>(53,991)</b>	<b>(37,277)</b>
<b>Balance at 31 December 2012</b>		<b>1,065,463</b>	<b>(32,291)</b>	<b>465,108</b>	<b>57,792</b>	<b>52,200</b>	<b>109,602</b>	<b>471</b>	<b>1,718,345</b>



**RIVIERA ADRIA d.d., Poreč****UNCONSOLIDATED CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2012**

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<i>(all amounts are expressed in thousands of HRK)</i>	<b>Note</b>	<b>2012</b>	<b>2011</b>
<b>Cash flow generated from operating activities</b>			
Cash from operations	32	218,018	120,521
Income tax paid		490	(490)
Interest paid		(10,050)	(8,403)
<b>Net cash generated from operating activities</b>		<b>208,458</b>	<b>111,628</b>
<b>Cash flow from investing activities</b>			
Cash from merger	34	-	129,471
Purchase of property, plant and equipment		(85,771)	(40,101)
Purchase of intangible assets	15	(492)	(600)
Proceeds from disposal of property, plant and equipment	32	169	496
Purchase of additional interest in subsidiary	16	(506)	(5,363)
Liquidation of subsidiary	16	-	184
Loans granted		(69,279)	(188)
Loan repayments received		373	-
Interest received		8,114	1,583
Dividend received	6	105	123
<b>Net cash from/(used in) investing activities</b>		<b>(147,287)</b>	<b>85,605</b>
<b>Cash flow from financing activities</b>			
Proceeds from reissue of treasury shares		517	764
Purchase of treasury shares		(37,794)	(124)
Proceeds from borrowings		82,456	87,796
Repayments of borrowings		(75,227)	(180,939)
<b>Net cash used in financing activities</b>		<b>(30,048)</b>	<b>(92,503)</b>
<b>Net increase in cash and cash equivalents</b>		<b>31,123</b>	<b>104,730</b>
Cash and cash equivalents at beginning of year		158,553	52,167
Effect of exchange rate fluctuations on cash held		1,658	1,656
Cash and cash equivalents at end of year	24	<b>191,334</b>	<b>158,553</b>

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**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

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**NOTE 1 – GENERAL INFORMATION**

Riviera Adria, ("the Company") is a joint-stock company for tourism services incorporated in the Republic of Croatia. The Company is registered at the Commercial Court in Rijeka –Pazin office. The ownership structure as at 31 December 2012 is disclosed in Note 26.

Parent company of Riviera Adria d.d. is Valamar Adria holding d.d. with a share of 71.89%. The ultimate controlling company is EPIC GmbH, Vienna, Austria.

The registered office of Riviera Adria d.d. is in Poreč, Stancija Kaligari 1, Croatia.

As at 31 December 2012 and 2011, the Company's shares were listed on the regular joint stock company listing on the Zagreb Stock Exchange.

As at 29 June 2011, a merger Agreement was concluded, whereby companies Zlatni Otok d.d. and Rabac d.d. were merged into Riviera Poreč d.d. The merger was registered in the Court Registry of the Commercial Court in Rijeka, Pazin office as at 31 August 2011, with legal effect as of 1 September 2011. By this registration, the merged companies Zlatni Otok d.d. and Rabac d.d. ceased to exist, and the company Riviera Poreč d.d. as the acquiring company, upon the merger changed its name to Riviera Adria d.d., and acquired all assets, all rights and all liabilities of the merged companies in exchange for shares of the acquiring company – Riviera Adria d.d. who is their sole legal successor. The effect of the merger of entities under common control is set out in Note on Merger of entities under common control. Rabac d.d. and Zlatni Otok d.d. were both previously owned by Valamar Adria Holding d.d.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these 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 Company have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared on historical cost basis, except for the measurement of financial assets at fair value through profit or loss and available-for-sale financial assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

The Company has also prepared consolidated financial statements in accordance with IFRS for the Company and its subsidiaries (the "Group"). In the consolidated financial statements, subsidiaries - which are those companies in which the Group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations - have been fully consolidated. The consolidated financial statements can be obtained from Riviera Adria d.d., Stancija Kaligari 1, Poreč.

Users of these unconsolidated financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2012 in order to obtain full information on the financial position, results of operations and changes in financial position of the Group as a whole.

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

**2.1 Basis of preparation (continued)**

**2.1.1 New standards and interpretations not yet adopted**

A number of new standards, amendments to standards and interpretations are effective but not mandatory for annual periods beginning after 1 January 2012, and have not been applied in preparing these unconsolidated financial statements. None of these are expected to have a significant effect on the unconsolidated financial statements of the Group or the Company and early adoption is not planned.

**2.2 Investments in subsidiaries**

Subsidiaries are those entities in which Riviera Adria d.d., directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies. The Company carries subsidiaries disclosed in Note on Investment in subsidiaries according to the cost method, less impairment, where required. The Company does not control any other enterprises.

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

Merger of entities from parties under common control are accounted for using the pooling of interest method. Under this method, the assets and liabilities of the entity under common control 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, including the predecessor entity's goodwill, and the consideration paid is accounted for in these financial statements as an adjustment to equity.

**2.4 Foreign currencies**

*(a) Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Croatian kuna (HRK), which is the Company's functional and presentation currency, rounded to the nearest thousand.

*(b) Transactions and balances*

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.

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

**2.5 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 the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The chief operating decision-maker is the Company's Management and the company Valamar hoteli i ljetovališta d.o.o. in the main segment (Tourism).

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**2.6 Property, plant and equipment**

2

3 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 Company 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 value of the replaced parts are derecognised.

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 (2011: 10-25)
Plant 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 Company 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 Company expects to use the asset until the end of its physical life. The 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 (losses)/gains-net' in the statement of comprehensive income.

During 2012 the Company conducted a review of estimated useful life of buildings which resulted in the expected useful lives of buildings being reassessed from 25 to 20 years.

**2.7 Intangible assets**

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 Non-current assets 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 sales transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying value 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/losses realised upon disposal of non-current assets held for sale are recognised in ‘other (losses)/gains-net’ in the statement of comprehensive income.

**2.9 Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. 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 (19 hotels, 9 apartments and 8 campsites as cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

**2.10 Financial assets**

**2.10.1 Classification**

The Company classifies its financial assets in the following categories: financial assets 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 stated in Note 2.12.

*(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 and cash and cash equivalents in the statement of financial position.

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

Available-for-sale financial assets are non-derivative assets 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.

**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 Company 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 Company 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 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 Company’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 Company’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 Company 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 Company 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.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

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**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 Company 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 Company 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 recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income and is shown within 'other (losses)/gains-net'.

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 recognised in profit or loss, the impairment loss is reversed through the statement of comprehensive income.

**2.12 Derivative financial instruments**

Derivative financial instruments include foreign exchange forward contracts and Interest Rate Swap (IRSwap) contracts. Derivative financial instruments are initially recognised in the statement of financial position at fair value. Fair values are determined through pricing models, if appropriate. All derivatives are recognised 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 meet the conditions for hedge accounting and are therefore treated as derivatives held for trading

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

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

**2.13 Leases**

Leases in which a significant portion of risks and rewards of ownership are not retained by the Company 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.

The Company leases certain property, plant and equipment. Leases of property, plant and equipment, where the Company 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 rate of interest on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other non-current liabilities. 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.

**2.14 Inventories**

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

**2.15 Trade and loan receivables**

Trade receivables are amounts due from customers for merchandise sold or 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.



**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

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

**2.17 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 Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

**2.18 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 Company 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 Company's equity holders until the shares are cancelled or reissued. 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 Company's equity holders.

**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 other comprehensive income or directly in equity. In that case tax is also recognised in other comprehensive income or directly 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.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**2.20 Current and deferred income tax (continued)**

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 Company and it is probable that the temporary difference will not reverse in the foreseeable future.

**2.21 Employee benefits**

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

In the normal course of business through salary deductions, the Company 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 Company does not have any other pension scheme and consequently, has no other obligations in respect of employee pensions. In addition, the Company is not obliged to provide any other post-employment benefits.

*(b) Termination benefits*

Termination benefits are recognised when the Company terminates employment contracts of employees before their normal retirement date in accordance with pension and labour regulations. The Company 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 is objectively determined, in accordance with regulations and by-laws. Benefits falling due more than 12 months after the reporting date are discounted to the present value.

*(c) Short-term employee benefits*

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

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

**2.22 Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax. The Company 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 Company's activities as described below.

*(a) Sales of services*

Revenue from hotel and tourist services is generally 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 services*

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

*(c) Interest income*

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the 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.

**2.23 Provisions**

Provisions are recognised when: the Company 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.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

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

**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 presented 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.

**NOTE 3 – FINANCIAL RISK MANAGEMENT**

**3.1 Financial risk factors**

The Company's activities expose it to 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 Company does not have a written risk management programme, but overall risk management in respect of these risks is carried out by the Company's Management. Meanwhile, the Company actively hedges interest rate and foreign exchange risks through instruments available in the market for the purpose of decreasing these risks. Internal objectives and policies of risk management relate to a hedge of foreign-currency inflows during the seasonal activity and a partial interest hedge of the loan principal.

*(a) Market risk*

*(i) Foreign exchange risk*

The Company 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 (Note 28). 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 Company uses derivative instruments in accordance with operating estimates and expected market movements.

At 31 December 2012, if the EUR had weakened/strengthened by 1% against the HRK, with all other variables held constant, the net profit for the year would have been HRK 124 thousand (lower)/higher mainly as a result of foreign exchange gains/(losses) on translation of EUR denominated trade receivables, borrowings, foreign cash funds and bonds of Republic of Croatia and bonds of Republic of Croatia.

At 31 December 2011, if the EUR had weakened/strengthened by 2% against the HRK, with all other variables held constant, the net profit for the year would have been HRK 397 thousand higher/(lower) mainly as a result of foreign exchange gains/(losses) on translation of EUR denominated trade receivables, borrowings, trade and other payables, foreign cash funds and bonds of Republic of Croatia.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

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

**3.1 Financial risk factors (continued)**

*(a) Market risk (continued)*

*(i) Foreign exchange risk (continued)*

At 31 December 2012, 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 1,002 thousand higher/(lower) mainly as a result of foreign exchange gains/(losses) on translation of CHF-denominated borrowings and foreign cash funds.

At 31 December 2011, if the CHF had weakened/strengthened by 4% against the HRK, with all other variables held constant, the net profit for the year would have been HRK 1,578 thousand (lower)/higher, mainly as a result of foreign exchange gains/(losses) on translation of CHF-denominated borrowings and foreign cash funds.

*(ii) Cash flow and fair value interest rate risk*

The Company has interest-bearing assets and the Company's income and operating cash flows are influenced by changes in market interest rates. The Company's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company uses derivative instruments to actively hedge cash flow and fair value interest rate risk.

At 31 December 2012, 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 2,122 thousand (lower)/higher, mainly as a result of higher/(lower) interest expense on variable-rate borrowings.

At 31 December 2011, if interest rates on currency-denominated borrowings had been higher/lower by 0.23%, with all other variables held constant, loss for the year would have been HRK 517 thousand higher/(lower), mainly as a result of higher/lower interest expense on variable-rate borrowings.

At 31 December 2012, if interest rates on currency-denominated deposits had been higher/lower by 1% and 0.48% for 2011, with all other variables held constant, the effect on the net profit for the year would have been HRK 406 thousand higher/(lower) (2011: HRK 283 thousand), mainly as a result of higher/lower interest income on variable-rate deposits.

*(iii) Price risk*

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

As at 31 December 2012 and 2011, if the indices of the ZSE had been higher/lower by 16.63% for 2012 and 4.59% for 2011 (which was the average index movement), with all other variables held constant, reserves within equity and other comprehensive income would have been HRK 291 thousand (2011: HRK 101 thousand) higher/lower as a result of fair value gains/losses on equity securities available for sale.

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

**3.1 Financial risk factors (continued)**

*a) Market risk (continued)*

*(iii) Price risk (continued)*

As at 31 December 2012, if the index of the ZSE had been higher/lower by 1.64%, (31 December 2011: 1.59%) with all other variables held constant, the net profit for the year would have been HRK 14 thousand (31 December 2011: HRK 13 thousand) higher/(lower) as a result of gains/losses on financial assets at fair value through profit or loss.

*(b) Credit risk*

The Company has no significant concentrations of credit risk. Credit risk arises from cash, time deposits and trade receivables. The Company has policies in place to ensure that sales of products are made to customers with an appropriate credit history, i.e. the Company's policy ensures that sales to customers are settled through advance payments, in cash or by major credit cards (individual customers). The Company 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 based on 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 Company will not be able to collect all amounts due according to the original terms of receivables. The amount of all trade and other receivables has been written down to their recoverable amount. The Company has policies that limit the amount of credit exposure to any financial institution. Cash transactions are carried out through high quality Croatian banks. The Company 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 Company 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.

The table below analyses financial liabilities of the Company according to contracted maturities at the reporting date. The amounts stated below represent undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)

## 3.1 Financial risk factors (continued)

*(c) Liquidity risk (continued)*

	Less than 3 months	3 months- 1 year	1-2 years	2-5 years	Over 5 years
<b>As at 31 December 2012</b>					
Trade and other payables	35,287	11,400	234	-	-
Borrowings	13,199	68,960	110,798	130,603	92,052
Derivative financial instruments	210	591	650	250	-
<b>Total liabilities (contractual maturity dates)</b>	<b>48,696</b>	<b>80,951</b>	<b>111,682</b>	<b>130,853</b>	<b>92,052</b>
<b>As at 31 December 2011</b>					
Trade and other payables	40,321	2,616	-	-	-
Borrowings	13,937	70,973	143,441	148,858	13,492
Derivative financial instruments	1,206	79	1,272	1,014	-
<b>Total liabilities (contractual maturity dates)</b>	<b>55,464</b>	<b>73,668</b>	<b>144,713</b>	<b>149,872</b>	<b>13,492</b>

## 3.2 Capital management

The Company's objectives when managing capital are to safeguard the Company'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. Over the past years, the Company seeks to realise positive financial results that are used to increase shareholder's equity.

## 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 Company 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 Company 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 Company for similar financial instruments.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## 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:

	Level 1	Level 2	Level 3	Total
<b>At 31 December 2012</b>				
Available-for-sale financial assets:				
-equity securities	1,751	-	-	1,751
Financial assets at fair value through profit or loss:				
-trading securities	1,084	-	-	1,084
Derivative financial instruments	-	169	-	169
<b>Total assets</b>	<b>2,835</b>	<b>169</b>	<b>-</b>	<b>3,004</b>
Derivative financial instruments	-	1,701	-	1,701
<b>Total liabilities</b>	<b>-</b>	<b>1,701</b>	<b>-</b>	<b>1,701</b>
<b>At 31 December 2011</b>				
Available-for-sale financial assets:				
-equity securities	2,742	-	-	2,742
Financial assets at fair value through profit or loss:				
-trading securities	996	-	-	996
Derivative financial instruments	-	1,093	-	1,093
<b>Total assets</b>	<b>3,738</b>	<b>1,093</b>	<b>-</b>	<b>4,831</b>
Derivative financial instruments	-	3,571	-	3,571
<b>Total liabilities</b>	<b>-</b>	<b>3,571</b>	<b>-</b>	<b>3,571</b>



**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

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**NOTE 4 – CRITICAL ACCOUNTING ESTIMATES**

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*(a) Estimated useful life and impairment of property, plant and equipment*

By using a certain asset, the Company 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 tourism 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 was assessed by Management to be 10-20 years. The useful lives of equipment and other assets have also been assessed.

The useful lives 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 on property, plant and equipment had been 5% higher/lower, with all other variables held constant, the profit for the year would have been HRK 8,025 thousand lower/higher (2011: loss for the year would have been HRK 5,662 thousand higher/lower), and the net carrying amount of property, plant and equipment would have been HRK 8,025 thousand (2011: HRK 5,662 thousand) lower/higher.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

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**NOTE 4 – CRITICAL ACCOUNTING ESTIMATES (continued)**

*(b) Land ownership*

The Law on Tourist and Other Construction Land unassessed during privatisation (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 companies' 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). 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 Company 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 2011, in the procedures initiated, and in line with requirements of the governing authorities, the Company delivered various statements, documentation, made propositions for dividing the land, etc. During 2012, out of all procedures initiated, only four first instance decisions were made in the process of determining land parcels for which complaints were filed. The appellate body returned two subjects for retrial (for touristic camp Lanterna and Solaris in Poreč and hotel Valamar Sanfior in Rabac), while two procedures (for buildings in camps Ježevac and Politin on the island of Krk) are still in process on second instance. During the year 2012, invoices for part of concession fees were issued and paid according to Regulation (so called advances in amounting 50% of proposed fee). Until 31 December 2012 no legal proceedings for concessions and determining land parcels have been finalized. At the moment, negative impact on the financial position and results of the Company is not expected.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 5 – SEGMENT INFORMATION

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

The Company records the operating revenue and costs by types of services provided in two basic segments: tourism and other business segments. Other business segments include tourist agency services, "à la carte" services and other services. The chief operating decision-maker individually manages every hotel, apartment and campsite, which are organised as profit centres. They are presented below as one reporting segment - 'Tourism'.

The segment information provided to the Company's Management and the company Valamar hoteli i ljetovališta d.o.o. for the year ended 31 December 2012 is as follows:

<i>(in thousands of HRK)</i>	<b>Tourism</b>	<b>Other business segments</b>	<b>Total</b>
Total sales	757,631	11,459	769,090
Inter-segment revenue	(23,498)	-	(23,498)
Revenue from external customers	734,133	11,459	745,592
Depreciation and amortisation	148,914	11,585	160,499
Net finance income/(expense)	(9,745)	11,327	1,582
Impairment of fixed assets	8,685	70	8,755
Profit before tax	54,031	-	54,031
Total assets	1,418,232	143,762	1,561,994
Total liabilities	428,245	4,384	432,629

The segment information for the year ended 31 December 2011 is as follows:

<i>(in thousands of HRK)</i>	<b>Tourism</b>	<b>Other business segments</b>	<b>Total</b>
Total sales	536,379	9,099	545,478
Inter-segment revenue	(23,425)	(6)	(23,431)
Revenue from external customers	512,954	9,093	522,047
Depreciation and amortisation	105,573	7,675	113,248
Net finance income/(expense)	(8,778)	(7,028)	(15,806)
Impairment of fixed assets	383	51	434
Profit before tax	74	-	74
Total assets	1,487,228	146,096	1,633,324
Total liabilities	410,733	4,427	415,160

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 5 – SEGMENT INFORMATION (continued)

## Reconciliation of segment profit with profit/(loss) before tax is as follows:

<i>(in thousands of HRK)</i>	<u>2012</u>	<u>2011</u>
<b>Revenue</b>		
Revenue from segments	769,090	545,478
Other revenue	-	-
Inter-segment revenue	<u>(23,498)</u>	<u>(23,431)</u>
<b>Total revenue</b>	<u>745,592</u>	<u>522,047</u>
<b>Profit</b>		
Profit from segments	300,299	180,681
Other expenses	(247,178)	(171,736)
Elimination of inter-segment profits	<u>910</u>	<u>(8,871)</u>
<b>Total profit before tax</b>	<u>54,031</u>	<u>74</u>

The Company reports to Management using the Uniform System of Accounts for the Lodging Industry (USALI) method. This methodology is an internationally recognised uniform hotel reporting system, which meets the preconditions for the comparison of data in an international setting. Reporting is performed on several hierarchical and organisational levels in the company, whereby the basis comprises responsibility centres that may be organised as cost, revenue, profit and investment centres. The Company's responsibility centres are profit centres whose operating results, i.e. profit is the responsibility of their directors. For the purposes of reporting under the USALI method the Company implemented an integral IT system, which is based on a detailed accounting system supported by appropriate IT application software.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**NOTE 5 – SEGMENT INFORMATION (continued)**

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

<i>(in thousands of HRK)</i>	<b>2012</b>		<b>2011</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
Segment assets/liabilities	1,561,994	432,629	1,633,324	415,160
Tourism segment	1,418,232	428,245	1,487,228	410,733
Other segment	143,762	4,384	146,096	4,427
Unallocated:	608,765	19,785	508,445	22,864
Investments in subsidiaries	314,772	-	314,266	-
Other financial assets	2,975	-	3,878	-
Loans and deposits	69,710	-	664	-
Cash and cash equivalents	191,334	-	158,553	-
Inventories	4,559	-	4,029	-
Income tax receivable	-	-	490	-
Other receivables	24,889	-	23,755	-
Deferred tax asset/liability	357	66	1,717	264
Derivative financial instruments	169	1,701	1,093	3,571
Other liabilities	-	10,527	-	18,441
Provisions for other liabilities and charges	-	7,491	-	588
<b>Total</b>	<b>2,170,759</b>	<b>452,414</b>	<b>2,141,769</b>	<b>438,024</b>

The Company's services and sales are provided to customers from the Republic of Croatia and abroad. The Company's sales revenues can be classified according to the customers' origin.

	<b>2012</b>	<b>2011</b>
	<i>(in thousands of HRK)</i>	
Domestic sales	90,246	82,069
Foreign sales	655,346	439,978
	<b>745,592</b>	<b>522,047</b>

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

<b>Foreign sales</b>	<b>2012</b>	<b>%</b>	<b>2011</b>	<b>%</b>
EU members	604,965	92.31	404,285	91.89
Other	50,381	7.69	35,693	8.11
<b>Total</b>	<b>655,346</b>	<b>100.00</b>	<b>439,978</b>	<b>100.00</b>

All assets and capital expenditures are located in the Republic of Croatia.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 6 – OTHER INCOME

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Insurance and court claims recovered	4,080	3,286
Interest income	273	57
Dividend income	105	123
Other fee income	229	1,318
Other income	1,343	1,030
	<u>6,030</u>	<u>5,814</u>

## NOTE 7 – COST OF MATERIALS AND SERVICES

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
<b>Raw materials and supplies</b>		
Raw materials and supplies used	73,081	52,281
Energy and water used	41,596	33,104
Miscellaneous inventories	9,862	9,495
	<u>124,539</u>	<u>94,880</u>
<b>External services</b>		
Management services	51,490	30,761
Reservation centre services	5,520	-
Maintenance	35,875	28,455
Utilities	23,496	19,706
Marketing, promotion and fairs	12,527	9,707
Telecommunication and other transportation	4,919	3,912
Recreation services	6,155	4,680
Rentals	9,758	7,376
Commission fees (agencies and credit cards)	15,195	9,464
Other services	2,803	1,831
	<u>167,738</u>	<u>115,892</u>
	<u>292,277</u>	<u>210,772</u>

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 8 – STAFF COSTS

	<b>2012</b>	<b>2011</b>
	<i>(in thousands of HRK)</i>	
Net salaries	102,090	79,938
Pension contributions	22,075	19,446
Health insurance contributions	17,589	22,508
Other costs (contributions and taxes)	25,018	10,416
Termination benefits	1,120	670
Other staff costs /i/	27,069	21,744
	<b>194,961</b>	<b>154,722</b>
Number of employees at 31 December	<b>1,262</b>	<b>1,233</b>

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

## NOTE 9 – OTHER OPERATING EXPENSES

	<b>2012</b>	<b>2011</b>
	<i>(in thousands of HRK)</i>	
Municipal and similar charges and contributions	28,146	21,749
Professional services	7,011	5,062
Insurance premiums	3,714	3,136
Travel and entertainment costs	2,293	1,957
Provision for legal proceedings-net	1,645	(1,162)
Impairment of trade and other receivables	210	148
Collection of receivables previously written-off	(295)	(81)
Bank charges	1,504	1,156
Impairment of property, plant and equipment	8,755	434
Other	1,853	390
	<b>54,836</b>	<b>32,789</b>

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

	<b>2012</b>	<b>2011</b>
	<i>(in thousands of HRK)</i>	
Gains on sale of property, plant and equipment-net	123	172
Foreign exchange (losses)/gains – net	2,109	(327)
Unrealized net losses from forwards and interest rate swaps	(116)	(295)
Realised net gain from forwards and interest rate swaps	1,284	-
	<b>3,400</b>	<b>(450)</b>

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 11 – FINANCE COSTS AND INCOME

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Interest income	11,390	3,967
Foreign exchange income – net	757	-
	<u>12,147</u>	<u>3,967</u>
Interest expense	(10,342)	(8,827)
Fair value losses – interest rate swap	(223)	(2,183)
Foreign exchange losses on financing activities – net	-	(8,762)
	<u>(10,565)</u>	<u>(19,773)</u>
<b>Finance costs – net</b>	<b><u>1,582</u></b>	<b><u>(15,806)</u></b>

## NOTE 12 – INCOME TAX

Tax (benefit)/expense comprise:

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Current tax	-	-
Deferred tax	1,360	(1,717)
<b>Tax expense/(benefit)</b>	<b><u>1,360</u></b>	<b><u>(1,717)</u></b>

Reconciliation of the effective tax rate:

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Profit before taxation	54,031	74
Income tax (20%)	10,806	15
Income not assessable for tax	(129)	(116)
Tax incentives for reinvested profit	(10,440)	-
Expenses not deductible for tax	1,123	727
Tax losses for which deferred tax asset was not previously recognised	-	(2,238)
Tax losses not utilised	-	(105)
<b>Tax expense/(benefit)</b>	<b><u>1,360</u></b>	<b><u>(1,717)</u></b>
Effective tax rate	2.52%	(2,320.27%)



**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

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**NOTE 12 – INCOME TAX (continued)**

In accordance with the regulations of the Republic of Croatia, the Tax Administration may at any time inspect the Company's books and records within 3 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 year 2010 for the company Rabac d.d. which was merged with the Company Riviera Adria d.d. on 1 September 2011. According to the Decision, it is required to increase the tax liability by HRK 4,428 thousand. The Company has appealed the aforementioned decision. The procedure is in progress, 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 based on profit for the year and 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 earnings per share, since the Company did not have any convertible instruments and share options outstanding during both years.

	<u>2012</u>	<u>2011</u>
Profit for the year ( <i>in thousands of HRK</i> )	52,671	1,791
Weighted average number of shares	<u>105,558,887</u>	<u>83,852,669</u>
<b>Earnings per share (<i>in HRK</i>)</b>	<b><u>0.4990</u></b>	<b><u>0.0214</u></b>

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 14 – PROPERTY, PLANT AND EQUIPMENT

<i>(in thousands of HRK)</i>	<b>Land and buildings</b>	<b>Plant and equipment</b>	<b>Furniture, tools and horticulture</b>	<b>Assets under construction</b>	<b>Total</b>
<b>At 1 January 2011</b>					
Cost	2,163,816	195,026	104,981	36,985	2,500,808
Accumulated depreciation and impairment	(1,024,206)	(126,261)	(76,803)	-	(1,227,270)
<b>Carrying amount</b>	<b>1,139,610</b>	<b>68,765</b>	<b>28,178</b>	<b>36,985</b>	<b>1,273,538</b>
<b>Year ended 31 December 2011</b>					
Opening carrying amount	1,139,610	68,765	28,178	36,985	1,273,538
Additions	43,906	12,770	5,534	(24,917)	37,293
Effect of merger	397,315	19,312	5,317	4,561	426,505
Disposals and impairment	(3)	(412)	(146)	(197)	(758)
Depreciation	(88,593)	(16,183)	(8,179)	-	(112,955)
<b>Closing 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>At 31 December 2011</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 impairment	(8,212)	(204)	(134)	(251)	(8,801)
Depreciation	(131,426)	(19,836)	(8,643)	-	(159,905)
<b>Closing 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>

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

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

Additions under ‘Land and buildings’ relate to various constructions work in hotels and campsites which were completed in 2012 and 2011.

Assets under construction in the amount of HRK 29,836 thousand relate to reconstruction of buildings (HRK 21,247 thousand) and HRK 8,589 thousand advances given for the reconstruction.

4 During the year 2012 the Company's review of estimated useful life of buildings. The review resulted in the expected useful lives of buildings being reassessed from 25 years to 20 years. In 2012, as a result of the change on the profit and loss is an increased depreciation expense by HRK 24,990 thousand. The effect of these changes on depreciation expense for the future periods is presented below (in thousands of HRK):

	2013	2014	2015	2016	2017
Increase in depreciation	24,859	24,624	23,570	21,831	18,098

The effect of changes in useful life on depreciation expense from 2018 until the useful life is not estimated.

As at 31 December 2012, the carrying amount of buildings pledged by the Company as collateral for borrowings amounted to HRK 558,994 thousand (2011: HRK 622,729 thousand). (See Note on Borrowings)

The carrying amount of the Company's property, plant and equipment leased under an operating lease contract is as follows:

	2012	2011
	<i>(in thousands of HRK)</i>	
Cost	108,716	108,716
Accumulated depreciation as at 1 January	(72,913)	(68,958)
Depreciation charge for the year	(5,334)	(3,955)
<b>Carrying amount</b>	<b>30,469</b>	<b>35,803</b>

The operating lease relates to the lease of hospitality facilities and shops to third parties. During 2012, the Company realised rental income in the amount of HRK 28,286 thousand (2011: HRK 23,127 thousand).

**Operating lease commitments – where the Company is the lessor.** The future minimum lease payments receivable from operating leases are as follows:

	2012	2011
	<i>(in thousands of HRK)</i>	
Up to 1 year	16,493	15,235
From 2 to 5 years	34,455	37,417
Over 5 years	6,658	6,771
	<b>57,606</b>	<b>59,423</b>

There was no contingent rental income recognised in the statement of comprehensive income. All lease agreements are renewable. There is no purchase option.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 15 – INTANGIBLE ASSETS

Intangible assets are comprised by software.

	<b>Software</b>
	<i>(in thousands of HRK)</i>
<b>At 1 January 2011</b>	
Cost	4,928
Accumulated amortisation	(4,510)
<b>Carrying amount</b>	<b>418</b>
<b>Year ended 31 December 2011</b>	
Opening carrying amount	418
Additions	600
Effect of merger	395
Amortisation	(293)
Closing carrying amount	1,120
<b>At 31 December 2011</b>	
Cost	8,321
Accumulated amortisation	(7,201)
<b>Carrying amount</b>	<b>1,120</b>
<b>Year ended 31 December 2012</b>	
Opening carrying amount	1,120
Transfers	432
Additions	492
Disposals and write-offs	(3)
Amortisation	(594)
Carrying book amount	1,447
<b>At 31 December 2012</b>	
Cost	12,719
Accumulated amortisation	(11,272)
<b>Carrying amount</b>	<b>1,447</b>

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 16 – INVESTMENTS IN SUBSIDIARIES

		<u>2012</u>	<u>2011</u>
		<i>(in thousands of HRK)</i>	
At beginning of the year		314,266	309,087
Purchase of additional shares		506	5,363
Liquidation of subsidiary		-	(184)
At end of the year		<u>314,772</u>	<u>314,266</u>
	<u>Ownership</u>	<u>2012</u>	<u>2011</u>
		<i>(in thousands of HRK)</i>	
Dubrovnik-Babin kuk d.d., Dubrovnik /i/	94.11%	314,772	314,266
		<u>314,772</u>	<u>314,266</u>

/i/ During 2012 the Company purchased an additional 0.2% shares in subsidiary Dubrovnik-Babin Kuk d.d. for cash consideration of HRK 506 thousand.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 17a – FINANCIAL INSTRUMENTS BY CATEGORY

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

<i>(in thousands of HRK)</i>	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 instruments	-	-	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>
<b>31 December 2011</b>				
<i>Assets at the reporting date</i>				
Trade and other receivables	14,395	-	-	14,395
Loans and deposits	664	-	-	664
Available-for-sale financial assets	-	2,882	-	2,882
Financial assets at fair value through profit or loss	-	-	996	996
Derivative financial instruments	-	-	1,093	1,093
Cash and cash equivalents	158,553	-	-	158,553
<b>Total</b>	<b>173,612</b>	<b>2,882</b>	<b>2,089</b>	<b>178,583</b>

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

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 17a – FINANCIAL INSTRUMENTS BY CATEGORY (continued)

<b>Liabilities as per reporting date:</b>	<u>2012</u>	<u>2011</u>
<i>Financial liabilities – at amortised cost:</i>	<i>(in thousands of HRK)</i>	
Trade and other payables	46,921	42,937
Borrowings	367,251	357,954
	<u>414,172</u>	<u>400,891</u>
 <i>Financial liabilities at fair value through profit or loss:</i>		
Derivative financial instruments	1,701	3,571
	<u>415,873</u>	<u>404,462</u>

## NOTE 17b – CREDIT QUALITY OF FINANCIAL INSTRUMENTS

The credit quality of financial assets that are neither past due nor impaired could be evaluated compared to independent valuations (if they exist) or with historic counter-party information.

	<u>2012</u>	<u>2011</u>
<b>Trade and other receivables</b>	<i>(in thousands of HRK)</i>	
Existing customers – payments within maturity period	5,146	2,824
Existing customers – with some defaults in the past (up to 1 month)	1,492	150
	<u>6,638</u>	<u>2,974</u>
	<u>2012</u>	<u>2011</u>
<b>Deposits</b>	<i>(in thousands of HRK)</i>	
Financial institution – no credit quality grading	291	664
	<u>291</u>	<u>664</u>

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 18 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>Ownership</u>	<u>2012</u>	<u>2011</u>
		<i>(in thousands of HRK)</i>	
Investments in banks and other financial institutions	/i/	1,751	2,742
Other		140	140
		<b>1,891</b>	<b>2,882</b>

/i/ Investments in banks represent less than 1% ownership interests and are carried at fair value.

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
At beginning of year	2,882	2,912
Devaluation recorded in other comprehensive loss	(991)	(50)
Transfer at merger	-	20
At end of year	<b>1,891</b>	<b>2,882</b>

Available-for-sale financial assets are as follows:

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
<i>Securities</i>		
- listed	1,751	2,742
<i>Securities</i>		
- unlisted	140	140
	<b>1,891</b>	<b>2,882</b>



## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 19 – LOANS AND DEPOSITS

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Loans	69,419	-
Deposits	<u>291</u>	<u>664</u>
	69,710	664
Less: non-current portion	<u>(63,668)</u>	<u>(658)</u>
Current portion	<u><b>6,042</b></u>	<u><b>6</b></u>

Deposits are interest-free and given as a collateral for operating leases over a 5-year term.

Loans in the amount of 69,419 thousand relates to loans to related company Dubrovnik-Babin kuk d.d. are denominated in EUR.

The carrying amounts of short-term and long term loans and deposits approximate their fair value.

## NOTE 20 – INVENTORIES

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Raw materials and supplies	3,490	3,079
Trade goods	328	209
Apartments	<u>741</u>	<u>741</u>
	<u><b>4,559</b></u>	<u><b>4,029</b></u>

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 21 – TRADE AND OTHER RECEIVABLES

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Trade receivables – domestic	11,777	12,603
Trade receivables – foreign	2,491	4,686
Trade receivables – related parties	1,965	588
Provision for impairment of trade receivables	<u>(5,157)</u>	<u>(7,475)</u>
Trade receivables – net	11,076	10,402
Accrued income	1,397	1,179
Interest receivable	<u>6,090</u>	<u>2,814</u>
<i>Total financial assets</i>	18,563	14,395
Prepayments	4,844	3,467
VAT receivable	11,377	7,343
Advances to suppliers	4,974	5,134
Due from employees	372	229
Other current receivables	<u>1,712</u>	<u>1,768</u>
	<b><u>41,842</u></b>	<b><u>32,336</u></b>

Movements on the provision for impairment of trade and other receivables are as follows:

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
At 1 January	7,475	4,399
Effect of merger	-	3,009
Additional provision	210	148
Payment	(295)	(81)
Receivables written off	<u>(2,233)</u>	<u>-</u>
At 31 December	<b><u>5,157</u></b>	<b><u>7,475</u></b>
	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
<b>Trade receivables:</b>		
Neither past due nor impaired	6,638	2,974
Overdue, but not impaired	4,438	7,428
Overdue and impaired	<u>5,157</u>	<u>7,475</u>
	<b><u>16,233</u></b>	<b><u>17,877</u></b>

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 21 – TRADE AND OTHER RECEIVABLES (continued)

As of 31 December 2012, trade receivables in the amount of HRK 4,438 thousand (2011: HRK 7,428 thousand) were overdue but not impaired. The maturities of these receivables are as follows:

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Up to one month	676	1,634
One to two months	297	942
Two to three months	483	1,169
Over three months up to one year	2,982	3,683
	<u>4,438</u>	<u>7,428</u>

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

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
EUR	10,537	2,644
HRK	8,026	11,751
	<u>18,563</u>	<u>14,395</u>

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

## NOTE 22 – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Bonds of the Republic of Croatia	1,084	996
	<u>1,084</u>	<u>996</u>

As at 31 December 2012, the interest rate on bonds was 4.25% (2011: 4.25%). Financial assets are held for trading. Bonds of the Republic of Croatia are denominated in EUR.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 23 – DERIVATIVE FINANCIAL INSTRUMENTS

	2012		2011	
	Receivables	Liabilities	Receivables	Liabilities
	<i>(in thousands of HRK)</i>		<i>(in thousands of HRK)</i>	
Fair value of interest rate swap	-	1,383	-	2,183
Market value of foreign currency forward contracts	169	318	1,093	1,388
<b>Total</b>	<b>169</b>	<b>1,701</b>	<b>1,093</b>	<b>3,571</b>
Less: non-current portion:	-	(900)	(593)	(2,286)
Fair value of interest rate swap	-	790	-	1,024
Market value of foreign currency forward contracts	-	11	500	261
– Current portion	<b>169</b>	<b>801</b>	<b>500</b>	<b>1,285</b>

## (a) Foreign currency forward contracts

As at 31 December 2012, the contracted value of foreign currency forward contracts amounts to HRK 73,690 thousand (2011: HRK 196,934) at reputable Croatian banks.

Highly probable forecast transactions denominated in foreign currency are expected on various dates during the following 2 years (final contract maturity is 29 December 2014). Gains and losses arising from changes in fair value of foreign currency forward contracts as at 31 December 2012 are recorded in statement of comprehensive income in 'other (losses)/gains – net'.

## (b) Interest rate swaps

As at 31 December 2012, the contracted value of outstanding interest rate swaps amounts to HRK 50,536 thousand (2011: HRK 91,180 thousand).

As at 31 December 2012, total interest rates fixed by interest rate swap contracts amounted 2.16%, while key variable interest rates (EURIBOR) for EUR borrowings amounted 0.19%. Total interest rates fixed by interest rate swap contracts ranged from 1.90% to 1.96%%, while key variable interest rates and for CHF borrowings (CHF LIBOR) amounted 0.012%. 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 March 2016 and 31 July 2017.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 24 – CASH AND CASH EQUIVALENTS

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Giro-accounts and current accounts	14,300	3,138
Cash in hand	-	29
Foreign currency accounts	1,749	2,060
Term deposits up to one month	175,285	153,326
	<u>191,334</u>	<u>158,553</u>

The interest rate for cash and cash equivalents up to 5.30% (2011: up to 5.00%)

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

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
HRK	14,300	23,167
EUR	176,818	134,894
CHF	21	20
Other	195	472
	<u>191,334</u>	<u>158,553</u>

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 25 – DEFERRED TAX ASSETS AND LIABILITIES

## Deferred tax assets

<i>(in thousands of HRK)</i>	Impairment of financial assets	Provisions for concessions	Tax loss carried forward	Total
<b>At 1 January 2012</b>	<b>714</b>	<b>898</b>	<b>105</b>	<b>1,717</b>
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>17</b>	<b>357</b>

<i>(in thousands of HRK)</i>	Impairment of financial assets	Provisions for concessions	Tax loss carried forward	Total
<b>At 1 January 2011</b>	-	-	-	-
Debited to the income	714	898	105	1,717
<b>At 31 December 2011</b>	<b>714</b>	<b>898</b>	<b>105</b>	<b>1,717</b>

## Deferred tax liabilities

<i>(in thousands of HRK)</i>	Available for sale financial assets	Total
<b>At 1 January 2012</b>	<b>264</b>	<b>264</b>
Credited to the other comprehensive income	(198)	(198)
<b>At 31 December 2012</b>	<b>66</b>	<b>66</b>

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

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 26 – EQUITY

/i/ The authorised and registered share capital of the Company during the year 2012 amounted to HRK 1,065,463,400 thousand and comprised 106,546,340 ordinary shares, with a nominal value of HRK 10 per share. All shares are fully paid.

/ii/ The ownership structure as at 31 December 2012 was as follows:

	<b>Number of shares</b>	<b>Nominal value (in thousands of HRK)</b>	<b>%</b>
Valamar Adria Holding d.d., Zagreb	76,590,206	765,902	71.89
Treasury shares	3,229,176	32,291	3.03
Other shareholders-free float	26,726,958	267,270	25.08
<b>Total</b>	<b>106,546,340</b>	<b>1,065,463</b>	<b>100.00</b>

The ownership structure as at 31 December 2011 was as follows:

	<b>Number of shares</b>	<b>Nominal value (in thousands of HRK)</b>	<b>%</b>
Valamar Adria Holding d.d., Zagreb	74,856,662	748,566	70.26
Treasury shares	347,634	3,476	0.32
Other shareholders-free float	31,342,044	313,421	29.42
<b>Total</b>	<b>106,546,340</b>	<b>1,065,463</b>	<b>100.00</b>

/iii/ During the year 2012 there were no changes in shareholders' equity nor in the amount or in the nominal value of share compared to 31 December 2011.

Based on the decision of the Company's General Assembly held on 29 June 2011, registered capital was decreased by HRK 365,351,700.00 from HRK 1,096,055,100.00 to HRK 730,703,400.00. The registered capital was decreased by lowering nominal value per share by HRK 100.00 from HRK 300.00 to the amount of HRK 200.00. Also, the decision was made that one share with a nominal value of HRK 200.00 was divided into 20 ordinary shares with a nominal value of HRK 10.00 per share. Due to merger of companies Rabac d.d. and Zlatni Otok d.d., the registered capital was increased by HRK 334,760,000.00 from HRK 730,703,400.00 to HRK 1,065,463,400.00. The registered capital was increased by issuing 33,476,000 new ordinary shares with a nominal value of HRK 10 per share. As compensation for transferred assets of the merged companies, shareholders acquired new shares of the merged companies as follows: for 1 share of merged company Rabac, with a nominal value of HRK 370, they acquired 24.59 shares of the Company with a nominal value of HRK 10 (ratio 24.59:1) and shareholders of Zlatni Otok acquired 24.01 shares of the Company with a nominal value of HRK 10 for 1 share with a nominal value of HRK 360 (ratio 24.01:1). For shareholders of the merged companies that did not acquire a whole number of shares following the calculation, the Company rounded the appropriate number of shares to the next highest whole number and additional shares required for the purpose of merger were secured from the Company's treasury shares. For this purpose, 1,083 treasury shares amounting to HRK 28,099 were used, which resulted in total consideration in shares transferred of HRK 334,788,000. On 31 August 2011, all of the aforementioned changes were entered in the Court Registry, and corporative transaction was performed by Central Depository and Clearing Company (in line with effective regulations).

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

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**NOTE 26 – EQUITY (continued)**

Based on the decision of the Company's General Assembly from 8 July 2010, in 2012 the Company, for the purpose of awarding employees according to the projects of work efficiency management, acquired and reissued treasury shares. In 2012, on the organised market a total of 2,927,602 treasury shares were acquired, which comprise 2.74% of the Company's registered capital, and 46,060 treasury shares were reissued, which comprise 0.04% of the Company's registered capital.

As at 31 December 2012, the Company holds 3,229,176 treasury shares, nominal value of HRK 32,291 thousand (2011: 347,634 treasury shares, nominal value of HRK 3,476 thousand), which represents 3.03% (2011: 0.32%) of the Company's registered capital. As at 31 December 2012, share premium for relating treasury shares amounted to HRK 13,129 thousand (2011: HRK 8,479 thousand).

**NOTE 27 – SHARE PREMIUM, RESERVES AND RETAINED EARNINGS**

**a) Share premium**

As at 31 December 2012 share premium amounts to HRK 465,108 thousand (2011: HRK 473,570 thousand). This amount comprise HRK 365,352 thousand (2011.: 365,352 thousand) which was created by reduction of the share capital, and of HRK 116 697 thousand (2011.: 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 16,941 thousand (2011.: 8479 thousand) which arose from transactions with treasury shares.

**b) Reserve for reinvested profit**

During 2012 the Company realised profit before tax of HRK 54,031 thousand. On 19 February 2013, the Management of the Company adopted a decision to reinvest profits in the amount of HRK 52,200 thousand, which will be registered during 2013 as an increase of the Company's share capital.

In accordance with the applicable tax regulations, the Company recognised the amount of reinvested profit amount as a tax incentive resulting in a decrease in current tax expense in the amount of HRK 10,440 thousand.

It should be noted that the decision to reinvest profits and consequent increase of share capital is subject to final approval by the General Assembly.

The management of the Company is assured that the above stated increase in share capital from reinvested profits will be approved by the General Assembly of the Company, after the required procedures will be carried out considering these procedures are in compliance with the policy of the Company that the profit for the year is not distributed but retained and invested, as in previous Supervisory board decisions regarding use of the profit.

Pursuant to the above, HRK 52,200 thousand relates to the amount of profit that will be reinvested and registered as an increase in the Company's share capital and as such is not considered distributable to the shareholders and is disclosed within 'reinvested profit reserves'. If the share capital increase is not registered by 31 October 2013, the tax incentive will be reversed, resulting in a tax expense of HRK 10,440 thousand, plus interests.



## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 27 – SHARE PREMIUM, RESERVES AND RETAINED EARNINGS (continued)

## c) Reserves and retained earnings

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Legal reserves	57,792	57,792
Other reserves	109,602	108,605
Reserves for reinvested profit	52,200	-
Retained earnings	471	1,791
	<b>220,065</b>	<b>168,188</b>
<b>Changes in reserves:</b>		
<b>Legal reserves</b>		
At beginning of the year	57,792	70,645
Coverage of losses	-	(12,853)
<b>At end of the year</b>	<b>57,792</b>	<b>57,792</b>
<b>Other reserves</b>		
At beginning of the year	108,605	108,919
Revaluation of available-for-sale financial assets, net of tax	(794)	(314)
Transfer from retained earnings	1,791	-
<b>At end of the year</b>	<b>109,602</b>	<b>108,605</b>
<b>Retained earnings /(accumulated loss)</b>		
At beginning of the year	1,791	(12,853)
Profit for the year	52,671	1,791
Transfer to other reserves	(1,791)	-
Transfer to reserves for reinvested profit	(52,200)	-
Transfer from legal reserves	-	12,853
<b>At end of the year</b>	<b>471</b>	<b>1,791</b>
<b>Reserves for reinvested profit</b>		
At beginning of the year	-	-
Transfer from retained earnings	52,200	-
<b>At end of the year</b>	<b>52,200</b>	<b>-</b>

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

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**NOTE 27 – SHARE PREMIUM, RESERVES AND RETAINED EARNINGS (continued)**

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 2012, legal reserves amounted to HRK 57,792 thousand or 5.42% of the share capital (at 31 December 2011: HRK 57,792 thousand). This reserve is not distributable.

Based on the Decision of the General Assembly held on 20 June 2012, gain realised in 2011 in the amount of HRK 1,791 thousand transfers to other reserves.

Based on the Decision of the General Assembly held on 29 June 2011, loss realised in 2010 in the amount of HRK 12,853 thousand was covered from the Company's legal reserves exceeding the prescribed 5% of registered capital

As at 31 December 2012 other reserves amounted to HRK 109,602 thousand (2011: HRK 108,605 thousand). Other reserves comprise treasury shares reserve in the amount of HRK 52,226 thousand (2011: HRK 9,426 thousand) and revaluation reserve in the amount of HRK 262 thousand (2011: HRK 1,055 thousand). Treasury share reserve and revaluation reserve are not distributable. The remaining amount of HRK 57,115 thousand (2011: HRK 98,123 thousand) relates to retained earnings which is distributable.

**NOTE 28 – BORROWINGS**

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
<b>Short-term</b>		
Bank borrowings	<u>72,652</u>	<u>76,013</u>
<b>Long-term</b>		
Bank borrowings	<u>294,599</u>	<u>281,941</u>
<b>Total</b>	<u><b>367,251</b></u>	<u><b>357,954</b></u>

All bank borrowings are secured by a mortgage over hotel facilities with carrying amount of HRK 558,994 thousand (2011: HRK 622,729 thousand).

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 28 – BORROWINGS (continued)

The carrying amounts of borrowings are denominated in following currencies:

	<u>2012</u>	<u>2011</u>
Bank borrowings:	<i>(in thousands of HRK)</i>	
- EUR	239,492	189,938
- CHF	125,259	163,016
- HRK	2,500	5,000
	<u>367,251</u>	<u>357,954</u>

The effective interest rates at the reporting date were as follows:

	<u>2012</u>	<u>2011</u>
Bank borrowings:		
- EUR	1.022%-3.72%	2% -4.962%
- CHF	1.2125%-1.5%	1.2125% -1.5%
- HRK	2%-5.2%	3.8% -4.58%

Maturities of long-term borrowings are as follows:

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
1-2 years	95,886	129,957
2-5 years	118,568	139,153
Over 5 years	80,145	12,831
	<u>294,599</u>	<u>281,941</u>

The carrying amounts and fair value of long-term borrowings are as follows:

	<u>Carrying amounts</u>		<u>Fair value</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>			
Borrowings	<u>294,599</u>	<u>281,941</u>	<u>290,471</u>	<u>250,504</u>

The fair value is based on cash flows discounted using a weighted average interest rate of 3.3% (2011: 4.9%)

The carrying amounts of short-term borrowings approximate their fair value.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 29 – TRADE AND OTHER PAYABLES

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Trade payables	31,579	28,988
Trade payables – related parties	3,558	5,091
Interest payable	1,126	834
Concession fees to state	10,658	8,024
<i>Total financial liabilities</i>	<u>46,921</u>	<u>42,937</u>
Due to employees	16,877	15,683
Taxes and contributions and similar charges	3,890	3,626
Advances received	5,947	4,910
Other liabilities	2,270	2,084
	<u>75,905</u>	<u>69,240</u>

The carrying amounts of the Company's financial liabilities are denominated in the following currencies:

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
EUR	1,767	597
HRK	45,154	42,340
	<u>46,921</u>	<u>42,937</u>

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 30 – PROVISIONS FOR OTHER LIABILITIES AND CHARGES

<i>(in thousands of HRK)</i>	<u>Legal proceedings</u>	<u>Severance</u>	<u>Bonuses</u>	<u>Total</u>
<b>2011</b>				
At beginning of the year	1,818	201	918	2,937
Transfer at merger	2,033	68	987	3,088
Additional provision	-	318	4,145	4,463
Used during year	(2,331)	-	-	(2,331)
Cancelled during the year	(1,162)	-	-	(1,162)
<b>At end of the year</b>	<b>358</b>	<b>587</b>	<b>6,050</b>	<b>6,995</b>
<b>Current portion</b>	<b>-</b>	<b>587</b>	<b>6,050</b>	<b>6,637</b>
<b>Non-current portion</b>	<b>358</b>	<b>-</b>	<b>-</b>	<b>358</b>
<b>2012</b>				
At beginning of the year	358	587	6,050	6,995
Additional provision	1,645	491	4,997	7,133
Used during year	-	(587)	(6,050)	(6,637)
<b>At end of the year</b>	<b>2,003</b>	<b>491</b>	<b>4,997</b>	<b>7,491</b>
Current portion	-	491	4,997	5,488
Non-current portion	2,003	-	-	2,003

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

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**NOTE 31 – 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 2012, provisions were made for certain legal proceedings have been made for which the Company anticipates outflows in the amount of HRK 1,645 thousand.

For the year ended 31 December 2011, provisions were made for certain legal proceedings have been made for which the Company anticipates outflows in the amount of HRK 358 thousand (taken over after the merger of company Zlatni Otok d.d. with balance as of 31 August 2011).

**Contingent liabilities**

During 2004, the Company provided guarantees in the form of blank promissory notes in the amount of HRK 21,000 thousand to the Croatian Bank for Reconstruction and Development (HBOR) with respect to the borrowing granted to the subsidiary Dubrovnik-Babin kuk d.d., Dubrovnik. The guarantee is secured by a blank promissory note of Dubrovnik-Babin kuk d.d. in the amount of HRK 21,000 thousand and a second-degree mortgage over property in the total estimated amount of HRK 31,872 thousand.

During 2008, the Company also provided guarantees in the form of blank promissory notes in the amount of HRK 25,000 thousand to the Croatian Bank for Reconstruction and Development (HBOR) with respect to the borrowing granted to the subsidiary Dubrovnik-Babin kuk d.d. The guarantee is secured by blank promissory notes of Dubrovnik-Babin kuk d.d. in the amount of HRK 25,000 thousand and a second-degree mortgage over property in the total estimated amount of HRK 172,978 thousand.

During 2009, the Company also provided guarantees in the form of blank promissory notes in the amount of HRK 82,000 thousand to the Croatian Bank for Reconstruction and Development (HBOR) with respect to the borrowing granted to the subsidiary Dubrovnik-Babin kuk d.d. The guarantee is secured by 82 blank promissory notes of Valamar Adria Holding d.d. (previously named Dom Holding d.d.) and Dubrovnik-Babin kuk d.d. in the amount of HRK 1,000 thousand per item totalling HRK 82,000 thousand and a mortgage over property of the subsidiary Dubrovnik-Babin kuk d.d. in the total estimated amount of HRK 633,846 thousand.

During 2010, the Company also issued guarantees in the form of blank promissory notes in the amount of HRK 25,000 thousand to PBZ/the Croatian Bank for Reconstruction and Development (HBOR) as a guarantor/payer in respect of signing the Club HRK Credit Agreement. As security for the guarantee, the Company received 25 blank promissory notes from the company Valamar Adria Holding d.d. (previously named Dom Holding d.d.) of HRK 1,000 thousand per item or in the total amount of HRK 25,000 thousand.

During 2011, the Company also issued guarantees in the form of blank promissory notes in the amount of EUR 6.1 mil. and HRK 15,000 thousand to PBZ/HBOR as guarantor, with respect to the borrowing granted to the subsidiary Dubrovnik-Babin kuk d.d. The guarantee is secured by blank promissory notes of Valamar Adria Holding d.d. in the same amount as the guarantees issued for the subsidiary's borrowings (EUR 6.1 mil. and HRK 15,000 thousand).

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

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**NOTE 31 – CONTINGENCIES AND COMMITMENTS (continued)**

**Contingent liabilities (continued)**

During 2012, the Company issued long-term loan in the amount of EUR 8.4 million and short-term loan in the amount of EUR 4 million to subsidiary Dubrovnik Babin Kuk d.d. As security for the loan the Company received guarantees in the form of blank promissory note in the amount of EUR 12.4 million and a first-degree mortgage over property land register file 2929 cadastral municipalities Gruž land parcel 1060/1 to secure the amount of EUR 8.4 million

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

Transformation and privatisation audit for the Company was performed prior to the merger of companies Rabac d.d. and Zlatni Otok d.d. to company Riviera Poreč d.d., and procedures are recorded separately by legal predecessors:

- a) Riviera Adria d.d. – procedures related to Riviera Poreč d.d. prior to merger

On 29 January 2003, the State Audit Office, Local Office Pazin, issued a Report on the performed transformation and privatisation audit of the Company. The Report stated that the transformation and privatisation process was not performed completely in accordance with legal regulations. On 30 January 2003, the Company filed a complaint through a law firm on the grounds that the Report is incorrect and incomplete due to the fact that the Croatian Privatisation Fund (“CPF”) excluded land worth DEM 71 million or 2,357,779 square meters from the Company’s capital valuation. Such land was a construction site at the time of the privatisation process, and therefore, should have been included in the capital valuation. The Republic of Croatia (“RC”) and the Croatian Privatisation Fund also filed lawsuits against the Company regarding this issue. The stated land is utilised by the Company, but not recorded in its books. No reply from the State Audit Office was received to the date of the issue of these financial statements regarding the Company’s complaint, nor the court litigations with RC and CPF (now AUDIO) were finished. The results of the proceedings above are not expected to have negative impact on the financial position and results of the Company.

- b) Riviera Adria d.d. – procedures related to Rabac d.d. prior to merger

On 21 June 2002, the State Audit Office, Local Office Pazin, issued a Report on the performed transformation and privatisation audit of the socially-owned enterprise Rabac d.o.o., Rabac. The Report stated that the transformation and privatisation process was not performed completely in accordance with legal regulations, especially with respect to the transfer of certain properties into the estimated value of the enterprise. On 19 June 2002 the Company expressed its opinion on the mentioned Report. No reply from the State Audit Office was received to the date of the issue of these financial statements regarding the Company’s complaint. The results of the proceedings described above are not expected to have negative impact on the financial position and results of the Company.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

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**NOTE 31 – CONTINGENCIES AND COMMITMENTS (continued)**

c) Riviera Adria d.d. – procedures related to Zlatni Otok d.d. prior to merger (continued)

In 2000, the Croatian Privatisation Fund (the CPF) initiated legal proceedings against Zlatni otok d.d. for the registration of ownership title over properties at the campsites Ježevac and Politin in Krk. The Municipal Court in Krk dismissed the claim; the Croatian Privatisation Fund filed an appeal. In making a decision with respect to the appeal, the County Court in Rijeka adopted the appeal of the prosecutor, the CPF, and remanded the case for retrial to the first-instance court.

In the meantime, the plaintiff registered ownership title in two separate land-registry cases over the property in this dispute. Zlatni otok d.d. filed appeals against the stated registrations. The County Court in Koprivnica accepted one of the appeals, dismissing the CPF's proposal for registration and ordered the establishment of the previous status in the land registry, while the other appeal was dismissed by the same County Court in Koprivnica. As a result of the stated, in the civil court proceedings the CPF withdrew the claim in relation to the land plots over which it registered ownership title in the land-registry case. Zlatni otok d.d. consented to the withdrawal of the CPF's claim, but sought reimbursement of litigation costs that it is entitled to under the Law on Civil Procedure.

As the CPF registered its ownership title in the course of the land-registry case over most of the property subject to these proceedings, Zlatni otok d.d. filed a counterclaim against the CPF for the establishment of the rights of ownership title. In the repeated first-instance proceeding, the last hearing was held on 28 April 2010. At the stated hearing, the CPF insisted on the modification of the claim by surrendering the plots at the campsites Ježevac and Politin into ownership. However, the court issued a decision not to accept CPF's modification of the claim and concluded the hearing with respect to the remainder of the plaintiffs' claim, while in relation to the counterclaim the first-instance proceedings are still in progress. The verdict of the Municipal Court in Krk in relation to the remainder of the CPF's claim has not as yet been received. We estimate that the claim of the CPF will be dismissed, but the possibility of the court issuing a different decision cannot be excluded.

At this point it is not possible to estimate the ultimate outcome of the proceedings in respect of the claim and counterclaim, but we believe that in light of the new Law on Tourist and other Construction Land, not evaluated in the transformation and privatisation process, which entered into force on 1 August 2010, there is a risk that the court reaches an unfavourable decision in relation to the counterclaim of Zlatni otok d.d. At this point it is not possible to estimate when this legal matter will be finalised, but a legally valid finalisation is expected in several years. Furthermore, at this point it is also not possible to estimate the value of future contingent liabilities of Zlatni otok d.d. in this case, but we believe that even in the event of an unfavourable court decision regarding the counterclaim of Zlatni otok d.d., it will be possible to offset a large portion of the incurred litigation costs with the litigation costs that the CPF owes to Zlatni otok d.d. regarding the withdrawn part of the claim. The court will decide on this at the end of the court proceedings. However, the possibility of the court issuing a different decision cannot be excluded.

As at 31 December 2012, the net book value of the land at the campsites Ježevac and Politin recorded in the Company's books is HRK 10,284 thousand.

In addition, the Republic of Croatia filed a claim against Zlatni otok d.d. for the purpose of determining the ownership title over properties at the campsite "Škrila" in Stara Baška, claiming that the plot is agricultural land. Zlatni otok d.d. fully contested the claim. A hearing – an on-site investigation was held on 6 June 2008 in the presence of a surveyor expert in order to identify the properties that are the subject of this proceeding. Despite repeated reminders by the court, the expert witness findings have not as yet been received. A new hearing will be scheduled in writing.



**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

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**NOTE 31 – CONTINGENCIES AND COMMITMENTS (continued)**

- c) Riviera Adria d.d. – procedures related to Zlatni Otok d.d. prior to merger

The stated properties are located at the campsite Škrila in Stara Baška. Since the new Law on Tourist Land prescribes ownership rights of the Republic of Croatia over unevaluated land at campsites as well as establishing a co-ownership community between the company and the Republic of Croatia in proportion to the size of the evaluated and unevaluated part, we believe there is a risk of an unfavourable outcome of the proceedings for the defendant - the company Zlatni otok d.d.

As at 31 December 2012, the net book value of land at the campsite Stara Baška recorded in the Company's books is HRK 1,899 thousand.

Previously described proceedings for Zlatni Otok d.d. before the merger are not finished to the date of the issue of these financial statements. Regarding the application of the Law on Tourist and other Construction Land not assessed during privatization on these proceedings, we expect an impact of approximate 42% (total HRK 12,183 thousand) on net present value of the land in the campsites Ježevac, Politin and Stara Baška. Furthermore, in case of adverse outcome, no additional annual costs are expected as the land is already included in land under concession as the tourist land.

- d) Riviera Adria d.d.

Company Riviera Adria d.d. as the universal legal successor of the merged companies took over all initiated proceedings and all described balances as previously stated in this Note 31. The outcome and the result of the above mentioned legal proceedings stated under a), b) and c) cannot be reliably anticipated. Results of these proceedings are expected in accordance with the Law on Tourist and other Construction Land not assessed during privatization, and the Company does not expect to have significant influence on the financial position of the Company.

On 1 August 2010, *Law on Tourist and other Construction Land not assessed during privatization* ("the ZTZ"), entered into force in accordance with which and based on which the ownership and co-ownership over land not evaluated in the transformation and privatisation process will finally be determined. Within the prescribed period, on 31 January 2011, the Company initiated procedures for submitting requests for concessions and other prescribed requirements. After the outcome of these procedures, the ownership and/or co-ownership of the Company on the part of the land that was not evaluated in the transformation and privatisation process will finally be determined. During 2012, the Company continued with active participation in these procedures, according to the requests and/or instructions of authorities. During 2012, from all submitted requests, only four first instance decision were made in process of determining land parcel according to ZTZ on which appeal have been made and which were brought to retrial by second instance body in two cases (for tourist land Lanterna and Solaris in Poreč, and hotel Valamar Sanfior in Rabac), while the other two procedures (for buildings in campsites Ježevac and Politin on island Krk) are still in process. During 2012, bills for part of concession fees according to the Regulation were issued and paid (advance payment of 50% of assumed fee). By the 31 December 2012 not a single initiated proceedings for concessions and other prescribed requirements haven't been completed.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

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NOTE 31 – CONTINGENCIES AND COMMITMENTS (continued)

**Capital commitments**

Future commitments with respect to investments in tourist and other facilities for which no provision was made, as at 31 December 2012 amounted to HRK 55,521 thousand (2011: HRK 26,746 thousand).

**Contractual commitments**

The Group concluded a contract in 2004 to appoint Valamar hoteli i ljetovališta d.o.o. representative for the management of its properties. Contract obligations include a basic and incentive monthly fee. The contract has been renewed on 1 February 2012 with a term of 15 years.

**Operating lease commitments – where the Company is the lessee.** Non-cancellable the future minimum lease payments under operating leases are as follows:

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Up to 1 year	<u>441</u>	<u>997</u>
	<u>441</u>	<u>997</u>

The lease agreements (software, vehicles and mobile houses) are renewable at market rate at the end of the lease period.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 32 – CASH GENERATED FROM OPERATIONS

Adjustment of profit/(loss) with cash generated from operations:

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Profit/(loss) before taxation	54,031	74
Adjustments for:		
Depreciation and amortisation	160,499	113,248
Impairment charge of property, plant and equipment	8,758	434
Net gains on sale of property, plant and equipment	(123)	(172)
Provision for impairment of trade receivables – net	(85)	(33)
Interest income	(273)	(57)
Dividend income	(105)	(123)
Net finance (income)/expense	(1,582)	15,806
Increase in provisions – net	496	3,301
Fair value gains/(losses) from forward contracts – net	(1,168)	295
Changes in working capital (excluding the effects of acquisition and disposal):		
- Trade and other receivables	(8,180)	13,648
- Inventories	(530)	1,213
- Trade and other payables	6,280	(27,113)
<b>Cash generated from operations</b>	<u><b>218,018</b></u>	<u><b>120,521</b></u>

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

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Net book value	46	324
Gains on sale of property, plant and equipment (Note 10)	123	172
Proceeds from sale of property, plant and equipment	<u><b>169</b></u>	<u><b>496</b></u>

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**NOTE 33 – 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 Company is controlled by the parent Company Valamar Adria Holding d.d., Zagreb which owns 71.89% of the Company's shares (Note 26). The ultimate parent of the Company is Valamar grupa d.d., Zagreb, while the ultimate controlling company is Epic GmbH, Vienna, Austria.

During 2011, Dom holding d.d., Zagreb changed its name into Valamar Adria holding d.d., Zagreb, Riviera Poreč d.d., Poreč into Riviera Adria d.d., Poreč and Epic d.o.o. into Valamar poslovni razvoj d.o.o., Zagreb.

Related parties in the Valamar Group are: Valamar grupa d.d., Zagreb, Valamar Adria holding d.d., Zagreb, Dubrovnik-Babin kuk d.d., Dubrovnik., Puntizela d.o.o., Pula, Rabac d.d., Rabac, Zlatni otok d.d., Krk, 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.

As of 1 September 2011, companies Rabac d.d., Rabac, Zlatni otok d.d., Krk were merged with company Riviera Adria d.d., Poreč. Riviera Adria d.d., Poreč is the parent company of subsidiary Dubrovnik-Babin kuk d.d., Dubrovnik.

Valamar Adria Holding d.d., Zagreb is the parent company of the following subsidiaries: Riviera Adria d.d., Poreč, Bastion upravljanje d.o.o., Zagreb and Linteum savjetovanje d.o.o., Zagreb.

Valamar grupa d.d., Zagreb is the parent company of the following subsidiaries: Valamar Adria Holding d.d., Zagreb, Valamar hoteli i ljetovališta d.o.o., Zagreb, Valamar turistički projekti d.o.o., Zagreb, Epima d.o.o., Zagreb, Bugenvilia d.o.o., Dubrovnik and Puntizela d.o.o., Pula. Epic GmbH, Beč is the parent company of subsidiary Valamar poslovni razvoj d.o.o., Zagreb.

Transactions with related parties were as follows:

	<u>Note</u>	<u>2012</u>	<u>2011</u>
		<i>(in thousands of HRK)</i>	
<b>a) Sale of services</b>			
Zlatni otok d.d.		-	1,672
Rabac d.d.		-	5,176
Valamar hoteli i ljetovališta d.o.o.		1,941	616
Valamar grupa d.d.		15	3
Puntizela d.o.o.,		298	68
Valamar Adria holding d.d.		25	2
Valamar turistički projekti d.o.o.		9	9
Valamar poslovni razvoj d.o.o.		40	16
Dubrovnik-Babin kuk d.d.		1,955	3,310
		<u>4,283</u>	<u>10,872</u>

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 33 – RELATED PARTY TRANSACTIONS (continued)

	Note	2012	2011
<i>(in thousands of HRK)</i>			
<b>b) Purchase of services</b>			
Valamar hoteli i ljetovališta d.o.o.		67,058	42,851
Valamar grupa d.d.		12	-
Valamar turistički projekti d.o.o.		-	184
Zlatni otok d.d.		-	2
Dubrovnik-Babin kuk d.d.		200	239
Valamar Adria holding .d.d		1,196	245
Valamar poslovni razvoj d.o.o.		2,285	30
Puntižela d.o.o.		-	5
Rabac d.d.		-	82
		<b>70,751</b>	<b>43,638</b>
<b>c) Finance income</b>			
Dubrovnik-Babin kuk d.d.		<b>1,924</b>	-
<b>d) Trade and other receivables</b>			
Valamar hoteli i ljetovališta d.o.o.		379	12
Valamar poslovni razvoj d.o.o.		1	-
Valamar grupa d.d.		-	1
Valamar Adria Holding d.d.		2	-
Rabac d.d.		-	-
Zlatni otok d.d.		-	-
Dubrovnik-Babin kuk d.d.		1,580	568
Puntižela d.o.o		3	8
	21	<b>1,965</b>	<b>589</b>
<b>e) Trade and other payables</b>			
Valamar turistički projekti d.o.o.		-	116
Valamar hoteli i ljetovališta d.o.o.		2,219	4,889
Valamar Grupa d.d.		15	-
Valamar Adria holding .d.d		1,049	48
Dubrovnik –Babin Kuk d.d.		3	232
Valamar poslovni razvoj d.o.o.		272	38
	29	<b>3,558</b>	<b>5,323</b>
<b>f) Loan receivables</b>			
Dubrovnik –Babin Kuk d.d.	19	69.419	-
<b>g) Contingent liability – guarantee</b>			
Dubrovnik –Babin Kuk d.d.	31	214,088	213,996

### NOTE 33 – RELATED PARTY TRANSACTIONS (continued)

#### Key management compensation

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Net salaries	1,664	1,339
Pension contributions	335	299
Health insurance contributions	406	357
Other expenses (contributions and taxes)	1,735	1,837
	<u>4,140</u>	<u>3,832</u>

Until 31 August 2011, Management comprised three members, and from 1 September 2011 to 31 December 2011 four members. From 1 January 2012, Management comprises three members.

### NOTE 34 – MERGER OF ENTITIES UNDER COMMON CONTROL

As at 1 September 2011, the Company acquired entities: Rabac d.d., Rabac and Zlatni otok d.d., Krk all under common control of the Parent company Valamar Adria holding d.d. Assets and liabilities of these entities were merged at book amounts.

Assets and liabilities arising from the merger are as follows:

<b>Assets</b>	<u>1 September 2011</u>
Property, plant and equipment (Note 14)	426,505
Intangible assets (Note 15)	395
Inventories	1,954
Trade and other receivables	21,420
Cash and cash equivalents	129,471
Financial assets	1,016
<b>Liabilities</b>	
Borrowings	(68,834)
Provisions (Note 30)	(3,088)
Trade and other payables	(57,354)
<b>Net assets acquired</b>	<u>451,485</u>
<b>Equity instruments transferred (Note 26)</b>	<b>334,788</b>
<b>Net assets upon merger</b>	<b>116,697</b>

**RIVIERA ADRIA d.d. – GROUP**

**RIVIERA ADRIA d.d. – GROUP  
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS BY REGULATIONS IN USE  
FOR FINANCIAL AGENCY**

Balance sheet  
Statement of comprehensive income  
Cash flow statement

Razdoblje izvještavanja: 1.1.2012 do 31.12.2012 Završni dan računa dobiti i gubitka je ujedno i datum stanja u bilanci

Vrsta poslovnog subjekta: 4 Dioničko društvo

Referentna stranica

Vrsta posla: 777

## GODIŠNJI FINANIJSKI IZVJEŠTAJ PODUZETNIKA

za 2012. godinu

58.172.325.737,86

Kontrolni broj

Vrsta izvještaja: 10

Izvještaj kojeg ispunjava obveznik kome je kalendarska godina jednaka poslovnoj godini i kod kojeg u godini za koju se izvještaj podnosi nije bilo statusnih promjena, stečaja ili likvidacije.

Evidencijski broj  
(popunjava Registar)

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 Poreč

Šifra županije: 18 ISTARSKA

Šifra NKD-a: 5510 Hoteli i sličan smještaj

Konsolidirani izvještaj: DA

Obveza revizije: DA OIB rev.:

Šifra svrhe predaje: 2 Predaja samo u svrhu javne objave

Oznaka veličine: 3 Veliki poduzetnik

Oznaka vlasništva: 41 Mješovito vlasništvo s preko 50% privatnog kapitala

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

Broj zaposlenih: 1233 (krajem razdoblja) (u prethodnoj godini) 1262 (u tekućoj godini)

Broj zaposlenih: 1625 (na temelju sati rada) (u prethodnoj godini) 1663 (u tekućoj godini)

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

### Popis dokumentacije

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> DA | Bilanca i Račun dobiti i gubitka                                     |
| <input type="checkbox"/> NE            | Dodatni podaci   |
| <input type="checkbox"/> NE            | Bilješke uz financijske izvještaje                                   |
| <input checked="" type="checkbox"/> DA | Izvještaj o novčanom tijeku  |
| <input type="checkbox"/> NE            | Izvještaj o promjenama kapitala                                      |
| <input type="checkbox"/> NE            | Revizorsko izvješće  |
| <input type="checkbox"/> NE            | Godišnje izvješće  |
| <input type="checkbox"/> NE            | Odluka o raspodjeli dobiti ili pokriću gubitka                       |
| <input type="checkbox"/> NE            | Odluka o utvrđivanju godišnjeg financijskog izvještaja               |
| <input type="checkbox"/> NE            | Godišnji financijski izvještaj prema MSFI-u (nestandardni izvještaj) |

Matični brojevi pripojenih subjekata:

Matični brojevi sudionika statusnih promjena spajanja:

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

Osoba za kontaktiranje: Sopta Anka (unos se samo prezime i ime osobe za kontakt)

Verzija Excel datoteke: 2.0.3.

Telefon: 052408188 Telefaks: 052408110

Adresa e-pošte: anka.sopta@riviera.hr

Prezime i ime: Černjul Edi, Čižmek Marko (osoba ovlaštene za zastupanje)

RIVIERA ADRIA D.D.  
POREČ (4)

M.P.

(potpis osobe ovlaštene za zastupanje)



**BILANCA**  
stanje na dan 31.12.2012.

**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>		2.532.885.904	2.400.633.872
<b>I. NEMATERIJALNA IMOVINA (004 do 009)</b>	<b>003</b>		1.954.579	1.735.904
1. Izdaci za razvoj	004			
2. Koncesije, patenti, licencije, robne i uslužne marke, softver i ostala prava	005		1.954.579	1.735.904
3. Goodwill	006			
4. Predujmovi za nabavu nematerijalne imovine	007			
5. Nematerijalna imovina u pripremi	008			
6. Ostala nematerijalna imovina	009			
<b>II. MATERIJALNA IMOVINA (011 do 019)</b>	<b>010</b>		2.523.502.992	2.394.313.743
1. Zemljište	011		563.713.622	563.330.902
2. Građevinski objekti	012		1.726.847.538	1.595.728.136
3. Postrojenja i oprema	013		139.769.353	126.081.015
4. Alati, pogonski inventar i transportna imovina	014		34.497.852	31.153.978
5. Biološka imovina	015			
6. Predujmovi za materijalnu imovinu	016		16.997.653	29.006.844
7. Materijalna imovina u pripremi	017		27.347.759	33.339.523
8. Ostala materijalna imovina	018		14.329.215	15.673.345
9. Ulaganje u nekretnine	019			
<b>III. DUGOTRAJNA FINACIJSKA IMOVINA (021 do 028)</b>	<b>020</b>		4.584.419	3.379.952
1. Udjeli (dionice) kod povezanih poduzetnika	021		1.108.356	1.270.778
2. Dani zajmovi povezanim poduzetnicima	022			
3. Sudjelujući interesi (udjeli)	023		160.000	160.000
4. Zajmovi dani poduzetnicima u kojima postoje sudjelujući interesi	024			
5. Ulaganja u vrijednosne papire	025		2.992.989	1.949.174
6. Dani zajmovi, depoziti i slično	026			
7. Ostala dugotrajna financijska imovina	027		323.074	
8. Ulaganja koja se obračunavaju metodom udjela	028			
<b>IV. POTRAŽIVANJA (030 do 032)</b>	<b>029</b>		1.126.445	846.774
1. Potraživanja od povezanih poduzetnika	030			
2. Potraživanja po osnovi prodaje na kredit	031		509.738	461.608
3. Ostala potraživanja	032		616.707	385.166
<b>V. ODGOĐENA POREZNA IMOVINA</b>	<b>033</b>		1.717.469	357.499
<b>C) KRATKOTRAJNA IMOVINA (035+043+050+058)</b>	<b>034</b>		198.025.970	236.126.557
<b>I. ZALIHE (036 do 042)</b>	<b>035</b>		7.180.511	7.802.245
1. Sirovine i materijal	036		5.671.493	6.058.754
2. Proizvodnja u tijeku	037			
3. Gotovi proizvodi	038		740.909	740.909
4. Trgovačka roba	039		212.147	315.810
5. Predujmovi za zalihe	040		555.962	686.772
6. Dugotrajna imovina namijenjena prodaji	041			
7. Biološka imovina	042			
<b>II. POTRAŽIVANJA (044 do 049)</b>	<b>043</b>		25.966.668	31.684.930
1. Potraživanja od povezanih poduzetnika	044		231.884	
2. Potraživanja od kupaca	045		13.365.777	12.431.606
3. Potraživanja od sudjelujućih poduzetnika	046			
4. Potraživanja od zaposlenika i članova poduzetnika	047		238.938	384.929
5. Potraživanja od države i drugih institucija	048		9.629.569	16.377.892
6. Ostala potraživanja	049		2.500.500	2.490.503
<b>III. KRATKOTRAJNA FINACIJSKA IMOVINA (051 do 057)</b>	<b>050</b>		2.496.569	1.432.638
1. Udjeli (dionice) kod povezanih poduzetnika	051			
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		996.274	1.083.853
6. Dani zajmovi, depoziti i slično	056		147.491	100.268
7. Ostala financijska imovina	057		1.352.804	248.517
<b>IV. NOVAC U BANCI I BLAGAJNI</b>	<b>058</b>		162.382.222	195.206.744
<b>D) PLAĆENI TROŠKOVI BUDUĆEG RAZDOBLJA I OBRAČUNATI PRIHODI</b>	<b>059</b>		16.683.905	20.961.344
<b>E) UKUPNO AKTIVA (001+002+034+059)</b>	<b>060</b>		2.747.595.779	2.657.721.773
<b>F) IZVANBILANČNI ZAPISI</b>	<b>061</b>		99.165.729	54.977.227

<b>PASIVA</b>				
<b>A) KAPITAL I REZERVE (063+064+065+071+072+075+078)</b>	<b>062</b>		1.684.215.380	1.689.780.480
<b>I. TEMELJNI (UPISANI) KAPITAL</b>	<b>063</b>		1.065.463.400	1.065.463.400
<b>II. KAPITALNE REZERVE</b>	<b>064</b>		478.814.684	478.235.923
<b>III. REZERVE IZ DOBITI (066+067-068+069+070)</b>	<b>065</b>		156.420.895	121.513.407
1. Zakonske rezerve	<b>066</b>		57.792.194	57.792.194
2. Rezerve za vlastite dionice	<b>067</b>		9.425.816	52.225.816
3. Vlastite dionice i udjeli (odbitna stavka)	<b>068</b>		8.920.547	45.619.898
4. Statutarne rezerve	<b>069</b>			
5. Ostale rezerve	<b>070</b>		98.123.432	57.115.295
<b>IV. REVALORIZACIJSKE REZERVE</b>	<b>071</b>		1.055.498	262.263
<b>V. ZADRŽANA DOBIT ILI PRENESENI GUBITAK (073-074)</b>	<b>072</b>		-7.030.800	-37.193.712
1. Zadržana dobit	<b>073</b>			
2. Prenešeni gubitak	<b>074</b>		7.030.800	37.193.712
<b>VI. DOBIT ILI GUBITAK POSLOVNE GODINE (076-077)</b>	<b>075</b>		-28.428.818	44.644.181
1. Dobit poslovne godine	<b>076</b>			44.644.181
2. Gubitak poslovne godine	<b>077</b>		28.428.818	
<b>VII. MANJINSKI INTERES</b>	<b>078</b>		17.920.521	16.855.018
<b>B) REZERVIRANJA (080 do 082)</b>	<b>079</b>		25.614.492	26.744.892
1. Rezerviranja za mirovine, otpremnine i slične obveze	<b>080</b>			
2. Rezerviranja za porezne obveze	<b>081</b>			
3. Druga rezerviranja	<b>082</b>		25.614.492	26.744.892
<b>C) DUGOROČNE OBVEZE (084 do 092)</b>	<b>083</b>		803.921.894	692.016.888
1. Obveze prema povezanim poduzetnicima	<b>084</b>		57.044.318	
2. Obveze za zajmove, depozite i slično	<b>085</b>			
3. Obveze prema bankama i drugim financijskim institucijama	<b>086</b>		739.583.943	686.356.671
4. Obveze za predujmove	<b>087</b>			
5. Obveze prema dobavljačima	<b>088</b>			
6. Obveze po vrijednosnim papirima	<b>089</b>			
7. Obveze prema poduzetnicima u kojima postoje sudjelujući interesi	<b>090</b>			
8. Ostale dugoročne obveze	<b>091</b>		7.029.758	5.594.651
9. Odgođena porezna obveza	<b>092</b>		263.875	65.566
<b>D) KRATKOROČNE OBVEZE (094 do 105)</b>	<b>093</b>		201.801.005	212.500.588
1. Obveze prema povezanim poduzetnicima	<b>094</b>		568.087	
2. Obveze za zajmove, depozite i slično	<b>095</b>		54.457	4.345
3. Obveze prema bankama i drugim financijskim institucijama	<b>096</b>		130.563.884	141.153.553
4. Obveze za predujmove	<b>097</b>		7.041.458	7.853.029
5. Obveze prema dobavljačima	<b>098</b>		42.541.779	40.281.882
6. Obveze po vrijednosnim papirima	<b>099</b>			
7. Obveze prema poduzetnicima u kojima postoje sudjelujući interesi	<b>100</b>			
8. Obveze prema zaposlenicima	<b>101</b>		11.300.650	11.727.784
9. Obveze za poreze, doprinose i slična davanja	<b>102</b>		5.344.455	7.695.213
10. Obveze s osnove udjela u rezultatu	<b>103</b>			
11. Obveze po osnovi dugotrajne imovine namijenjene prodaji	<b>104</b>			
12. Ostale kratkoročne obveze	<b>105</b>		4.386.235	3.784.782
<b>E) ODGOĐENO PLAĆANJE TROŠKOVA I PRIHOD BUDUĆEGA RAZDOBLJA</b>	<b>106</b>		32.043.008	36.678.925
<b>F) UKUPNO – PASIVA (062+079+083+093+106)</b>	<b>107</b>		2.747.595.779	2.657.721.773
<b>G) IZVANBILANČNI ZAPISI</b>	<b>108</b>		99.165.729	54.977.227

**RAČUN DOBITI I GUBITKA**  
za razdoblje 01.01.2012. do 31.12.2012.

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>		739.560.696	985.492.577
1. Prihodi od prodaje	112		725.103.027	976.607.797
2. Ostali poslovni prihodi	113		14.457.669	8.884.780
<b>II. POSLOVNI RASHODI (115+116+120+124+125+126+129+130)</b>	<b>114</b>		719.515.330	928.899.586
1. Promjene vrijednosti zaliha proizvodnje u tijeku i gotovih proizvoda	115			
2. Materijalni troškovi (117 do 119)	116		239.566.091	307.862.749
a) Troškovi sirovina i materijala	117		136.678.563	171.174.680
b) Troškovi prodane robe	118		1.898.902	1.087.638
c) Ostali vanjski troškovi	119		100.988.626	135.600.431
3. Troškovi osoblja (121 do 123)	120		194.069.604	233.251.454
a) Neto plaće i nadnice	121		116.694.733	142.547.553
b) Troškovi poreza i doprinosa iz plaća	122		49.166.682	59.832.173
c) Doprinosi na plaće	123		28.208.189	30.871.728
4. Amortizacija	124		164.946.073	218.868.184
5. Ostali troškovi	125		114.625.132	152.624.795
6. Vrijednosno usklađivanje (127+128)	126		351.655	401.323
a) dugotrajne imovine (osim financijske imovine)	127			
b) kratkotrajne imovine (osim financijske imovine)	128		351.655	401.323
7. Rezerviranja	129		1.691.444	3.252.031
8. Ostali poslovni rashodi	130		4.265.331	12.639.050
<b>III. FINANCIJSKI PRIHODI (132 do 136)</b>	<b>131</b>		9.585.436	27.301.351
1. Kamate, tečajne razlike, dividende i slični prihodi iz odnosa s povezanim poduzetnicima	132		197	
2. Kamate, tečajne razlike, dividende, slični prihodi iz odnosa s nepovezanim poduzetnicima i drugim osobama	133		9.190.365	21.298.317
3. Dio prihoda od pridruženih poduzetnika i sudjelujućih interesa	134			
4. Nerealizirani dobici (prihodi) od financijske imovine	135			4.859.597
5. Ostali financijski prihodi	136		394.874	1.143.437
<b>IV. FINANCIJSKI RASHODI (138 do 141)</b>	<b>137</b>		61.732.116	38.392.100
1. Kamate, tečajne razlike i drugi rashodi s povezanim poduzetnicima	138		26.478	720.100
2. Kamate, tečajne razlike i drugi rashodi iz odnosa s nepovezanim poduzetnicima i drugim osobama	139		51.948.426	33.104.318
3. Nerealizirani gubici (rashodi) od financijske imovine	140		8.594.517	3.637.646
4. Ostali financijski rashodi	141		1.162.695	930.036
<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>		749.146.132	1.012.793.928
<b>X. UKUPNI RASHODI (114+137+143 + 145)</b>	<b>147</b>		781.247.446	967.291.686
<b>XI. DOBIT ILI GUBITAK PRIJE OPOREZIVANJA (146-147)</b>	<b>148</b>		-32.101.314	45.502.242
1. Dobit prije oporezivanja (146-147)	149		0	45.502.242
2. Gubitak prije oporezivanja (147-146)	150		32.101.314	0
<b>XII. POREZ NA DOBIT</b>	<b>151</b>		-1.717.469	1.359.970
<b>XIII. DOBIT ILI GUBITAK RAZDOBLJA (148-151)</b>	<b>152</b>		-30.383.845	44.142.272
1. Dobit razdoblja (149-151)	153		0	44.142.272
2. Gubitak razdoblja (151-148)	154		30.383.845	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		-28.428.818	
2. Pripisana manjinskom interesu	156		-1.955.028	
<b>IZVJEŠTAJ O OSTALOJ SVEOBUHVAATNOJ DOBITI (popunjava poduzetnik obveznik primjene MSFI-a)</b>				
<b>I. DOBIT ILI GUBITAK RAZDOBLJA (= 152)</b>	<b>157</b>		-30.383.845	
<b>II. OSTALA SVEOBUHVAATNA DOBIT/GUBITAK PRIJE POREZA (159 do 165)</b>	<b>158</b>		-49.180	0
1. Tečajne razlike iz preračuna inozemnog poslovanja	159			
2. Promjene revalorizacijskih rezervi dugotrajne materijalne i nematerijalne imovine	160			
3. Dobit ili gubitak s osnovne ponovnog vrednovanja financijske imovine raspoložive za prodaju	161		-49.180	
4. Dobit ili gubitak s osnovne učinkovite zaštite novčanog toka	162			
5. Dobit ili gubitak s osnovne 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>			
<b>IV. NETO OSTALA SVEOBUHVAATNA DOBIT ILI GUBITAK RAZDOBLJA (158-166)</b>	<b>167</b>		-49.180	0
<b>V. SVEOBUHVAATNA DOBIT ILI GUBITAK RAZDOBLJA (157+167)</b>	<b>168</b>		-30.433.025	0

**IZVJEŠTAJ O NOVČANOM TIJEKU - Indirektna metoda**  
u razdoblju 01.01.2012. do 31.12.2012.

Obrazac  
**POD-NTI**

Obveznik: 36201212847; Riviera Adria d.d.				
Naziv pozicije	AOP oznaka	Rbr. bilješke	Prethodna godina	Tekuća godina
1	2	3	4	5
<b>NOVČANI TIJEK OD POSLOVNIH AKTIVNOSTI</b>				
1. Dobit prije poreza	001		-30.383.846	
2. Amortizacija	002		164.946.072	
3. Povećanje kratkoročnih obveza	003		40.774.885	
4. Smanjenje kratkotrajnih potraživanja	004		2.325.300	
5. Smanjenje zaliha	005		99.589	
6. Ostalo povećanje novčanog tijeka	006		9.598.032	
<b>I. Ukupno povećanje novčanog tijeka od poslovnih aktivnosti (001 do 006)</b>	<b>007</b>		<b>187.360.032</b>	<b>0</b>
1. Smanjenje kratkoročnih obveza	008		180.732	
2. Povećanje kratkotrajnih potraživanja	009		6.029.083	
3. Povećanje zaliha	010		1.019.742	
4. Ostalo smanjenje novčanog tijeka	011		8.195.235	
<b>II. Ukupno smanjenje novčanog tijeka od poslovnih aktivnosti (008 do 011)</b>	<b>012</b>		<b>15.424.792</b>	<b>0</b>
<b>A1) NETO POVEĆANJE NOVČANOG TIJEKA OD POSLOVNIH AKTIVNOSTI (007-012)</b>	<b>013</b>		<b>171.935.240</b>	<b>0</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		152.637	
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		201.471	
<b>III. Ukupno novčani primici od investicijskih aktivnosti (015 do 019)</b>	<b>020</b>		<b>354.108</b>	<b>0</b>
1. Novčani izdaci za kupnju dugotrajne materijalne i nematerijalne imovine	021		467.421.252	
2. Novčani izdaci za stjecanje vlasničkih i dužničkih financijskih instrumenata	022		6.907.815	
3. Ostali novčani izdaci od investicijskih aktivnosti	023			
<b>IV. Ukupno novčani izdaci od investicijskih aktivnosti (021 do 023)</b>	<b>024</b>		<b>474.329.067</b>	<b>0</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>473.974.959</b>	<b>0</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		85.493.524	
3. Ostali primici od financijskih aktivnosti	029		466.714.885	
<b>V. Ukupno novčani primici od financijskih aktivnosti (027 do 029)</b>	<b>030</b>		<b>552.208.409</b>	<b>0</b>
1. Novčani izdaci za otplatu glavnice kredita i obveznica	031		140.290.300	
2. Novčani izdaci za isplatu dividendi	032			
3. Novčani izdaci za financijski najam	033			
4. Novčani izdaci za otkup vlastitih dionica	034		124.977	
5. Ostali novčani izdaci od financijskih aktivnosti	035		313.055	
<b>VI. Ukupno novčani izdaci od financijskih aktivnosti (031 do 035)</b>	<b>036</b>		<b>140.728.332</b>	<b>0</b>
<b>C1) NETO POVEĆANJE NOVČANOG TIJEKA OD FINACIJSKIH AKTIVNOSTI (030-036)</b>	<b>037</b>		<b>411.480.077</b>	<b>0</b>
<b>C2) NETO SMANJENJE NOVČANOG TIJEKA OD FINACIJSKIH AKTIVNOSTI (036-030)</b>	<b>038</b>		<b>0</b>	<b>0</b>
Ukupno povećanje novčanog tijeka (013 – 014 + 025 – 026 + 037 – 038)	039		109.440.358	0
Ukupno smanjenje novčanog tijeka (014 – 013 + 026 – 025 + 038 – 037)	040		0	0
Novac i novčani ekvivalenti na početku razdoblja	041		52.941.864	
Povećanje novca i novčanih ekvivalenata	042		109.440.358	
Smanjenje novca i novčanih ekvivalenata	043			
Novac i novčani ekvivalenti na kraju razdoblja	044		162.382.222	0

**RIVIERA ADRIA d.d. – GROUP**

**RIVIERA ADRIA d.d. – GROUP  
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS BY REGULATIONS IN USE FOR  
ZAGREB STOCK EXCHANGE d.d. AND CROATIAN FINANCIAL SERVICES  
SUPERVISION AGENCY**

Balance sheet  
Statement of comprehensive income  
Cash flow statement  
Statement on equity change  
Comments

**Prilog 1.**

Razdoblje izvještavanja:

1.1.2012

do

31.12.2012

**Godišnji financijski izvještaj poduzetnika GFI-POD**

Matični broj (MB):	3474771	
Matični broj subjekta (MBS):	040020883	
Osobni identifikacijski broj (OIB):	36201212847	
Tvrtka izdavatelja:	Riviera Adria d.d.	
Pošanski broj i mjesto:	52440 Poreč	
Ulica i kućni broj:	Stancija Kaligari 1	
Adresa e-pošte:	<a href="mailto:uprava@riviera.hr">uprava@riviera.hr</a>	
Internet adresa:	<a href="http://www.riviera-adria.com">www.riviera-adria.com</a>	
Šifra i naziv općine/grada:	348 Poreč	
Šifra i naziv županije:	18 Istarska	
Konsolidirani izvještaj:	DA	
Tvrtke subjekata konsolidacije (prema MSFI):	Sjedište:	MB:
Dubrovnik Babin Kuk d.d.	Dubrovnik	3303989

Broj zaposlenih:	1.785
(krajem godine)	
Šifra NKD-a:	5510

Knjigovodstveni servis: \_\_\_\_\_

Osoba za kontakt: **Sopta Anka**  
(unosi se samo prezime i ime osobe za kontakt)Telefon: **052 408 188** Telefaks: **052 408 110**Adresa e-pošte: [anka.sopta@riviera.hr](mailto:anka.sopta@riviera.hr)Prezime i ime: **Černjul Edi, Čižmek Marko**  
(osoba ovlaštene za zastupanje)**Dokumentacija za objavu:**

1. Revidirani godišnji financijski izvještaji s revizorskim izvješćem
2. Izvještaj posloводства
3. Izjava osoba odgovornih za sastavljanje godišnjeg izvještaja,
4. Odluka nadležnog tijela (prijedlog) o utvrđivanju godišnjih financijskih izvještaja
5. Odluka o prijedlogu raspodjele dobiti ili pokriću gubitka

u PDF formatu

M.P.

(potpis osobe ovlaštene za zastupanje)

**RIVIERA ADRIA D.D.**  
**POREČ (4)**

<b>BILANCA</b>			
stanje na dan 31.12.2012.			
<b>Obveznik: Riviera Adria d.d.</b>			
Naziv pozicije	AOP oznaka	Prethodna godina (neto)	Tekuća godina (neto)
1	2	3	4
<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>	2.532.885.904	2.400.633.872
<b>I. NEMATERIJALNA IMOVINA (004 do 009)</b>	<b>003</b>	1.954.579	1.735.904
1. Izdaci za razvoj	<b>004</b>		
2. Koncesije, patenti, licencije, robne i uslužne marke, softver i ostala prava	<b>005</b>	1.954.579	1.735.904
3. Goodwill	<b>006</b>		
4. Predujmovi za nabavu nematerijalne imovine	<b>007</b>		
5. Nematerijalna imovina u pripremi	<b>008</b>		
6. Ostala nematerijalna imovina	<b>009</b>		
<b>II. MATERIJALNA IMOVINA (011 do 019)</b>	<b>010</b>	2.523.502.992	2.394.313.743
1. Zemljište	<b>011</b>	563.713.622	563.330.902
2. Građevinski objekti	<b>012</b>	1.726.847.538	1.595.728.136
3. Postrojenja i oprema	<b>013</b>	139.769.353	126.081.015
4. Alati, pogonski inventar i transportna imovina	<b>014</b>	34.497.852	31.153.978
5. Biološka imovina	<b>015</b>		
6. Predujmovi za materijalnu imovinu	<b>016</b>	16.997.653	29.006.844
7. Materijalna imovina u pripremi	<b>017</b>	27.347.759	33.339.523
8. Ostala materijalna imovina	<b>018</b>	14.329.215	15.673.345
9. Ulaganje u nekretnine	<b>019</b>		
<b>III. DUGOTRAJNA FINANCIJSKA IMOVINA (021 do 028)</b>	<b>020</b>	4.584.419	3.379.952
1. Udjeli (dionice) kod povezanih poduzetnika	<b>021</b>	1.108.356	1.270.778
2. Dani zajmovi povezanim poduzetnicima	<b>022</b>		
3. Sudjelujući interesi (udjeli)	<b>023</b>	160.000	160.000
4. Zajmovi dani poduzetnicima u kojima postoje sudjelujući interesi	<b>024</b>		
5. Ulaganja u vrijednosne papire	<b>025</b>	2.992.989	1.949.174
6. Dani zajmovi, depoziti i slično	<b>026</b>		
7. Ostala dugotrajna financijska imovina	<b>027</b>	323.074	
8. Ulaganja koja se obračunavaju metodom udjela	<b>028</b>		
<b>IV. POTRAŽIVANJA (030 do 032)</b>	<b>029</b>	1.126.445	846.774
1. Potraživanja od povezanih poduzetnika	<b>030</b>		
2. Potraživanja po osnovi prodaje na kredit	<b>031</b>	509.738	461.608
3. Ostala potraživanja	<b>032</b>	616.707	385.166
<b>V. ODGOĐENA POREZNA IMOVINA</b>	<b>033</b>	1.717.469	357.499
<b>C) KRATKOTRAJNA IMOVINA (035+043+050+058)</b>	<b>034</b>	198.025.970	236.126.557
<b>I. ZALIHE (036 do 042)</b>	<b>035</b>	7.180.511	7.802.245
1. Sirovine i materijal	<b>036</b>	5.671.493	6.058.754
2. Proizvodnja u tijeku	<b>037</b>		
3. Gotovi proizvodi	<b>038</b>	740.909	740.909
4. Trgovačka roba	<b>039</b>	212.147	315.810
5. Predujmovi za zalihe	<b>040</b>	555.962	686.772
6. Dugotrajna imovina namijenjena prodaji	<b>041</b>		
7. Biološka imovina	<b>042</b>		
<b>II. POTRAŽIVANJA (044 do 049)</b>	<b>043</b>	25.966.668	31.684.930
1. Potraživanja od povezanih poduzetnika	<b>044</b>		
2. Potraživanja od kupaca	<b>045</b>	13.597.661	12.431.606
3. Potraživanja od sudjelujućih poduzetnika	<b>046</b>		
4. Potraživanja od zaposlenika i članova poduzetnika	<b>047</b>	238.938	384.929
5. Potraživanja od države i drugih institucija	<b>048</b>	9.629.569	16.377.892
6. Ostala potraživanja	<b>049</b>	2.500.500	2.490.503
<b>III. KRATKOTRAJNA FINANCIJSKA IMOVINA (051 do 057)</b>	<b>050</b>	2.496.569	1.432.638
1. Udjeli (dionice) kod povezanih poduzetnika	<b>051</b>		
2. Dani zajmovi povezanim poduzetnicima	<b>052</b>		
3. Sudjelujući interesi (udjeli)	<b>053</b>		
4. Zajmovi dani poduzetnicima u kojima postoje sudjelujući interesi	<b>054</b>		
5. Ulaganja u vrijednosne papire	<b>055</b>	996.274	1.083.853
6. Dani zajmovi, depoziti i slično	<b>056</b>	147.491	100.268
7. Ostala financijska imovina	<b>057</b>	1.352.804	248.517
<b>IV. NOVAC U BANCIMA I BLAGAJNAMA</b>	<b>058</b>	162.382.222	195.206.744
<b>D) PLAĆENI TROŠKOVI BUDUĆEG RAZDOBLJA I OBRAČUNATI PRIHODI</b>	<b>059</b>	16.683.905	20.961.344
<b>E) UKUPNO AKTIVA (001+002+034+059)</b>	<b>060</b>	2.747.595.779	2.657.721.773
<b>F) IZVANBILANČNI ZAPISI</b>	<b>061</b>	99.165.729	54.977.227

<b>PASIVA</b>			
<b>A) KAPITAL I REZERVE (063+064+065+071+072+075+078)</b>	<b>062</b>	1.684.215.380	1.689.780.480
I. TEMELJNI (UPISANI) KAPITAL	<b>063</b>	1.065.463.400	1.065.463.400
II. KAPITALNE REZERVE	<b>064</b>	478.814.684	478.235.923
III. REZERVE IZ DOBITI (066+067-068+069+070)	<b>065</b>	156.420.895	121.513.407
1. Zakonske rezerve	<b>066</b>	57.792.194	57.792.194
2. Rezerve za vlastite dionice	<b>067</b>	9.425.816	52.225.816
3. Mastite dionice i udjeli (odbitna stavka)	<b>068</b>	8.920.547	45.619.898
4. Statutarne rezerve	<b>069</b>		
5. Ostale rezerve	<b>070</b>	98.123.432	57.115.295
IV. REVALORIZACIJSKE REZERVE	<b>071</b>	1.055.498	262.263
V. ZADRŽANA DOBIT ILI PRENESENI GUBITAK (073-074)	<b>072</b>	-7.030.800	-37.193.712
1. Zadržana dobit	<b>073</b>		
2. Preneseni gubitak	<b>074</b>	7.030.800	37.193.712
VI. DOBIT ILI GUBITAK POSLOVNE GODINE (076-077)	<b>075</b>	-28.428.818	44.644.181
1. Dobit poslovne godine	<b>076</b>		44.644.181
2. Gubitak poslovne godine	<b>077</b>	28.428.818	
VII. MANJINSKI INTERES	<b>078</b>	17.920.521	16.855.018
<b>B) REZERVIRANJA (080 do 082)</b>	<b>079</b>	25.614.492	26.744.892
1. Rezerviranja za mirovine, otpremnine i slične obveze	<b>080</b>		
2. Rezerviranja za porezne obveze	<b>081</b>		
3. Druga rezerviranja	<b>082</b>	25.614.492	26.744.892
<b>C) DUGOROČNE OBVEZE (084 do 092)</b>	<b>083</b>	803.921.894	692.016.888
1. Obveze prema povezanim poduzetnicima	<b>084</b>	57.044.318	
2. Obveze za zajmove, depozite i slično	<b>085</b>		
3. Obveze prema bankama i drugim financijskim institucijama	<b>086</b>	739.583.943	686.356.671
4. Obveze za predujm ove	<b>087</b>		
5. Obveze prema dobavljačima	<b>088</b>		
6. Obveze po vrijednosnim papirima	<b>089</b>		
7. Obveze prema poduzetnicima u kojima postoje sudjelujući interesi	<b>090</b>		
8. Ostale dugoročne obveze	<b>091</b>	7.029.758	5.594.651
9. Odgođena porezna obveza	<b>092</b>	263.875	65.566
<b>D) KRATKOROČNE OBVEZE (094 do 105)</b>	<b>093</b>	201.801.005	212.500.588
1. Obveze prema povezanim poduzetnicima	<b>094</b>		
2. Obveze za zajmove, depozite i slično	<b>095</b>	54.457	4.345
3. Obveze prema bankama i drugim financijskim institucijama	<b>096</b>	130.563.884	141.153.553
4. Obveze za predujm ove	<b>097</b>	7.041.458	7.853.029
5. Obveze prema dobavljačima	<b>098</b>	43.109.866	40.281.882
6. Obveze po vrijednosnim papirima	<b>099</b>		
7. Obveze prema poduzetnicima u kojima postoje sudjelujući interesi	<b>100</b>		
8. Obveze prema zaposlenicima	<b>101</b>	11.300.650	11.727.784
9. Obveze za poreze, doprinose i slična davanja	<b>102</b>	5.344.455	7.695.213
10. Obveze s osnove udjela u rezultatu	<b>103</b>		
11. Obveze po osnovi dugotrajne imovine namijenjene prodaji	<b>104</b>		
12. Ostale kratkoročne obveze	<b>105</b>	4.386.235	3.784.782
<b>E) ODGOĐENO PLAĆANJE TROŠKOVA I PRIHOD BUDUĆEGA RAZDOBLJA</b>	<b>106</b>	32.043.008	36.678.925
<b>F) UKUPNO – PASIVA (062+079+083+093+106)</b>	<b>107</b>	2.747.595.779	2.657.721.773
<b>G) IZVANBILANČNI ZAPISI</b>	<b>108</b>	99.165.729	54.977.227
<b>DODATAK BILANCI (popunjava poduzetnik koji sastavlja konsolidirani godišnji financijski izvještaj)</b>			
<b>A) KAPITAL I REZERVE</b>			
1. Pripisano imateljima kapitala matice	<b>109</b>	1.666.294.859	1.672.925.462
2. Pripisano manjinskom interesu	<b>110</b>	17.920.521	16.855.018



<b>RACUN DOBITI I GUBITKA</b>			
u razdoblju 01.01.2012. do 31.12.2012.			
Obveznik: <u>Riviera Adria d.d.</u>			
Naziv pozicije	AOP oznaka	Prethodna godina	Tekuća godina
1	2	3	4
<b>I. POSLOVNI PRIHODI (112+113)</b>	<b>111</b>	739.560.696	985.492.577
1. Prihodi od prodaje	112	725.103.027	976.607.797
2. Ostali poslovni prihodi	113	14.457.669	8.884.780
<b>II. POSLOVNI RASHODI (115+116+120+124+125+126+129+130)</b>	<b>114</b>	719.515.330	928.899.586
1. Promjene vrijednosti zaliha proizvodnje u tijeku i gotovih proizvoda	115		
2. Materijalni troškovi (117 do 119)	116	239.566.091	307.862.749
a) Troškovi sirovina i materijala	117	136.678.563	171.174.680
b) Troškovi prodane robe	118	1.898.902	1.087.638
c) Ostali vanjski troškovi	119	100.988.626	135.600.431
3. Troškovi osoblja (121 do 123)	120	194.069.604	233.251.454
a) Neto plaće i nadnice	121	116.694.733	142.547.553
b) Troškovi poreza i doprinosa iz plaća	122	49.166.682	59.832.173
c) Doprinosi na plaće	123	28.208.189	30.871.728
4. Amortizacija	124	164.946.073	218.868.184
5. Ostali troškovi	125	114.625.132	152.624.795
6. Vrijednosno usklađivanje (127+128)	126	351.655	401.323
a) dugotrajne imovine (osim financijske imovine)	127		
b) kratkotrajne imovine (osim financijske imovine)	128	351.655	401.323
7. Rezerviranja	129	1.691.444	3.252.031
8. Ostali poslovni rashodi	130	4.265.331	12.639.050
<b>III. FINANCIJSKI PRIHODI (132 do 136)</b>	<b>131</b>	9.585.436	27.301.351
1. Kamate, tečajne razlike, dividende i slični prihodi iz odnosa s	132	197	
2. Kamate, tečajne razlike, dividende, slični prihodi iz odnosa s	133	9.190.365	21.298.317
3. Dio prihoda od pridruženih poduzetnika i sudjelujućih interesa	134		
4. Nerealizirani dobiti (prihodi) od financijske imovine	135		4.859.597
5. Ostali financijski prihodi	136	394.874	1.143.437
<b>IV. FINANCIJSKI RASHODI (138 do 141)</b>	<b>137</b>	61.732.116	38.392.100
1. Kamate, tečajne razlike i drugi rashodi s povezanim poduzetnicima	138	26.478	720.100
2. Kamate, tečajne razlike i drugi rashodi iz odnosa s nepovezanim	139	51.948.426	33.104.318
3. Nerealizirani gubici (rashodi) od financijske imovine	140	8.594.517	3.637.646
4. Ostali financijski rashodi	141	1.162.695	930.036
<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>	749.146.132	1.012.793.928
<b>X. UKUPNI RASHODI (114+137+143 + 145)</b>	<b>147</b>	781.247.446	967.291.686
<b>XI. DOBIT ILI GUBITAK PRIJE OPOREZIVANJA (146-147)</b>	<b>148</b>	-32.101.314	45.502.242
1. Dobit prije oporezivanja (146-147)	149	0	45.502.242
2. Gubitak prije oporezivanja (147-146)	150	32.101.314	0
<b>XII. POREZ NA DOBIT</b>	<b>151</b>	-1.717.469	1.359.970
<b>XIII. DOBIT ILI GUBITAK RAZDOBLJA (148-151)</b>	<b>152</b>	-30.383.845	44.142.272
1. Dobit razdoblja (149-151)	153	0	44.142.272
2. Gubitak razdoblja (151-148)	154	30.383.845	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	-28.428.818	44.644.181
2. Pripisana manjinskom interesu	156	-1.955.028	-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>	-30.383.845	44.142.272
<b>II. OSTALA SVEOBUHVAATNA DOBIT/GUBITAK PRIJE POREZA (159 do 165)</b>	<b>158</b>	-49.180	-793.235
1. Tečajne razlike iz preračuna inozemnog poslovanja	159		
2. Promjene revalorizacijskih rezervi dugotrajne materijalne i	160		
3. Dobit ili gubitak s osnove ponovnog vrednovanja financijske	161	-49.180	-793.235
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 dobiti/gubici po planovima definiranih primanja	165		
<b>III. POREZ NA OSTALU SVEOBUHVAATNU DOBIT RAZDOBLJA</b>	<b>166</b>		
<b>IV. NETO OSTALA SVEOBUHVAATNA DOBIT ILI GUBITAK</b>	<b>167</b>	-49.180	-793.235
<b>V. SVEOBUHVAATNA DOBIT ILI GUBITAK RAZDOBLJA (157+167)</b>	<b>168</b>	-30.433.025	43.349.037
<b>DODATAK Izvještaju o ostaloj sveobuhvatnoj dobiti (popunjava poduzetnik koji sastavlja konsolidirani godišnji financijski</b>			
<b>VI. SVEOBUHVAATNA DOBIT ILI GUBITAK RAZDOBLJA</b>			
1. Pripisana imateljima kapitala matice	169	-28.428.818	44.644.181
2. Pripisana manjinskom interesu	170	-1.955.028	-501.909

<b>IZVJESTAJ O NOVČANOM TIJEKU - Indirektna metoda</b>			
<b>u razdoblju 01.01.2012. do 31.12.2012.</b>			
Obveznik: <b>Riviera Adria d.d.</b>			
Naziv pozicije	AOP oznaka	Prethodna godina	Teuća godina
1	2	3	4
<b>NOVČANI TIJEK OD POSLOVNIH AKTIVNOSTI</b>			
1. Dobit prije poreza	001	-30.383.846	44.142.272
2. Amortizacija	002	164.946.072	218.868.185
3. Povećanje kratkoročnih obveza	003	40.774.885	6.838.802
4. Smanjenje kratkotrajnih potraživanja	004	2.325.300	1.845.323
5. Smanjenje zaliha	005	99.589	11.135
6. Ostalo povećanje novčanog tijeka	006	9.598.032	1.692.731
<b>I. Ukupno povećanje novčanog tijeka od poslovnih aktivnosti (001 do 006)</b>	<b>007</b>	<b>187.360.032</b>	<b>273.398.448</b>
1. Smanjenje kratkoročnih obveza	008	180.732	3.549.355
2. Povećanje kratkotrajnih potraživanja	009	6.029.083	9.956.943
3. Povećanje zaliha	010	1.019.742	658.154
4. Ostalo smanjenje novčanog tijeka	011	8.195.235	4.456.541
<b>II. Ukupno smanjenje novčanog tijeka od poslovnih aktivnosti (008 do 011)</b>	<b>012</b>	<b>15.424.792</b>	<b>18.620.993</b>
<b>A1) NETO POVEĆANJE NOVČANOG TIJEKA OD POSLOVNIH</b>	<b>013</b>	<b>171.935.240</b>	<b>254.777.455</b>
<b>A2) NETO SMANJENJE NOVČANOG TIJEKA OD POSLOVNIH</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	152.637	
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	201.471	
<b>III. Ukupno novčani primici od investicijskih aktivnosti (015 do 019)</b>	<b>020</b>	<b>354.108</b>	<b>0</b>
1. Novčani izdaci za kupnju dugotrajne materijalne i nematerijalne imovine	021	467.421.252	90.408.638
2. Novčani izdaci za stjecanje vlasničkih i dužničkih financijskih instrumenata	022	6.907.815	505.824
3. Ostali novčani izdaci od investicijskih aktivnosti	023		
<b>IV. Ukupno novčani izdaci od investicijskih aktivnosti (021 do 023)</b>	<b>024</b>	<b>474.329.067</b>	<b>90.914.462</b>
<b>B1) NETO POVEĆANJE NOVČANOG TIJEKA OD INVESTICIJSKIH</b>	<b>025</b>	<b>0</b>	<b>0</b>
<b>B2) NETO SMANJENJE NOVČANOG TIJEKA OD INVESTICIJSKIH</b>	<b>026</b>	<b>473.974.959</b>	<b>90.914.462</b>
<b>NOVČANI TIJEK OD FINANCIJSKIH 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	85.493.524	70.759.287
3. Ostali primici od financijskih aktivnosti	029	466.714.885	15.048.545
<b>V. Ukupno novčani primici od financijskih aktivnosti (027 do 029)</b>	<b>030</b>	<b>552.208.409</b>	<b>85.807.832</b>
1. Novčani izdaci za otplatu glavnice kredita i obveznica	031	140.290.300	117.168.899
2. Novčani izdaci za isplatu dividendi	032		
3. Novčani izdaci za financijski najam	033		100.189
4. Novčani izdaci za otkup vlastitih dionica	034	124.977	37.793.524
5. Ostali novčani izdaci od financijskih aktivnosti	035	313.055	61.783.691
<b>VI. Ukupno novčani izdaci od financijskih aktivnosti (031 do 035)</b>	<b>036</b>	<b>140.728.332</b>	<b>216.846.303</b>
<b>C1) NETO POVEĆANJE NOVČANOG TIJEKA OD FINANCIJSKIH</b>	<b>037</b>	<b>411.480.077</b>	<b>0</b>
<b>C2) NETO SMANJENJE NOVČANOG TIJEKA OD FINANCIJSKIH</b>	<b>038</b>	<b>0</b>	<b>131.038.471</b>
Ukupno povećanje novčanog tijeka (013 – 014 + 025 – 026 + 037 – 038)	039	109.440.358	32.824.522
Ukupno smanjenje novčanog tijeka (014 – 013 + 026 – 025 + 038 – 037)	040	0	0
Novac i novčani ekvivalenti na početku razdoblja	041	52.941.864	162.382.222
Povećanje novca i novčanih ekvivalenata	042	109.440.358	32.824.522
Smanjenje novca i novčanih ekvivalenata	043		
Novac i novčani ekvivalenti na kraju razdoblja	044	162.382.222	195.206.744

<b>IZVJESTAJ O PROMJENAMA KAPITALA</b>					
		za razdoblje od	1.1.2012	do	31.12.2012
Naziv pozicije			AOP oznaka	Prethodna godina	Tekuća godina
1			2	3	4
1. Upisani kapital			001	1.065.463.400	1.065.463.400
2. Kapitalne rezerve			002	478.814.684	478.235.923
3. Rezerve iz dobiti			003	156.420.895	121.513.407
4. Zadržana dobit ili preneseni gubitak			004	-7.030.800	-37.193.712
5. Dobit ili gubitak tekuće godine			005	-28.428.818	44.644.181
6. Revalorizacija dugotrajne materijalne imovine			006		
7. Revalorizacija nematerijalne imovine			007		
8. Revalorizacija financijske imovine raspoložive za prodaju			008	1.055.498	262.263
9. Ostala revalorizacija			009		
<b>10. Ukupno kapital i rezerve (AOP 001 do 009)</b>			<b>010</b>	1.666.294.859	1.672.925.462
11. Tečajne razlike s naslova neto ulaganja u inozemno poslovanje			011		
12. Tekući i odgođeni porezi (dio)			012		
13. Zaštita novčanog tijeka			013		
14. Promjene računovodstvenih politika			014		
15. Ispravak značajnih pogrešaka prethodnog razdoblja			015		
16. Ostale promjene kapitala			016		
<b>17. Ukupno povećanje ili smanjenje kapitala (AOP 011 do 016)</b>			<b>017</b>	0	0

### Bilješke uz financijske izvještaje

(1) Bilješke uz financijske izvještaje sadrže dodatne i dopunske informacije koje nisu prezentirane u bilanci, računu dobiti i gubitka, izvještaju o novčanom tijeku i izvještaju o promjenama kapitala sukladno odredbama odgovarajućih standarda financijskog izvještavanja. (2) Bilješke uz godišnji financijski izvještaj objavljuju se u punom sadržaju sukladno odgovarajućim odredbama standarda financijskog izvještavanja.

**RIVIERA ADRIA d.d.**

**RIVIERA ADRIA d.d. – GROUP**

Auditor's Report  
Commentary

**RIVIERA ADRIA d.d., Poreč**

**INDEPENDENT AUDITORS' REPORT AND  
CONSOLIDATED FINANCIAL STATEMENTS  
31 DECEMBER 2012**

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

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We have audited the accompanying consolidated financial statements of Riviera Adria d.d. and its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2012, the consolidated 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 Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2012, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

*Other matter*

The consolidated financial statements of the Group as at and for the year ended 31 December 2011 were audited by another auditor who expressed an unmodified opinion on those statements on 3 April 2012.

**KPMG Croatia d.o.o. za reviziju**

Croatian Certified Auditors  
Eurotower, 17th floor  
Ivana Lučića 2a  
10000 Zagreb  
Croatia

**25 March 2013**

**RIVIERA ADRIA d.d., POREČ**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

*(all amounts are expressed in thousands of HRK)*

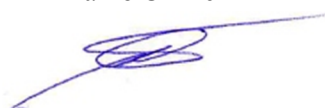
	<b>Note</b>	<b>2012</b>	<b>2011</b>
Sales	5	977,105	724,491
Other income	6	8,280	10,286
Cost of materials and services	7	(375,868)	(282,307)
Staff costs	8	(265,701)	(223,354)
Depreciation and amortisation	14, 15	(218,868)	(164,946)
Other operating expenses	9	(67,023)	(44,044)
Other (losses)/gains – net	10	5,377	(794)
<b>Operating profit</b>		<b>63,302</b>	<b>19,332</b>
Finance income	11	12,236	4,484
Finance costs	11	(30,036)	(55,917)
<b>Finance costs – net</b>	11	<b>(17,800)</b>	<b>(51,433)</b>
<b>Profit/(loss) before tax</b>		<b>45,502</b>	<b>(32,101)</b>
Tax (expense)/benefit	12	(1,360)	1,717
<b>Profit/(loss) for the year</b>		<b>44,142</b>	<b>(30,384)</b>
<b>Other comprehensive income/loss:</b>			
Change in value available-for-sale financial assets	17	(991)	(50)
Tax expense on other comprehensive income		197	-
<b>Total comprehensive income/(loss) for the year</b>		<b>43,348</b>	<b>(30,434)</b>
<b>Attributable to:</b>			
<b>Owners of the parent</b>		<b>44,644</b>	<b>(28,428)</b>
Non-controlling interests		(502)	(1,956)
		<b>44,142</b>	<b>(30,384)</b>
<b>Earnings/(loss) per share (in HRK)</b> <b>attributable to equity holders of the Company</b> <b>during the year:</b>			
- basic and diluted	13	0.423	(0.339)

The consolidated financial statements were approved by the Management Board on 25 March 2013.

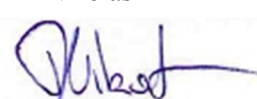
President of the  
Management Board  
Edi Černjul



Member of the  
Management Board  
Marko Čizmek



Member of the  
Management Board  
Tihomir Nikolaš





**RIVIERA ADRIA d.d., POREČ**
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**AS AT 31 DECEMBER 2012**

<i>(all amounts are expressed in thousands of HRK)</i>	<b>Note</b>	<b>31 December</b>	
		<b>2012</b>	<b>2011</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	2,394,314	2,523,935
Intangible assets	15	1,735	1,523
Interest in joint venture	31	1,271	1,109
Deferred tax assets	23	357	1,717
Available-for-sale financial assets	17	1,920	2,911
Derivative financial instruments	22	-	916
Loans and deposits	18	847	1,168
		<u>2,400,444</u>	<u>2,533,279</u>
<b>Current assets</b>			
Inventories	19	7,802	7,180
Trade and other receivables	20	52,641	42,152
Income tax receivable		-	490
Loans and deposits	18	106	155
Financial assets at fair value through profit or loss	21	1,273	1,196
Derivative financial instruments	22	249	760
Cash and cash equivalents	24	195,207	162,383
		<u>257,278</u>	<u>214,316</u>
<b>Total assets</b>		<b><u>2,657,722</u></b>	<b><u>2,747,595</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	25	1,065,463	1,065,463
Treasury shares	25	(32,490)	(3,675)
Share premium	25	466,291	474,695
Reserve for reinvested profit	26	52,200	-
Reserves	26	140,919	156,457
Accumulated losses		(19,458)	(26,646)
		<u>1,672,925</u>	<u>1,666,294</u>
Non-controlling interests		16,855	17,921
<b>Total equity</b>		<b><u>1,689,780</u></b>	<b><u>1,684,215</u></b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	27	686,356	796,629
Derivative financial instruments	22	5,112	7,132
Deferred tax liabilities	23	66	264
Provisions for other liabilities and charges	29	28,390	25,615
		<u>719,924</u>	<u>829,640</u>
<b>Current liabilities</b>			
Trade and other payables	28	96,578	91,034
Borrowings	27	141,159	130,618
Derivative financial instruments	22	2,510	3,138
Provisions for other liabilities and charges	29	7,771	8,950
		<u>248,018</u>	<u>233,740</u>
<b>Total liabilities</b>		<b><u>967,942</u></b>	<b><u>1,063,380</u></b>
<b>Total equity and liabilities</b>		<b><u>2,657,722</u></b>	<b><u>2,747,594</u></b>

RIVIERA ADRIA d.d., POREČ

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

<i>(in thousands of HRK)</i>	Note	Attributable to equity holders of the Company					Total	Non-controlling interests	Total equity	
		Share capital	Treasury shares	Share premiums	Reserve for reinvested profit	Reserves				Accumulated losses
<b>Balance at 1 January 2011</b>		<b>1,096,055</b>	<b>(6,378)</b>	<b>(6,444)</b>	-	<b>179,564</b>	<b>(21,011)</b>	<b>1,241,786</b>	<b>26,365</b>	<b>1,268,151</b>
Loss for the year		-	-	-	-	-	(28,428)	(28,428)	(1,956)	(30,384)
Other comprehensive loss	17	-	-	-	-	(50)	-	(50)	-	(50)
<b>Total comprehensive loss for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(50)</b>	<b>(28,428)</b>	<b>(28,478)</b>	<b>(1,956)</b>	<b>(30,434)</b>
Deferred tax liabilities	23	-	-	-	-	(264)	-	(264)	-	(264)
Transfer		-	-	-	-	(22,793)	22,793	-	-	-
Decrease in registered capital	25/iii/	(365,352)	1,988	363,364	-	-	-	-	-	-
Issue of ordinary shares related to merger	25/iii/	334,760	-	-	-	-	-	334,760	-	334,760
Effect of merger	35	-	-	116,697	-	-	-	116,697	-	116,697
Acquisition of non-controlling interests		-	-	1,125	-	-	-	1,125	(6,488)	(5,363)
Reissue treasury shares related to merger	25/iii/	-	11	17	-	-	-	28	-	28
Reissue and purchase of treasury shares		-	704	(64)	-	-	-	640	-	640
<b>Total contributions by and distributions to owners of the company, recognised directly in equity</b>		<b>(30,592)</b>	<b>2,703</b>	<b>481,139</b>	-	<b>(23,057)</b>	<b>22,793</b>	<b>452,986</b>	<b>(6,488)</b>	<b>446,498</b>
<b>Balance at 31 December 2011</b>		<b>1,065,463</b>	<b>(3,675)</b>	<b>474,695</b>	-	<b>156,457</b>	<b>(26,646)</b>	<b>1,666,294</b>	<b>17,921</b>	<b>1,684,215</b>
Profit for the year		-	-	-	-	-	44,644	44,644	(502)	44,142
Other comprehensive loss	17	-	-	-	-	(794)	-	(794)	-	(794)
<b>Total comprehensive income/(loss) for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(794)</b>	<b>44,644</b>	<b>43,850</b>	<b>(502)</b>	<b>43,348</b>
Transfer	26(c)	-	-	-	-	1,791	(1,791)	-	-	-
Transfer	26(c)	-	-	-	-	(16,535)	16,535	-	-	-
Transfer to reserves for reinvested profit	26(b)	-	-	-	52,200	-	(52,200)	-	-	-
Acquisition of non-controlling interests	30	-	-	58	-	-	-	58	(564)	(506)
Treasury shares issue	25/iii/	-	461	55	-	-	-	516	-	516
Treasury shares purchase	25/iii/	-	(29,276)	(8,517)	-	-	-	(37,793)	-	(37,793)
<b>Total contributions by and distributions to owners of the company, recognised directly in equity</b>		<b>-</b>	<b>(28,815)</b>	<b>(8,404)</b>	<b>52,200</b>	<b>(14,744)</b>	<b>(37,456)</b>	<b>(37,219)</b>	<b>(564)</b>	<b>(37,783)</b>
<b>Balance at 31 December 2012</b>		<b>1,065,463</b>	<b>(32,490)</b>	<b>466,291</b>	<b>52,200</b>	<b>140,919</b>	<b>(19,458)</b>	<b>1,672,925</b>	<b>16,855</b>	<b>1,689,780</b>

**RIVIERA ADRIA d.d., POREČ****CONSOLIDATED CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2012***(all amounts are expressed in thousands of HRK)*

	<u>Note</u>	<u>2012</u>	<u>2011</u>
<b>Cash flow generated from operating activities</b>			
Cash from operations		284,467	179,775
Income tax paid		490	(490)
Interest paid		(26,306)	(24,739)
		<hr/>	<hr/>
<b>Net cash generated from operating activities</b>		<b>258,651</b>	<b>154,546</b>
<b>Cash flow from investing activities</b>			
Cash from merger		-	129,471
Purchase of property, plant and equipment		(93,631)	(43,224)
Purchase of intangible assets		(542)	(825)
Loans granted		(106)	(187)
Liquidation of subsidiary		-	184
Proceeds from disposal of property, plant and equipment		169	715
Loan repayments received		424	35
Interest received		8,180	4,245
Dividend received		105	123
		<hr/>	<hr/>
<b>Net cash from/(used in) investing activities</b>		<b>(85,401)</b>	<b>90,537</b>
<b>Cash flow from financing activities</b>			
Acquisition of non-controlling interest		(506)	(5,363)
Proceeds from reissue of treasury shares		516	764
Purchase of treasury shares		(37,793)	(124)
Proceeds from borrowings		83,237	156,445
Repayments of borrowings		(187,377)	(288,833)
		<hr/>	<hr/>
<b>Net cash from/(used in) financing activities</b>		<b>(141,923)</b>	<b>(137,111)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>			
		<b>31,327</b>	<b>107,972</b>
Cash and cash equivalents at beginning of year		162,383	52,942
Effect of exchange rate fluctuations on cash held		1,497	1,469
		<hr/>	<hr/>
Cash and cash equivalents at end of year	24	<b>195,207</b>	<b>162,383</b>

**NOTE 1 – GENERAL INFORMATION**

The Riviera Adria Group consists of Riviera Adria d.d., Poreč a joint-stock company registered for tourism services (the parent Company) and its subsidiaries (the Group):

- Dubrovnik-Babin kuk d.d., Dubrovnik, a joint-stock company registered for hospitality and tourism, in 94.11% ownership.

Dubrovnik- Babin kuk d.d., Dubrovnik has 100% ownership interest in the following subsidiaries: Elafiti Babin kuk d.o.o., Dubrovnik, Palme turizam d.o.o., Dubrovnik, Hotel Plakir d.o.o., Dubrovnik, Magične stijene d.o.o., Dubrovnik and a 49.67% share in the joint venture Pogača Babin kuk d.o.o., Dubrovnik. Based on Management decision, on 20 December 2010 Dubrovnik- Babin kuk d.d., Dubrovnik filed a request at the Commercial Court in Dubrovnik for initiating bankruptcy proceedings over Hotel Plakir d.o.o. This request has been rejected on 20 September 2012. At 30 October 2012, on the request of Ministry of Finance, the Company has received Ruling of the Commercial Court to initiate bankruptcy proceedings against Hotel Plakir d.o.o.

The Group's primary activities are hospitality services (hotels and apartments, camps, restaurants and other hospitality facilities). The Riviera Adria Group, Poreč is controlled by Valamar Adria holding d.d. (previously Dom Holding d.d.), Zagreb incorporated in the Republic of Croatia. Parent company of Riviera Adria d.d. is Valamar Adria Holding d.d. The ultimate controlling company is Epic GmbH, Vienna. The equity ownership structure as at 31 December 2012 and 2011 is presented in Note 25.

As at 29 June 2011, a merger Agreement was concluded, whereby companies Zlatni Otok d.d. and Rabac d.d. were merged into Riviera Porec d.d. The merger was registered in the Court Registry of the Commercial Court in Rijeka, Pazin office as at 31 August 2011, with legal effect as of 1 September 2011. By this registration, merged companies Zlatni Otok d.d. and Rabac d.d. ceased to exist, and company Riviera Porec d.d. as the takeover company, which simultaneously with the registration of the merger changed its name into Riviera Adria d.d., took over all assets, all rights and all liabilities of the merged companies in exchange for shares of the takeover company – Riviera Adria d.d. and is the universal legal successor. The effect of the merger is set out in Note 35.

The registered office of the Riviera Adria d.d. Group is in Poreč, Stancija Kaligari 1, Croatia.

As at 31 December 2012 and 2011, the Company's shares were listed on the regular joint stock company listing on the Zagreb Stock Exchange.

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

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards (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 Note 4.

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

**2.1 Basis of preparation (continued)**

**2.1.1 Changes in accounting policy and disclosures**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these consolidated 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.

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.

*(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 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.

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

Merger of entities from parties under common control are accounted for using the pooling of interest method. 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.

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

**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 financial statements are presented in Croatian kuna (HRK), which is the Company's functional and Group's presentation currency.

*(b) Transactions and balances*

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.

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

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 (2011: 10-25)
Machinery and equipment	4-10 years
Furniture, tools and horticulture	3-10 years

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

**2.6 Property, plant and equipment (continued)**

Depreciation is calculated for each asset until the asset is fully depreciated or to its residual values. 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 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 (losses)/gains – net' in the statement of comprehensive income.

During the year 2012 the Group has reviewed the estimated useful life of buildings. Following this review, management has decreased the estimated useful life of the buildings.

**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.

**2.8 Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. 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). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

**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 (losses)/gains-net'.

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

**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 stated in Note 2.12.

*(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.

**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.



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

**2.10 Financial assets (continued)**

**2.10.2 Measurement and recognition (continued)**

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.

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.

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

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

*(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 recognised in the statement of comprehensive income – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised 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 recognised in the statement of comprehensive income, the impairment loss is reversed through the statement of comprehensive income and recognised 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 recognised in the statement of financial position at fair value. The fair value is determined according to the market value or MTM (Mark to market) value of market transactions at the valuation date, 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 recognised as derivatives held for trading.

**2.13 Leases**

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.

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. 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.

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

**2.14 Inventories**

Inventories of raw materials and spare parts are stated at the lower of cost, determined using the weighted average method, and net realisable value. 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 cancelled or reissued. 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.

**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.

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

**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.

**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.

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

**2.21 Employee benefits (continued)**

*(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. Benefits falling due more than 12 months after the reporting date are discounted to the present value.

*(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.

**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.

*(c) 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.

**NOTE 3 – FINANCIAL RISK MANAGEMENT**

**3.1 Financial risk factors**

The Group's activities expose it to 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 programme, 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 2012, 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 2,645 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 2011, if the EURO had weakened/strengthened by 2% against the HRK, with all other variables held constant, the net profit for the year would have been HRK 5,865 thousand (lower)/higher, 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 2012, 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 2,178 thousand (lower)/higher mainly as a result of foreign exchange gains/(losses) on translation of CHF-denominated borrowings and foreign cash funds.

At 31 December 2011, if the CHF had weakened/strengthened by 4% against the HRK, with all other variables held constant, the net profit for the year would have been HRK 4,673 thousand (lower)/higher, 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)**

(ii) Cash flow and fair value 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 2012, 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 3,483 thousand lower/(higher), mainly as a result of higher/(lower) interest expense on variable-rate borrowings.

At 31 December 2011, if interest rates on currency-denominated borrowings had been higher/(lower) by 0.18%, with all other variables held constant, the net profit for the year would have been HRK 728 thousand higher/(lower), mainly as a result of higher/(lower) interest expense on variable-rate borrowings.

At 31 December 2012, if interest rates on currency-denominated deposits had been 1% (2011: 0.48%) higher/(lower), with all other variables held constant, the profit for the year would have been HRK 406 thousand (2011: HRK 284 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 2012 and 2011, if the indices of the ZSE had been higher/lower by 16.63% for 2012 and 4.59% for 2011 (which was the average index movement), with all other variables held constant, reserves within equity and other comprehensive income would have been HRK 291 thousand (2011: HRK 101 thousand) higher/lower as a result of gains/losses on equity securities available for sale, whereas within changes of the Group's profit in the statement of comprehensive income they would have been HRK 25 thousand (2011: HRK 7 thousand) (lower)/ higher as a result of losses/gains on equity securities in portfolios classified as financial assets at fair value through profit or loss.

As at 31 December 2012, if the index of the ZSE had been higher/lower by 1.64%, (31 December 2011: 1.59%) with all other variables held constant, the profit for the year would have been HRK 14 thousand (31 December 2011: the loss for the year would have been HRK 13 thousand) higher/(lower) as a result of gains/losses on financial assets at fair value through profit or loss.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)

## 3.1 Financial risk factors (continued)

*(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. 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 (Note 18 and 24), the availability of funding through an adequate amount of committed credit facilities (Note 27) 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.

The table below analyses financial liabilities of the Group according to contracted maturities. The amounts stated below represent undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 3 months	3 months- 1 year	1-2 years	2-5 years	Over 5 years
<b>At 31 December 2012</b>					
Trade and other payables	40,410	11,410	417	-	-
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>65,325</b>	<b>147,957</b>	<b>255,931</b>	<b>314,997</b>	<b>188,854</b>
<b>At 31 December 2011</b>					
Trade and other payables	49,670	2,500	-	-	-
Borrowings	27,152	126,670	355,908	342,283	169,360
Derivative financial instruments	1,646	1,492	2,728	3,607	615
<b>Total liabilities (contractual maturities)</b>	<b>78,468</b>	<b>130,662</b>	<b>358,636</b>	<b>345,890</b>	<b>169,975</b>

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

**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.

*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).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)

## 3.3 Fair value estimation (continued)

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

	Level 1	Level 2	Level 3	Total
<b>At 31 December 2012</b>				
Available-for-sale financial assets:				
-equity securities	1,751	-	-	1,751
Derivatives 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</b>	<b>3,024</b>	<b>249</b>	<b>-</b>	<b>3,273</b>
Derivatives financial instruments	-	7,622	-	7,622
<b>Total liabilities</b>	<b>-</b>	<b>7,622</b>	<b>-</b>	<b>7,622</b>
<b>At 31 December 2011</b>				
Available-for-sale financial assets:				
-equity securities	2,742	-	-	2,742
Derivatives financial instruments	-	1,676	-	1,676
Financial assets at fair value through profit or loss:				
-trading securities	200	-	-	200
-equity securities	996	-	-	996
<b>Total assets</b>	<b>3,938</b>	<b>1,676</b>	<b>-</b>	<b>5,614</b>
Derivatives financial instruments	-	10,270	-	10,270
<b>Total liabilities</b>	<b>-</b>	<b>10,270</b>	<b>-</b>	<b>10,270</b>

## NOTE 4 – CRITICAL ACCOUNTING ESTIMATES

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**NOTE 4 – CRITICAL ACCOUNTING ESTIMATES (continued)**

*(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 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 10,943 thousand (lower)/higher (2011: HRK 8,247 thousand), and the net carrying amount of property, plant and equipment would have been (lower)/higher by the same amount.

Value in use is calculated based on cash flow plans (5 years plus residual value and average growth rate of 5.5%) using a discount rate for hotels of 10.5%.

*(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 companies' 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). 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 2011, 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 2012, 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## 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 provided to the Group's Management and the company Valamar hoteli i ljetovališta d.o.o. for the year ended 31 December 2012 is 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	957,704	12,367	970,071
Depreciation and amortisation	204,787	14,081	218,868
Net finance income/(expense)	(26,290)	8,490	(17,800)
Impairment 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>

The segment results for the year ended 31 December 2011 are as follows:

<i>(in thousands of HRK)</i>	<b>Tourism</b>	<b>Other business segments</b>	<b>Total</b>
Total sales	745,366	10,151	755,517
Inter-segment revenue	(30,781)	(6)	(30,787)
Revenue from external customers	714,585	10,145	724,730
Depreciation and amortisation	154,925	10,021	164,946
Net finance income/(expense)	(36,041)	(15,392)	(51,433)
Impairment of fixed assets	581	54	635
Profit before tax	(32,101)	-	(32,101)
<b>Total assets</b>	<b>2,377,835</b>	<b>170,065</b>	<b>2,547,900</b>
<b>Total liabilities</b>	<b>999,393</b>	<b>8,647</b>	<b>1,008,040</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 5 – SEGMENT INFORMATION (continued)

*(in thousands of HRK)*

	<u>2012</u>	<u>2011</u>
<b>Revenue</b>		
Revenue from segments	1,001,460	755,517
Other revenue/(expenses)	7,034	(239)
Inter-segment revenue	<u>(31,389)</u>	<u>(30,787)</u>
<b>Total revenue</b>	<b><u>977,105</u></b>	<b><u>724,491</u></b>
<b>Profit</b>		
Profit from segments	392,380	254,100
Other expenses	(347,788)	(277,330)
Elimination of inter-segment profits	<u>910</u>	<u>(8,871)</u>
<b>Total profit before tax</b>	<b><u>45,502</u></b>	<b><u>(32,101)</u></b>

The Company reports to Management using the Uniform System of Accounts for the Lodging Industry (USALI) method. This methodology is an internationally recognised uniform hotel reporting system, which meets the preconditions for the comparison of data in an international setting. Reporting is performed on several hierarchical and organisational levels in the company, whereby the basis comprises responsibility centres that may be organised as cost, revenue, profit and investment centres. The Company's responsibility centres are profit centres whose operating results, i.e. profit is the responsibility of their directors. For the purposes of reporting under the USALI method the Company implemented an integral IT system, which is based on a detailed accounting system supported by an appropriate IT application software.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 5 – SEGMENT INFORMATION (continued)

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

<i>(in thousands of HRK)</i>	2012		2011	
	Assets	Liabilities	Assets	Liabilities
Segment assets/liabilities	2,427,007	915,849	2,547,900	1,008,040
Tourism segment	2,268,249	907,630	2,377,835	999,393
Other segment	158,758	8,219	170,065	8,647
Unallocated:	230,715	52,093	199,695	55,341
Investments in joint ventures	1,271	-	1,109	-
Available-for-sale financial assets	2,975	-	2,911	-
Loans and deposits	1,141	-	1,323	-
Cash and cash equivalents	195,207	-	162,383	-
Inventories	-	-	4,049	-
Income tax receivable	-	-	490	-
Derivative financial assets	276	-	1,676	-
Other receivables	29,488	-	24,037	-
Deferred tax assets/liabilities	357	-	1,717	264
Borrowings	-	-	-	-
Other liabilities	-	10,593	-	18,961
Derivative financial liabilities	-	7,622	-	10,271
Provisions	-	33,878	-	25,845
<b>Total</b>	<b>2,657,722</b>	<b>967,942</b>	<b>2,747,595</b>	<b>1,063,380</b>

All the Group's hotel and hospitality services and sales are provided to customers from the Republic of Croatia and abroad. The Group's sales revenues can be classified according to the customers' origin.

	2012	2011
	<i>(in thousands of HRK)</i>	
Domestic sales	102,042	94,999
Foreign sales	875,063	629,492
	<b>977,105</b>	<b>724,491</b>

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

Foreign sales	2012	%	2011	%
EU members	760,964	86.96	528,474	83.95
Other	114,099	13.04	101,018	16.05
Total	<b>875,063</b>	<b>100.00</b>	<b>629,492</b>	<b>100.00</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 6 – OTHER INCOME

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Income from collection of guarantee	-	2,828
Insurance claims recovered	4,408	3,669
Income from other fees	364	1,390
Interest income	273	57
Dividend income	105	123
Share of net profit of joint venture	162	-
Other income /i/	2,968	2,219
	<u><b>8,280</b></u>	<u><b>10,286</b></u>

/i/ Other income comprises income from recharge of utilities from operating leases.

## NOTE 7 – COST OF MATERIALS AND SERVICES

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
<b>Raw materials and supplies</b>		
Raw materials and supplies used	97,793	75,687
Energy and water used	55,158	45,247
Miscellaneous inventories	12,286	12,038
	<u><b>165,237</b></u>	<u><b>132,972</b></u>
<b>External services</b>		
Management services	67,540	42,964
Maintenance	42,285	34,394
Booking service fee	6,721	-
Utilities	25,590	21,793
Telecommunication and transportation	5,885	4,877
Recreation	7,578	6,133
Marketing, propaganda and fairs	17,315	14,286
Rentals	13,288	10,119
Commission fees (agencies and credit cards)	15,195	9,464
Other	9,234	5,305
	<u><b>210,631</b></u>	<u><b>149,335</b></u>
	<u><b>375,868</b></u>	<u><b>282,307</b></u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 8 – STAFF COSTS

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Salaries	139,173	114,928
Pension contributions	32,823	32,476
Health insurance contributions	25,388	27,230
Other (contributions and taxes)	32,491	17,646
Termination benefits	1,812	2,895
Other staff costs /i/	34,014	28,179
	<u>265,701</u>	<u>223,354</u>
Number of employees at 31 December	<u>1,785</u>	<u>1,740</u>

/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

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Municipal and similar charges and contributions	33,337	26,575
Impairment of current assets	401	284
Collection of receivables previously written-off	(374)	(1,813)
Intellectual services	9,960	7,209
Bank charges	2,805	2,275
Representation and travel expenses	3,223	2,988
Insurance	4,322	3,861
Impairment of property, plant and equipment	8,875	635
Provisions - net	2,775	(629)
Other	1,699	2,659
	<u>67,023</u>	<u>44,044</u>

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

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Net gains on disposal of property, plant and equipment	123	325
Foreign exchange gains/(losses) – other	3,795	(408)
Unrealized net losses from forwards and interest rate swaps	78	(648)
Fair value gains/(losses) on financial assets at fair value through profit or loss	97	(63)
Fair valued of realised forwards and interest rate swaps	1,284	-
	<u>5,377</u>	<u>(794)</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 11 – FINANCE COSTS AND INCOME

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Interest income	9,834	4,484
Net foreign exchange gains on financing activities	2,402	-
	<u>12,236</u>	<u>4,484</u>
Interest expense:		
Bank borrowings	(23,331)	(21,402)
Related party borrowings	(3,452)	(3,636)
Fair value losses-interest rate swap	(1,785)	(7,946)
Net foreign exchange losses on financing activities	(1,468)	(22,933)
	<u>(30,036)</u>	<u>(55,917)</u>
<b>Finance costs – net</b>	<u>(17,800)</u>	<u>(51,433)</u>

## NOTE 12 – INCOME TAX

Income tax expense/(benefit) comprise:

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Current tax expense/(benefit)	-	-
Deferred tax (Note 23)	1,360	(1,717)
<b>Tax expense/(benefit)</b>	<u>1,360</u>	<u>(1,717)</u>

Reconciliation of the effective tax rate:

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Profit/(loss) before taxation	45,502	(32,101)
Income tax (20%)	9,100	(6,420)
Non taxable income	(129)	(116)
Tax incentive on reinvested profit	(10,440)	-
Non deductible expenses	1,992	2,354
Utilised tax losses	-	(2,238)
Unutilised tax losses	-	(105)
Tax losses for which deferred tax asset was not previously recognised	837	4,808
Tax expense/(benefit)	<u>1,360</u>	<u>(1,717)</u>
Effective tax rate	2.99%	5.35%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 12 – INCOME TAX (continued)

Tax losses in Subsidiary available for carry-forward in the following years and their expiry are summarised as follows (net at 20%):

Year of expiry	2012	2011
	<i>(in thousands of HRK)</i>	
2013.	1,258	1,258
2014.	11,395	11,395
2015.	13,271	13,271
2016.	4,732	4,732
2017.	1,715	-
	<b>32,371</b>	<b>30,656</b>

## Unrecognised deferred tax asset – temporary differences

	2012	2011
	<i>(in thousands of HRK)</i>	
Impairment of receivables	78	7
Fair value adjustments - derivative financial instruments	448	1,223
Provisions (interest)	171	172
Fair value adjustments - financial assets	14	13
	<b>711</b>	<b>1,415</b>

Deferred tax assets relating to the carry forward of unused tax losses have not been recognised in the financial statements of subsidiary, as it is not certain that future taxable profit will be available against which the unused tax losses can be utilised. The same assessment of the probability of deferred tax assets is made on Group level as on the level of subsidiary.

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 3 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 year 2010 for the company Rabac dd which was merged with the Company Riviera Adria d.d. on 1 September 2011. According to the Decision, it is required to increase the tax liability by HRK 4,428 thousand. The Company has appealed the aforementioned decision. The procedure is in progress, the Company believes that the outcome of the above will not have material effect on the financial position and performance of the Company.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 13 – EARNINGS/(LOSS) PER SHARE

**Basic**

Basic earnings/(loss) per share is calculated by dividing the loss for the year of the Company 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/(loss) per share is equal to basic, since the Group/Company did not have any convertible instruments and share options outstanding during both years.

	<u>2012</u>	<u>2011</u>
Profit/(loss) attributable to equity holders ( <i>in thousands of HRK</i> )	44,644	(28,428)
Weighted average number of shares	<u>105,558,887</u>	<u>83,852,669</u>
<b>Basic earnings/(loss) per share (<i>in HRK</i>)</b>	<b><u>0.423</u></b>	<b><u>(0.339)</u></b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 14 – PROPERTY, PLANT AND EQUIPMENT

<i>(in thousands of HRK)</i>	<b>Land and buildings</b>	<b>Plant and equipment</b>	<b>Furniture, tools and horticulture</b>	<b>Assets under construction</b>	<b>Total</b>
<b>At 31 December 2011</b>					
Cost	3,299,665	372,221	113,717	65,407	3,851,010
Accumulated depreciation and impairment	(1,328,497)	(219,890)	(80,092)	-	(1,628,479)
<b>Carrying amount</b>	<b>1,971,168</b>	<b>152,331</b>	<b>33,625</b>	<b>65,407</b>	<b>2,222,531</b>
<b>Year ended 31 December 2011</b>					
Opening carrying amount	1,971,168	152,331	33,625	65,407	2,222,531
Effect of merger	397,315	19,312	5,317	4,561	426,505
Additions	44,928	15,380	5,534	(25,426)	40,416
Disposals and impairment	(19)	(663)	(146)	(197)	(1,025)
Depreciation	(122,831)	(32,818)	(8,843)	-	(164,492)
Closing carrying amount	2,290,561	153,542	35,487	44,345	2,523,935
<b>At 31 December 2011</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 impairment	(8,212)	(289)	(169)	(251)	(8,921)
Depreciation	(173,500)	(31,432)	(13,177)	-	(218,109)
Closing carrying amount	2,159,058	126,080	46,829	62,347	2,394,314
<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>

As at 31 December 2012, the carrying amount of land and buildings pledged as collateral for borrowings amounted to HRK 1,074,388 thousand (2011: HRK 1,336,086 thousand). See Note 27.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

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

Additions under ‘Land and buildings’ relate to various constructions work in hotels and campsites which were completed in 2012 and 2011.

Assets under construction in the amount of HRK 62,347 thousand relate to reconstruction of buildings (HRK 41,024 thousand) and advances given for the reconstruction (HRK 21,323 thousand). Advances also include the paid amount to the company Glavice d.o.o for investment in the Valamar Dubrovnik Lacroma Hotel, the establishment of which is pending arbitration procedures at the Croatian Chamber of Commerce (Permanent Court of Arbitration) as described in note on contingencies and commitments.

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

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Cost	108,716	108,716
Accumulated depreciation as at 1 January	(72,913)	(68,958)
Depreciation charge for the year	(5,334)	(3,955)
<b>Carrying amount</b>	<b>30,469</b>	<b>35,803</b>

The operating lease relates to the lease of hospitality facilities and shops to third parties. During 2012, the Group realised rental income in the amount of HRK 30,498 thousand (2011: HRK 25,275 thousand).

**Operating lease commitments – where the Group is the lessor.** The future aggregate minimum lease payments receivable under operating leases are as follows:

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Up to 1 year	17,343	15,984
From 2 to 5 years	35,763	38,180
Over 5 years	6,658	6,771
<b>Total</b>	<b>59,764</b>	<b>60,935</b>

In 2012 and 2011, there were no contingent rents recognised as income in the statement of comprehensive income. All lease agreements are renewable. There is no purchase option.

During the year 2012 the Group's review of estimated useful life of buildings. The review resulted in the expected useful lives of buildings being reassessed from 25 years to 20 years. In 2012, as a result of the change on the profit and loss is an increased depreciation expense by HRK 33,453 thousand. The effect of these changes on depreciation expense for the future periods is presented below:

<i>(in thousands of HRK)</i>	2013	2014	2015	2016	2017
Increase of depreciation	33,309	32,938	31,857	29,820	26,110

The effect of changes in useful life on depreciation expense from 2018 until the useful life is not estimated.

## NOTE 15 – INTANGIBLE ASSETS

*(in thousands of HRK)*

	<u>Software and other</u>
<b>At 1 January 2011</b>	
Cost	8,721
Accumulated amortisation	(7,964)
<b>Carrying amount</b>	<b>757</b>
<b>Year ended 31 December 2011</b>	
Opening net book amount	757
Additions	825
Effect of merger	395
Amortisation	(454)
<b>Closing carrying amount</b>	<b>1,523</b>
<b>At 31 December 2011</b>	
Cost	12,338
Accumulated amortisation	(10,815)
<b>Carrying amount</b>	<b>1,523</b>
<b>Year ended 31 December 2012</b>	
Opening net book amount	1,523
Transfer	432
Additions	542
Disposals and impairment	(3)
Amortisation	(759)
<b>Closing carrying amount</b>	<b>1,735</b>
<b>At 31 December 2012</b>	
Cost	16,787
Accumulated amortisation	(15,052)
<b>Carrying amount</b>	<b>1,735</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 16a – FINANCIAL INSTRUMENTS BY CATEGORY

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

<i>(in thousands of HRK)</i>	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>

<i>(in thousands of HRK)</i>	Loans and receivables	Available-for- sale financial assets	Financial assets at fair value through profit or loss	<b>Total</b>
<b>31 December 2011</b>				
<i>Assets at the reporting date</i>				
Trade and other receivables	18,399	-	-	18,399
Loans and deposits	1,323	-	-	1,323
Available-for-sale financial assets	-	2,911	-	2,911
Financial assets at fair value through profit or loss	-	-	1,196	1,196
Derivative financial assets	-	-	1,676	1,676
Cash and cash equivalents	162,383	-	-	162,383
<b>Total</b>	<b>182,105</b>	<b>2,911</b>	<b>2,872</b>	<b>187,888</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 16a – FINANCIAL INSTRUMENTS BY CATEGORY (continued)

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.

	<u>2012</u>	<u>2011</u>
<b>Liabilities at the reporting date</b>		
<i>Financial liabilities at amortised cost:</i>	<i>(in thousands of HRK)</i>	
Trade payables	52,237	52,170
Borrowings	827,515	927,947
	<u>879,752</u>	<u>980,117</u>
<i>Financial liabilities at fair value through profit or loss:</i>		
Derivative financial instruments	7,622	10,270
	<u>887,374</u>	<u>990,387</u>

## NOTE 16b – CREDIT QUALITY OF FINANCIAL ASSETS

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

	<u>2012</u>	<u>2011</u>
<b>Trade and other receivables</b>	<i>(in thousands of HRK)</i>	
Existing customers – payments within maturity period	4,281	3,233
Existing customers – with some defaults in the past (up to 1 month)	1,492	150
Existing customers – with some defaults in the past (more than 1 month)	1,016	482
	<u>6,789</u>	<u>3,865</u>
	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
<b>Loans and deposits</b>	<u>953</u>	<u>1.323</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 17 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>Ownership</u>	<u>2012</u>	<u>2011</u>
		<i>(in thousands of HRK)</i>	
Investments in banks and other financial institutions	/i/	1,751	2,742
Other		169	169
		<b>1,920</b>	<b>2,911</b>

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

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
At beginning of year	2,911	2,941
Transfer upon merger	-	20
Devaluation recorded in other comprehensive income	(991)	(50)
At end of year	<b>1,920</b>	<b>2,911</b>

Available-for-sale financial assets are as follows:

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
<i>Equity securities</i>		
- listed	1,751	2,762
<i>Equity securities</i>		
- unlisted	169	149
	<b>1,920</b>	<b>2,911</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 18 – LOANS AND DEPOSITS

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Loans:		
Loans	562	510
Provision for loan impairment	-	-
Loans – net	<u>562</u>	<u>510</u>
Deposits:		
Deposits	1,313	1,735
Provision for deposit impairment	(922)	(922)
Deposits – net	<u>391</u>	<u>813</u>
Total	953	1,323
Less: non-current portion	(847)	(1,168)
Current portion	<u>106</u>	<u>155</u>

Loans include an amount of HRK 562 thousand (2011: HRK 510 thousand) due from employees for housing loans at an interest rate of 1% are placed through a business bank and are payable by 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 719 thousand (2011: HRK 981 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 2022) (2011: 5.55%).

## NOTE 19 – INVENTORIES

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Raw materials and supplies	6,423	5,798
Trade goods and packaging	823	826
Apartments	741	741
Provision for impairment of slow-moving inventories	(185)	(185)
	<u>7,802</u>	<u>7,180</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 20 – TRADE AND OTHER RECEIVABLES

	<b>2012</b>	<b>2011</b>
	<i>(in thousands of HRK)</i>	
Domestic	16,161	18,814
- related parties	386	20
Foreign	3,396	8,110
Provision for impairment of trade receivables	<u>(7,707)</u>	<u>(13,448)</u>
Trade receivables – net	12,236	13,496
Accrued income not yet invoiced	2,446	2,089
Interest receivables	6,090	2,814
<i>Total financial assets</i>	<u>20,772</u>	<u>18,399</u>
Prepaid expenses	4,844	3,467
VAT receivable	15,954	8,539
Advances to suppliers	4,974	5,134
Receivables from state institutions	140	193
Receivables from employees	385	237
Other receivables	<u>5,572</u>	<u>6,183</u>
	<b><u>52,641</u></b>	<b><u>42,152</u></b>

Movements in provisions for impairment of trade and other receivables:

	<b>2012</b>	<b>2011</b>
	<i>(in thousands of HRK)</i>	
At 1 January	13,448	10,446
Transfer upon merger	-	3,009
Provision for receivables impairment	401	284
Collected amounts reversed	(374)	(280)
Receivables written-off during the year as uncollectible	<u>(5,768)</u>	<u>(11)</u>
At 31 December	<b><u>7,707</u></b>	<b><u>13,448</u></b>

	<b>2012</b>	<b>2011</b>
	<i>(in thousands of HRK)</i>	
<b>Trade receivables:</b>		
Neither past, due nor impaired	6,789	3,865
Past due, but not impaired	5,447	9,631
Past due and impaired	<u>7,707</u>	<u>13,448</u>
	<b><u>19,943</u></b>	<b><u>26,944</u></b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 20 – TRADE AND OTHER RECEIVABLES (continued)

As of 31 December 2012, trade receivables in the amount of HRK 5,447 thousand (2011: HRK 9,631 thousand) were past due but not impaired. The maturities of these receivables are as follows:

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Up to one month	905	2,404
One to two months	610	2,132
Two to three months	803	1,321
Over three months up to 1 year	3,129	3,774
	<u>5,447</u>	<u>9,631</u>

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

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
EUR	11,574	4,886
HRK	9,198	13,513
	<u>20,772</u>	<u>18,399</u>

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.

## NOTE 21 – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Listed securities	189	200
Bonds of the Republic of Croatia	1,084	996
	<u>1,273</u>	<u>1,196</u>

As at 31 December 2011, the interest rate on bonds was 4.25%. Financial assets are held for trading. Bonds of the Republic of Croatia are denominated in EUR.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 22 – DERIVATIVE FINANCIAL INSTRUMENTS

	2012		2011	
	Receivables	Liabilities	Receivables	Liabilities
	<i>(in thousands of HRK)</i>		<i>(in thousands of HRK)</i>	
Fair value of interest rate swap	-	6,984	-	7,946
Market value of foreign currency forward contracts	249	638	1,676	2,324
<b>Total</b>	<b>249</b>	<b>7,622</b>	<b>1,676</b>	<b>10,270</b>
Less: non-current portion:	-	(5,112)	(916)	(7,132)
Fair value of interest rate swap	-	2,475	-	2,697
Market value of foreign currency forward contracts	249	35	760	441
<b>Current portion</b>	<b>249</b>	<b>2,510</b>	<b>760</b>	<b>3,138</b>

## (c) Foreign currency forward contracts

As at 31 December 2012, the contracted value of foreign currency forward contracts amounts to HRK 120,930 thousand (2011: HRK 319,533 thousand) at high quality Croatian banks.

Forward contracts transactions denominated in foreign currency subject to risk hedge are expected on various dates during the following 2 years (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 2012 are recognized in the statement of comprehensive income under 'other (losses)/gains-net'.

## (d) Interest rate swaps

As at 31 December 2012, the contracted value of outstanding interest rate swaps amounts to HRK 133,669 thousand (2011: HRK 182,566 thousand).

As at 31 December 2012, 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 0.19%. 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 0.012%. 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 23 – DEFERRED TAX ASSETS / LIABILITIES

<i>(in thousands of HRK)</i>	Impairment of financial assets	Provisions for concessions	Tax loss carried forward	Total
At 1 January 2011	-	-	-	-
Credited to the income	714	898	105	1,717
<b>At 31 December 2011</b>	<b>714</b>	<b>898</b>	<b>105</b>	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>17</b>	<b>357</b>

## DEFERRED TAX LIABILITIES

<i>(in thousands of HRK)</i>	<b>Financial assets available-for- sale</b>	<b>Total</b>
At 1 January 2012	264	264
Credited to the other comprehensive income	(198)	(198)
<b>At 31 December 2012</b>	<b>66</b>	<b>66</b>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 24 – CASH AND CASH EQUIVALENTS

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Giro-accounts and current accounts	16,593	6,543
Cash in hand	210	228
Foreign currency accounts	3,119	2,286
Time deposits up to one month	<u>175,285</u>	<u>153,326</u>
	<b><u>195,207</u></b>	<b><u>162,383</u></b>

The interest rate on cash and cash equivalents is up to 5.30% (2011: up to 5%).

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

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
HRK	16,803	26,771
EUR	177,983	135,089
CHF	43	30
Other	<u>378</u>	<u>493</u>
	<b><u>195,207</u></b>	<b><u>162,383</u></b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 25 – EQUITY

/iii/ The authorised and registered share capital of the Company in 2012 amounts to HRK 1,065,463,400 and comprises 106,546,340 ordinary shares, with a nominal value of HRK 10 per share. All shares are fully paid.

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

<b>2012</b>	<b>Number of shares</b>	<b>Nominal value (in thousands of HRK)</b>	<b>%</b>
Valamar Adria Holding d.d. Group, Zagreb	76,590,206	765,902	71,89
Treasury shares	3,229,176	32,291	3,03
Other shareholders - free float	26,726,958	267,270	25,08
<b>Total</b>	<b>106,546,340</b>	<b>1,065,463</b>	<b>100,00</b>

<b>2011</b>	<b>Number of shares</b>	<b>Nominal value (in thousands of HRK)</b>	<b>%</b>
Valamar Adria Holding d.d., Zagreb (Dom Holding d.d.)	74,856,662	748,566	70.26
Treasury shares	347,634	3,476	0.32
Other shareholders - free float	31,342,044	313,420	29.42
<b>Total</b>	<b>106,546,340</b>	<b>1,065,463</b>	<b>100.00</b>

**NOTE 25 – EQUITY (continued)**

/iii/ In 2012, no changes in share capital, number of shares and par value of the Company occurred. Based on the decision of the Company's General Assembly held on 29 June 2011, registered capital was decreased in 2011 from HRK 1,096,055,100.00 by HRK 365,351,700.00 to HRK 730,703,400.00.

The registered capital was decreased by decreasing the nominal value per shares from HRK 300.00 by HRK 100.00 to the amount of HRK 200.00. Also, the Decision on split of shares was made, so that one share with a nominal value of HRK 200.00 was divided into 20 ordinary shares with a nominal value of HRK 10.00 per share. For the purpose of merging companies Rabac d.d. and Zlatni Otok d.d., the registered capital was increased from HRK 730,703,400.00 by HRK 334,760,000.00 to HRK 1,065,463,400.00. The registered capital was increased by issuing 33,476,000 new ordinary shares with a nominal value of HRK 10 per share. As compensation for transferred assets of the merged companies, new shares were acquired by shareholders of the merged companies as follows: for 1 share of merged company Rabac, with a nominal value of HRK 370, they acquired 24.59 shares of the Company with a nominal value of HRK 10 (ratio 24.59:1), and shareholders of Zlatni Otok for 1 share with a nominal value of HRK 360 acquired 24.01 shares of the Company with a nominal value of HRK 10 (ratio 24.01:1). For shareholders of the merged companies that did not acquire a whole number of shares following the calculation, the Company rounded the appropriate number of shares for exchange to the next highest whole number and additional shares required for the purpose of merger were secured from the Company's treasury shares. For this purpose, 1,083 treasury shares were used, with a value, including share premium of HRK 28,099, and resulted in total consideration in shares transferred of HRK 334,788,000. All of the aforementioned changes were entered in the Court Registry, and corporative transaction was performed by SKDD in line with effective regulations.

Based on the decision of the Company's General Assembly from 8 July 2010, in 2012 the Company, for the purpose of awarding employees according to the projects of work efficiency management, acquired and reissued treasury shares. In 2012, on the organised market a total of 2,927,602 treasury shares were acquired, which comprise 2.74% of the Company's registered capital, and 46,060 treasury shares were reissued, which comprise 0.04% of the Company's registered capital.

As at 31 December 2012, the Group holds 3,229,176 treasury shares, nominal value of HRK 32,291 thousand (2011: 347,634 treasury shares, nominal value of HRK 3,476 thousand), which represents 3.03% (2011: 0.33%) of the Company's registered capital and Subsidiary's 2,936 treasury shares, nominal value of HRK 199 thousand. As at 31 December 2012, share premium for relating treasury shares amounted to HRK 13,129 thousand (2011: HRK 8,479 thousand).

**NOTE 26 – SHARE PREMIUM, RESERVES AND ACCUMULATED LOSSES**

**d) Share premium**

As at 31 December 2012 share premium amounts to HRK 466,291 thousand (2011: HRK 473,570 thousand). This amount comprise HRK 365,352 thousand (2011: 365,352 thousand) which was created by reduction of the share capital, and of HRK 116 697 thousand (2011: 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 16,941 thousand (2011: 8,479 thousand) which arose from transactions with treasury shares. Effect of the acquisition of non-controlling interest amounts to HRK 1,183 thousand (2011: HRK 1,125 thousand).

**e) Reserve for reinvested profit**

During 2012 the Company realised profit before tax of HRK 54,031 thousand. The Management of the Company adopted a decision to reinvest profits in the amount of HRK 52,200 thousand, which will be registered during 2013 as an increase of the Company's share capital.

In accordance with the applicable tax regulations, the Company recognised the amount of reinvested profit amount as a tax incentive resulting in a decrease in current tax expense in the amount of HRK 10,440 thousand.

It should be noted that the decision to reinvest profits and consequent increase of share capital is subject to final approval by the General Assembly.

The management of the Company believes it is certain that the above stated increase in share capital from reinvested profits will be approved by the General Assembly of the Company, after the required procedures are carried out. These procedures are in compliance with the business policy of the Company that the profit for the year is not distributed, it is retained and invested, the same as in previous Supervisory board decisions regarding use of the profit.

Pursuant to the above, HRK 52,200 thousand relates to the amount of profit that will be reinvested and registered as an increase in the Company's share capital and as such is not considered distributable to the shareholders and is disclosed within the reserves for the reinvested profit. If the share capital increase is not registered by 31 October 2013, the tax incentive will be reversed, resulting in a tax expense of HRK 10,440 thousand, plus interests.

## NOTE 26 – SHARE PREMIUM, RESERVES AND ACCUMULATED LOSSES (continued)

## c) Reserves

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Legal reserves	57,792	74,327
Other reserves	83,127	82,130
	<u>140,919</u>	<u>156,457</u>
<b>Changes in reserves:</b>		
<b>Legal reserves</b>		
At beginning of the year	74,327	97,120
Coverage of losses	(16,535)	(22,793)
<b>At end of the year</b>	<u>57,792</u>	<u>74,327</u>
<b>Other reserves</b>		
At beginning of the year	82,130	82,444
Revaluation of available-for-sale financial assets, net after tax	(794)	(50)
Transfer from retained earnings	1,791	-
<b>At end of the year</b>	<u>83,127</u>	<u>82,130</u>
<b>Reserve for reinvested profit</b>		
At beginning of the year	-	-
Transfer from retained earnings	52,200	-
<b>At end of the year</b>	<u>52,200</u>	<u>-</u>

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 2012, legal reserves amounted to HRK 57,792 thousand or 5.42% of the share capital ( at 31 December 2011: 74,327 thousand or 7% of the share capital). This reserve is not distributable.

Based on the Decision of the General Assemblies held on 20 June 2012, gain realised in 2011 in the amount of HRK 1,791 thousand transfers to other reserves.

Based on the Decision of the General Assemblies of the Subsidiary held on 19 June 2012, loss realised in 2011 in the amount of HRK 16,535 thousand was covered from the Company's legal reserves exceeding the prescribed 5% of registered capital.

As at 31 December 2012 other reserves amounted to HRK 83,127 thousand (2011: HRK 82,130 thousand). Other reserves comprise treasury shares reserve in the amount of HRK 57,792 thousand (2011: HRK 9,426 thousand) and revaluation reserve in the amount of HRK 262 thousand (2011: HRK 1,055 thousand). Treasury share reserve and revaluation reserve are not distributable. The remaining amount of HRK 25,073 thousand (2011: HRK 71,649 thousand) relates to retained earnings which is distributable.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 27 – BORROWINGS

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Bank borrowings	826,642	870,203
Borrowings – related parties (Note 34)	-	57,044
Finance lease	873	-
<b>Total borrowings</b>	<b>827,515</b>	<b>927,247</b>
Current portion	<b>(141,159)</b>	<b>(130,618)</b>
Non-current portion	<b>686,356</b>	<b>796,629</b>

All banks have secured their borrowed funds through a transfer of ownership title over hotel facilities (Note 14) with a net book value of HRK 1,074,388 thousand (2011: HRK 1,336.086 thousand).

The carrying amount of borrowings is denominated in following currencies:

	<u>2012</u>	<u>2011</u>
Bank borrowings:		
– EUR	518,304	539,103
– CHF	272,339	329,188
– HRK	36,872	58,956
	<b>827,515</b>	<b>927,247</b>

The effective interest rates at the reporting date were as follows:

	<u>2012</u>	<u>2011</u>
Bank borrowings:		
– EUR	1.022 % – 4%	2% -4.962%
– EUR – related parties	-	7%
– CHF	1.2125% -1.5%	1.22% -1.5%
– HRK	2.0% - 5.2%	2.0% -5.36%

Maturities of long-term borrowings are as follows:

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
1-2 years	221,880	320,030
2-5 years	289,737	313,778
Over 5 years	174,739	162,821
	<b>686,356</b>	<b>796,629</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 27 – BORROWINGS (continued)

The carrying amounts and fair value of long-term borrowings are as follows:

	Carrying amounts		Fair value	
	2012	2011	2012	2011
	<i>(in thousands of HRK)</i>			
Borrowings	<b>686,356</b>	<b>796,629</b>	<b>655,050</b>	<b>759,768</b>

The fair value is based on cash flows discounted using a rate based on the weighted average interest rate on borrowings of 2.56% (2011: 3.77%). The carrying amounts of short-term borrowings approximate their fair value.

## NOTE 28 – TRADE AND OTHER PAYABLES

	<b>2012</b>	<b>2011</b>
	<i>(in thousands of HRK)</i>	
Trade payables	36,068	35,917
Trade payables – related parties	3,917	6,944
Interest payable – related parties	298	761
Interest payable	1,296	524
Concession fees payable	10,658	8,024
<i>Total financial liabilities</i>	<b>52,237</b>	<b>52,170</b>
Liabilities to employees	24,255	22,691
Liabilities for taxes and contributions and similar charges	8,223	5,703
Advances received	7,853	7,042
Other current liabilities	4,010	3,428
	<b>96,578</b>	<b>91,034</b>

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

	<b>2012</b>	<b>2011</b>
	<i>(in thousands of HRK)</i>	
- EUR	1,867	631
- HRK	50,370	51,539
	<b>52,237</b>	<b>52,170</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 29 – PROVISIONS FOR OTHER LIABILITIES AND CHARGES

<i>(in thousands of HRK)</i>	<b>Termination benefits</b>	<b>Legal proceedings</b>	<b>Bonuses</b>	<b>Total</b>
At 1 January 2011	<b>201</b>	<b>26,542</b>	<b>1,511</b>	<b>28,254</b>
Transfer upon merger	68	2,033	987	3,088
Unwinding of discount	-	742	-	742
Additional provisions	318	118	5,936	6,372
Used during year	-	(2,331)	(71)	(2,402)
Unused during year	-	(1,489)	-	(1,489)
<b>At 31 December 2011</b>	<b>587</b>	<b>25,615</b>	<b>8,363</b>	<b>34,565</b>
<b>2011</b>				
Current portion	587	-	8,363	<b>8,950</b>
Non-current portion	-	25,615	-	<b>25,615</b>
At 1 January 2012	<b>587</b>	<b>25,615</b>	<b>8,363</b>	<b>34,565</b>
Unwinding of discount	-	857	-	857
Additional provisions	491	1,962	6,758	9,211
Used during year	(587)	-	(7,841)	(8,428)
Unused during year	-	(44)	-	(44)
<b>At 31 December 2012</b>	<b>491</b>	<b>28,390</b>	<b>7,280</b>	<b>36,161</b>
<b>2012</b>				
Current portion	491	-	7,280	<b>7,771</b>
Non-current portion	-	28,390	-	<b>28,390</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.

In previous year, provision were made for several legal disputes that the subsidiary has initiated against the company Glavice d.o.o. in bankruptcy before the arbitration court, in order to resolve all mutual relations in respect of the augmentation 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 from the bankruptcy estate is uncertain.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 30 – CONSOLIDATED SUBSIDIARY

	Country	Ownership at 31 December	
		2012	2011
Dubrovnik-Babin kuk d.d.	Croatia	94.11%	93.92%
Palme turizam d.o.o.	Croatia	100.00%	100.00%
Elafiti Babin kuk d.o.o.	Croatia	100.00%	100.00%
Hotel Plakir d.o.o.	Croatia	100.00%	100.00%
Magične stijene d.o.o.	Croatia	100.00%	100.00%

The Company acquired an additional 0.20% shares in Dubrovnik-Babin kuk d.d., Dubrovnik for cash consideration of HRK 506 thousand. The carrying amount as of 31 December 2011 of the non-controlling interests in the Group was HRK 17,921 thousand. The Group derecognised non-controlling interests of HRK 564 thousand and recorded a decrease in equity attributable to non-controlling interest of HRK 502 thousand.

## NOTE 31 – INTEREST IN JOINT VENTURE

According to the collective agreement, the Group monitors 33.33% of the operations of Pogača Babin kuk d.o.o. During 2012 and 2011, there were no changes with respect to the interests in the joint venture and it is an ownership share of 49.67% or HRK 1,490 thousand (2011: 49.67% or HRK 1,490 thousand).

	2012	2011
	<i>(in thousands of HRK)</i>	
<b>Assets:</b>		
Non-current	1,210	1,512
Current	4,175	3,416
	<b>5,385</b>	<b>4,928</b>
<b>Liabilities:</b>		
Long-term	61	132
Short-term	1,511	1,470
	<b>1,572</b>	<b>1,602</b>
<b>Net assets</b>	<b>3,813</b>	<b>3,326</b>
Income	9,447	10,752
Expenses	(8,837)	(9,878)
<b>Profit before tax</b>	<b>610</b>	<b>874</b>
<b>Profit after tax</b>	<b>487</b>	<b>776</b>
<b>Share in profit of joint venture (33.33%)</b>	<b>162</b>	<b>259</b>
	<b>2012</b>	<b>2011</b>
	<i>(in thousands of HRK)</i>	
At beginning of year	1,109	1,490
Adjustment of share	-	(640)
Share in net profit	162	259
<b>At end of year</b>	<b>1,271</b>	<b>1,109</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 31 – INTEREST IN JOINT VENTURE (continued)

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

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
At beginning of year	3.326	2,550
Net profit for the period	487	776
<b>At end of year</b>	<b>3.813</b>	<b>3,326</b>
Share in net assets from joint venture (33.33%)	1.271	1,109
<b>Carrying amount</b>	<b>1.271</b>	<b>1,109</b>

## NOTE 32 – CONTINGENCIES AND COMMITMENTS

**Legal proceedings**

In the ordinary course of business, the Group companies are plaintiff and defendant in various legal actions. In the financial statements for the year ended 31 December 2012 provisions for certain legal proceedings have been made for which the Group company anticipates damages in the amount of HRK 28,390 thousand (2011: HRK 25,615 thousand), as set out in Note 29.

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

Transformation and privatisation audit for the Company was performed prior to the merger of companies Rabac d.d. and Zlatni Otok d.d. to company Riviera Poreč d.d., and procedures are recorded separately by legal predecessors:

- d) Riviera Adria d.d. – procedures related to Riviera Poreč d.d. prior to merger

On 29 January 2003, the State Audit Office, Local Office Pazin, issued a Report on the performed transformation and privatisation audit of the Company. The Report stated that the transformation and privatisation process was not performed completely in accordance with legal regulations. On 30 January 2003, the Company filed a complaint through a law firm on the grounds that the Report is incorrect and incomplete due to the fact that the Croatian Privatisation Fund (“CPF”) excluded land worth DEM 71 million or 2,357,779 square meters from the Company’s capital valuation. Such land was a construction site at the time of the privatisation process, and therefore, should have been included in the capital valuation. The Republic of Croatia (“RC”) and the Croatian Privatisation Fund also filed lawsuits in 2003 against the Company regarding this issue. The stated land is utilised by the Company and registered in the land registry, but not recorded in its books. No reply from the State Audit Office was received to the date of the issue of these financial statements regarding the Company’s complaint, nor the court litigations with RC and CPF (now AUDIO) were finished. The results of the proceedings above are not expected to have negative impact on the financial position and results of the Company.

**NOTE 32 – CONTINGENCIES AND COMMITMENTS (continued)**

e) Riviera Adria d.d. – procedures related to RABAC d.d. prior to merger

On 21 June 2002, the State Audit Office, Local Office Pazin, issued a Report on the performed transformation and privatisation audit of the socially-owned enterprise Rabac p.o., Rabac. The Report stated that the transformation and privatisation process was not performed completely in accordance with legal regulations, especially with respect to the transfer of certain properties into the estimated value of the enterprise. On 19 June 2002 the Company expressed its opinion on the mentioned Report. No reply from the State Audit Office was received to the date of the issue of these financial statements regarding the Company's complaint. The results of the proceedings above are not expected to have negative impact on the financial position and results of the Company.

f) Riviera Adria d.d. – procedures related to ZLATNI OTOK d.d. prior to merger

In 2000, the Croatian Privatisation Fund (the CPF) initiated legal proceedings against Zlatni otok d.d. for the registration of ownership title over properties at the campsites Ježevac and Politin in Krk. The Municipal Court in Krk dismissed the claim; the Croatian Privatisation Fund filed an appeal. In making a decision with respect to the appeal, the County Court in Rijeka adopted the appeal of the prosecutor, the CPF, and remanded the case for retrial to the first-instance court.

In the meantime, the plaintiff registered ownership title in two separate land-registry cases over the property in this dispute. Zlatni otok d.d. filed appeals against the stated registrations. The County Court in Koprivnica accepted one of the appeals, dismissing the CPF's proposal for registration and ordered the establishment of the previous status in the land registry, while the other appeal was dismissed by the same County Court in Koprivnica. As a result of the stated, in the civil court proceedings the CPF withdrew the claim in relation to the land plots over which it registered ownership title in the land-registry case. Zlatni otok d.d. consented to the withdrawal of the CPF's claim, but sought reimbursement of litigation costs that it is entitled to under the Law on Civil Procedure.

As the CPF registered its ownership title in the course of the land-registry case over most of the property subject to these proceedings, Zlatni otok d.d. filed a counterclaim against the CPF for the establishment of the rights of ownership title. In the repeated first-instance proceeding, the last hearing was held on 28 April 2010. At the stated hearing, the CPF insisted on the modification of the claim by surrendering the plots at the campsites Ježevac and Politin into ownership. However, the court issued a decision not to accept CPF's modification of the claim and concluded the hearing with respect to the remainder of the plaintiffs' claim, while in relation to the counterclaim the first-instance proceedings are still in progress. The verdict of the Municipal Court in Krk in relation to the remainder of the CPF's claim has not as yet been received. We estimate that the claim of the CPF will be dismissed, but the possibility of the court issuing a different decision cannot be excluded.

**NOTE 32 – CONTINGENCIES AND COMMITMENTS (continued)**

c) Riviera Adria d.d. – procedures related to Zlatni Otok d.d. prior to merger (continued)

At this point it is not possible to estimate the ultimate outcome of the proceedings in respect of the claim and counterclaim, but we believe that in light of the new Law on Tourist and other Construction Land, not evaluated in the transformation and privatisation process, which entered into force on 1 August 2010, there is a risk that the court reaches an unfavourable decision in relation to the counterclaim of Zlatni otok d.d. At this point it is not possible to estimate when this legal matter will be finalised, but a legally valid finalisation is expected in several years. Furthermore, at this point it is also not possible to estimate the value of future contingent liabilities of Zlatni otok d.d. in this case, but we believe that even in the event of an unfavourable court decision regarding the counterclaim of Zlatni otok d.d., it will be possible to offset a large portion of the incurred litigation costs with the litigation costs that the CPF owes to Zlatni otok d.d. regarding the withdrawn part of the claim. The court will decide on this at the end of the court proceedings. However, the possibility of the court issuing a different decision cannot be excluded.

As at 31 December 2012, the net book value of the land at the campsites Ježevac and Politin recorded in the Company's books is HRK 10,284 thousand.

In addition, the Republic of Croatia filed a claim against Zlatni otok d.d. for the purpose of determining the ownership title over properties at the campsite "Škrila" in Stara Baška, claiming that the plot is agricultural land. Zlatni otok d.d. fully contested the claim. A hearing – an on-site investigation was held on 6 June 2008 in the presence of a surveyor expert in order to identify the properties that are the subject of this proceeding. Despite repeated reminders by the court, the expert witness findings have not as yet been received. A new hearing will be scheduled in writing.

The stated properties are located at the campsite Škrila in Stara Baška. Since the new Law on Tourist Land prescribes ownership rights of the Republic of Croatia over unevaluated land at campsites as well as establishing a co-ownership community between the company and the Republic of Croatia in proportion to the size of the evaluated and unevaluated part, we believe there is a risk of an unfavourable outcome of the proceedings for the defendant - the company Zlatni otok d.d.

As at 31 December 2012, the net book value of land at the campsite Stara Baška recorded in the Company's books is HRK 1,899 thousand.

Previously described proceedings for Zlatni Otok d.d. before the merger are not finished to the date of the issue of these financial statements. Regarding the application of the Law on Tourist and other Construction Land not assessed during privatization on these proceedings, we expect an impact of approximate 42% on net present value of the land in the campsites Ježevac, Politin and Stara Baška. Furthermore, in case of adverse outcome, no additional annual costs are expected as the land is already included in land under concession as the tourist land.

d) Riviera Adria d.d.

Company Riviera Adria d.d. as the universal legal successor of the merged companies took over all initiated proceedings and all described balances as previously stated in this Note 32. The outcome and the result of the above mentioned legal proceedings stated under a), b) and c) cannot be reliably anticipated. Result of these proceedings are expected in accordance with the Law on Tourist and other Construction Land not assessed during privatization, and the Company does not expect to have significant influence on the financial position of the Company.

**NOTE 32 – CONTINGENCIES AND COMMITMENTS (continued)**

d) Riviera Adria d.d. (continued)

On 1 August 2010, Law on Tourist and other Construction Land not assessed during privatization (“the ZTZ“), entered into force in accordance with which and based on which the ownership and co-ownership over land not evaluated in the transformation and privatisation process will finally be determined and under which the legal proceedings regarding unvalued tourist land would be settled. Within the prescribed period, on 31 January 2011, the Company initiated procedures for submitting requests for concessions on tourist land for campsites and tourist estates, as well as for determination requests on land plots/ground plans of evaluated buildings (hotels, apartments and other evaluated buildings) and other prescribed requirements. After the outcome of these procedures, the ownership and/or co-ownership of the Company on the part of the land that was not evaluated in the transformation and privatisation process will finally be determined. During 2012, the Company continued with active participation in these procedures, according to the requests and/or instructions of authorities. During 2012, from all submitted requests, only four first instance decision were made in process of determining land parcel according to ZTZ on which appeal have been made and which were brought to retrial by second instance body in two cases (for tourist land Lanterna and Solaris in Poreč, and hotel Valamar Sanfior in Rabac), while the other two procedures (for buildings in campsites Ježevac and Politin on island Krk) are still in process. During 2012, bills for part of concession fees according to the Regulation were issued and paid (advance payment of 50% of assumed fee). By the 31 December 2012 not a single initiated proceedings for concessions and other prescribed requirements haven’t been completed.

d) Transformation and privatisation audit of Dubrovnik - Babin kuk d.d. (the Subsidiary)

On 15 May 2003, the State Audit Office (in Dubrovnik) issued a Report on the performed transformation and privatisation audit of the Subsidiary. The Report states that the transformation and privatisation procedure was not entirely executed in accordance with the law. The Report did not include an assessment of whether the valuation of land with a surface area of 646,543 sq.m., which was included in the Subsidiary's founding capital, was performed correctly and in line with legal provisions. In addition, the Report also did not include an assessment of construction land, which was excluded from the Subsidiary 's capital. On 20 May 2003, the Subsidiary filed a complaint against the Report. Up to the date of these financial statements, there has been no reply from the State Audit Office on the Subsidiary 's complaint.

In 1999, the Subsidiary requested from the Croatian Privatisation Fund (CPF) a renewed transformation procedure with the aim of including land with a surface area of 84,521 sq.m. in the Subsidiary’s capital. The stated land is used by the Subsidiary, but it is not entered into the Subsidiary’s books. On 3 July 2002, the CPF reached a partial decision according to which the Subsidiary’s proposal was denied and land with a surface area of 61,376 sq.m. was transferred to the ownership of the CPF based on the Law on Privatisation and the stated decision of the CPF. The Subsidiary initiated an administrative dispute at the Administrative Court against the decision of the CPF. On 25 January 2006, the Court reached a decision according to which the Subsidiary’s request was denied and the property was transferred to the ownership of the CPF. After several years of negotiations between representatives of the Subsidiary and the CPF, the CPF reached a decision on 20 July 2009 which proposes the capital increase of the Subsidiary by transferring properties. This decision was not accepted by the General Assembly held on 17 February 2010.

**NOTE 32 – CONTINGENCIES AND COMMITMENTS (continued)**

**Land ownership**

The Subsidiary does not have legal ownership title over 27,393 sq.m. of land, which amounts to HRK 12,727 thousand. Land with a surface area of 11,329 sq.m. in the amount of HRK 5,263 thousand is currently subject to procedures of establishing the borders of the maritime demesne. The ownership title for land of 16,064 sq.m. amounting to HRK 7,464 thousand has not been registered. The land registry office of the Municipal Court in Dubrovnik denied the Subsidiary's registration of ownership title based on the decision of the Croatian Privatisation Fund according to which these properties are included in the Subsidiary's capital. Namely, the stated land is partly public property, partly maritime demesne and partly owned by third parties (during 2009, the Republic of Croatia registered on a part of the stated land, to which the Subsidiary appealed). The financial statements have been prepared under the assumption of full registration of ownership title of the assets, which became part of owner's equity of Dubrovnik-Babin kuk d.d. in the transformation process.

In 1994, the Croatian Privatisation Fund (CPF) issued a decision on the ownership transformation of the company Dubrovnik-Babin kuk d.d. In the period from 1996 to 2002, the CPF reached 6 partial and complementary decisions (and conclusions) on including properties into the Subsidiary's capital. Since these decisions did not cover all of the Subsidiary's properties and since there were numerous errors (with respect to surface areas, failure to distinguish between the old and the new land survey), in 1999 the Subsidiary initiated a renewed transformation process at the CPF, which intensified since 2005. After five-year negotiations between representatives of the Subsidiary and the CPF almost on a weekly basis, which was included in previous financial statements, the CPF reached a decision on 20 July of 2009. The stated decision proposes the capital increase of the Subsidiary by transferring seven properties with a total area of 12,884 sq.m., which form a self-contained unit. Thus, the Subsidiary's share capital would increase by the amount of HRK 52,637,000, by issuing 175,457 ordinary shares with a nominal value of HRK 300.00 per share for the benefit of the Croatian Privatisation Fund. By implementing the stated decision, the Subsidiary's share capital would increase from HRK 529,503,000 by the amount of HRK 52,637,000 to HRK 582,140,000. After implementing the above decision at the General Assembly, the CPF would issue a single decision on including the properties in the Subsidiary's capital. This would correct the mistakes and irregularities in the existing decisions of the CPF, it would resolve the status of the military barracks, 10,046 sq.m. would be included in the camp grounds element of the Subsidiary's capital.

In August 2009, the Subsidiary filed an administrative claim with the Administrative Court of the Croatian Republic against the decision of the Croatian Privatisation Fund dated 20 July 2009. The claim, on which a court decision is still outstanding, requests the annulment of the CPF's decision in its entirety. Among the main reasons for filing an administrative claim was the opinion of the Law Firm Bogdanović, Dolički & Partners according to which the Croatian Privatisation Fund had no authority to make such a decision, based on which the defined self-contained unit is transferred to the CPF, and whereby the determined property value proposed by the CPF to be recorded in the Subsidiary's capital is too high.

Namely, instead of accepting the realistic value of the land identified by an expert witness, selected from the list of expert witnesses of the Dubrovnik County Court and appointed by the CPF, the CPF accepted the value of the land assessed by the Tax Authority in Dubrovnik, which made a number of omissions in the valuation process and which the Subsidiary repeatedly objected to in the course of the administrative procedure.

On 17 February 2010, an extraordinary General Assembly Meeting of the company Dubrovnik-Babin kuk d.d. was held and the resolution of the Croatian Privatisation Fund of 20 July 2009, requiring a capital increase of the Subsidiary, was not accepted. Due to the above decision, the Subsidiary already increased the provision for legal claims in 2009, since the Subsidiary expects further action of the CPF in the coming period and the CPF entered a notification into the land registry of legal proceedings in respect of the specified land.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 32 – CONTINGENCIES AND COMMITMENTS (continued)

**Capital commitments**

Future commitments with respect to investments in tourism facilities for which no provision was made, as at 31 December 2012 amounted to HRK 75,678 thousand (2011: HRK 26,746 thousand).

**Contractual commitments**

The Group has signed a contract in 2004 appointing Valamar hotel ii 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:

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Up to 1 year	1,860	2,424
From 2 to 5 years	<u>798</u>	<u>2,152</u>
Total	<u>2,658</u>	<u>4,576</u>

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

**Contingencies**

With respect to the borrowings granted by the Croatian Bank for Reconstruction and Development to the subsidiary Dubrovnik – Babin kuk d.d., the Company issued guarantees in the form of blank promissory notes in the total amount of HRK 128,000 thousand (during 2004 – HRK 21,000 thousand, during 2008 – HRK 25,000 thousand and during 2009 – HRK 82,000 thousand).

Guarantees provided in 2004, 2008 and 2009 are secured by 128 blank promissory notes in the amount of HRK 1 million each of subsidiary Dubrovnik – Babin kuk d.d. and 82 blank promissory notes of company Valamar Adria Holding d.d. (previously Dom Holding d.d.), as well as mortgage over properties of subsidiary Dubrovnik – Babin kuk d.d. with the total estimated value of HRK 838,696 thousand.

During 2010, the Company also issued guarantees in the form of blank promissory notes in the amount of HRK 25,000 thousand to PBZ/the Croatian Bank for Reconstruction and Development (HBOR) as a guarantor/payer in respect of signing the Club HRK Credit Agreement. As security for the guarantee, the Company received 25 blank promissory notes from the company Valamar Adria Holding d.d. (previously Dom Holding d.d.) and the subsidiary Dubrovnik Babin Kuk d.d. of HRK 1,000 thousand per item or in the total amount of HRK 25,000 thousand.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 32 – CONTINGENCIES AND COMMITMENTS (continued)

During 2009, the Subsidiary issued guarantees on behalf of Valamar Adria Holding d.d. (previously Dom Holding d.d.) in the form of a pledge over properties in the amount of HRK 82,000 thousand for the guarantees that Valamar Adria Holding d.d. (previously Dom Holding d.d.) issued on behalf of Riviera Adria d.d. based on the Subsidiary's borrowings from the Croatian Bank for Reconstruction and Development (HBOR).

During 2011, the Company issued guarantees to PBZ/HBOR as the guarantor for its subsidiary, by providing blank promissory notes in the amount of HRK 15,000 thousand and EUR 6.1 million. The guarantee is secured by blank promissory notes of Valamar Adria Holding d.d. in the same amount as the guarantees issued for subsidiary's borrowings (HRK 15,000 thousand and EUR 6.1 million) (Note 34).

## NOTE 33 – CASH GENERATED FROM OPERATIONS

Adjustment of loss with cash generated from operations:

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Profit/(loss) before taxation	45,502	(32,101)
Adjustments for:		
Depreciation and amortisation	218,868	164,946
Net gains on sale of property, plant and equipment and intangible assets	(123)	(325)
Impairment charge of property, plant and equipment	8,878	635
Provision for impairment of trade and other receivables – net	27	4
Interest income	(273)	(57)
Dividend income	(105)	(123)
Finance costs – net	17,800	51,433
Fair value losses/(gains) on financial assets	(97)	63
Fair value losses from forward contracts – net	(1,362)	648
Increase in provisions – net	1,596	5,625
Share of profit in joint venture	(162)	259
Other non-cash items	98	122
Changes in working capital:		
- Trade and other receivables	(8,592)	12,186
- Inventories	(622)	1,034
- Trade and other payables	3,034	(24,574)
Cash generated from operations	<u>284,467</u>	<u>179,775</u>

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

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Net book value of property, plant and equipment	48	390
Gains on sale of property, plant and equipment (Note 10)	123	325
Proceeds from sale of property, plant and equipment	<u>171</u>	<u>715</u>

# RIVIERA ADRIA d.d., POREČ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2012

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#### NOTE 34 – 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 71.89% of the Company's shares (Note 25). The ultimate parent of the Company is Valamar grupa d.d., Zagreb while the ultimate controlling company is Epic GmbH, Vienna.

During 2011, Dom holding d.d., Zagreb changed its name into Valamar Adria holding d.d., Zagreb, Riviera Poreč d.d., Poreč into Riviera Adria d.d., Poreč and Epic d.o.o. into Valmar poslovni razvoj d.o.o., Zagreb.

Related parties in the Valamar Group are: Valamar grupa d.d., Zagreb, Valamar Adria holding d.d., Zagreb, Dubrovnik-Babin kuk d.d., Dubrovnik., Puntizela d.o.o., Pula, RABAC d.d., Rabac, Zlatni otok d.d., Krk, 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.

As of 1 September 2011, companies RABAC d.d., Rabac, Zlatni otok d.d., Krk were merged with company Riviera Adria d.d., Poreč.

Riviera Adria d.d., Poreč is the parent company of the subsidiary: Dubrovnik-Babin kuk d.d., Dubrovnik.

Valamar Adria Holding d.d., Zagreb is the parent company of the following subsidiaries: Riviera Adria d.d., Poreč, Bastion upravljanje d.o.o., Zagreb and Linteum savjetovanje d.o.o., Zagreb.

Valamar grupa d.d., Zagreb is the parent company of the following subsidiaries: Valamar Adria Holding d.d., Zagreb, Valamar hoteli i ljetovališta d.o.o., Zagreb, Valamar turistički projekti d.o.o., Zagreb, Epima d.o.o., Zagreb, Bugenvilia d.o.o., Dubrovnik and Puntizela d.o.o., Pula. Epic GmbH, Beč is the parent company of subsidiary Valamar poslovni razvoj d.o.o., Zagreb.

Related party transactions were as follows:

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
<b>Sale of services</b>		
Valamar grupa d.d., Zagreb	16	-
Valamar hoteli i ljetovališta d.o.o., Zagreb	2,139	832
Valamar turistički projekti d.o.o., Zagreb	10	1
Zlatni otok d.d., Krk	-	1,675
Rabac d.d., Rabac	-	5,180
Puntizela d.o.o., Pula	298	68
Epima d.o.o., Zagreb	-	1
Valamar poslovni razvoj d.o.o., Zagreb	41	17
Bugenvilia d.o.o., Dubrovnik	-	1
Valamar Adria holding d.d., Zagreb	28	2
	<u>2,532</u>	<u>7,777</u>



**RIVIERA ADRIA d.d., POREČ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**NOTE 34 – RELATED PARTY TRANSACTIONS (continued)**

		<b>2012</b>	<b>2011</b>
		<i>(in thousands of HRK)</i>	
<b>Purchase of services</b>			
Valamar Adria holding d.d. Zagreb		4,735	245
Valamar hoteli i ljetovališta d.o.o., Zagreb		86,585	58,708
Valamar turistički projekti d.o.o., Zagreb		(8)	502
Valamar Grupa d.d.		25	-
Zlatni otok d.d., Krk		-	2
Rabac d.d., Rabac		-	82
Bugenvilia d.o.o., Dubrovnik		80	80
Epima d.o.o., Zagreb		-	3
Valamar poslovni razvoj d.o.o., Zagreb		2,672	30
Puntizela d.o.o., Pula		-	5
		<b>94,089</b>	<b>59,657</b>
	<b>Note</b>	<b>2012</b>	<b>2011</b>
		<i>(in thousands of HRK)</i>	
<b>Borrowings – Valamar Adria holding d.d., Zagreb</b>			
At beginning of year		57,044	42,591
Increase		11,242	71,453
Decrease		(68,286)	(57,000)
At end of year	27	-	<b>57,044</b>
<b>Interest expense</b>			
Valamar Adria holding d.d., Zagreb	11	<b>3,452</b>	<b>3,636</b>
<b>Receivables</b>			
Valamar hoteli i ljetovališta d.o.o., Zagreb		380	12
Valamar Adria Holding d.d. Zagreb		2	-
Valamar Poslovni razvoj d.o.o. Zagreb		1	-
Puntizela d.o.o., Pula		3	8
	21	<b>386</b>	<b>20</b>
<b>Liabilities</b>			
Valamar Adria holding d.d. Zagreb	28	1,070	761
Valamar turistički projekti d.o.o.		-	488
Valamar Grupa d.d. Zagreb		31	-
Valamar hoteli i ljetovališta d.o.o., Zagreb		2,791	6,391
Valamar poslovni razvoj d.o.o., Zagreb		298	38
Bugenvilia d.o.o., Dubrovnik		25	25
Epima d.o.o., Zagreb		-	2
	28	<b>4,215</b>	<b>7,705</b>
<b>Contingent liability – guarantee</b>			
Valamar Adria holding d.d. Zagreb	33	143,089	143,089

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2012

## NOTE 34 – RELATED PARTY TRANSACTIONS (continued)

## Key management compensation

	<u>2012</u>	<u>2011</u>
	<i>(in thousands of HRK)</i>	
Salaries	2,219	1,879
Pension contributions	447	409
Health insurance contribution	550	511
Other costs (contribution and taxes)	<u>2,147</u>	<u>2,233</u>
	<b><u>5,363</u></b>	<b><u>5,032</u></b>

Group Management consists of 6 members (2011: 6 members).

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

Management of the subsidiary comprise Niko Koncul, Marko Čižmek, Tihomir Nikolaš

## NOTE 35 – MERGER OF ENTITIES UNDER COMMON CONTROL

As at 1 September 2011, the Company acquired entities: Rabac d.d., Rabac and Zlatni otok d.d., Krk all under common control of the Parent company Valamar Adria holding d.d. (Dom holding d.d.). Assets and liabilities of these entities were merged at carrying amounts.

Assets and liabilities arising from the merger are as follows:

<b>Assets</b>	<b><u>1 September 2011</u></b>
Property, plant and equipment (Note 14)	426,505
Intangible assets (Note 15)	395
Inventories	1,954
Trade and other receivables	21,420
Cash and cash equivalents	129,471
Financial assets	1,016
<b>Liabilities</b>	
Borrowings	(68,834)
Provisions (Note 29)	(3,088)
Trade and other payables	<u>(57,354)</u>
<b>Net assets acquired</b>	<b>451,485</b>
<b>Equity instruments transferred</b>	<b>334,788</b>
<b>Net assets upon merger</b>	<b>116,697</b>