

Appendix 1

Reporting period:

1.1.2010

to

31.12.2010

Annual financial report of entrepreneur - GFI-POD

Registration number (MB) 03166619

Identification number of subject (MBS) 040008080

Personal identification number (OIB) 15573300024

Issuer company: LIBURNIA RIVIERA HOTELI d.d. OPATIJA

Postal code and place 51410 OPATIJA

Street and number MARSALA TITA 198

E-mail address: remisens@remisens

Internet address: www.remisens.com

Code and name of comune/town 302

Code and county name 8 PRIMORSKO GORANSKA

Number of employees 726

(at quarter end)

Consolidated statement NO

NKD/NWC code: 5510

Subsidiaries subject to consolidation (according to IFRS):

Registration number:

Subsidiaries subject to consolidation (according to IFRS):	Registration number:

Book keeping service:

Contact person: Tancabel Loredana  
(authorised person for representation)

Phone number: 051 710 353

Fascimile: 051 710 404

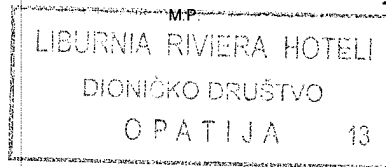
E-mail address: loredana.tancabel@liburnia.hr

Surname and name: Šehanović Igor, Mogočević Mirjana  
(authorised person for representation)

Disclosure documents:

1. Audited annual financial statements
2. Report of the Management Board on position of the Company
3. Statement of responsible persons for preparation of financial statements
4. The decision of the competent authority (the proposal) about the development of the annual financial statements
5. Decision on the allocation of profits or covering of loss

(signed by authorised person for representation)



**BALANCE SHEET**  
as at 31.12.2010.

Obligator: LIBURNIA RIVIERA HOTEL d.d. OPATIJA			
Item	ACIP code	Last year (net)	Current year (net)
<b>ASSETS</b>			
<b>A) RECEIVABLES FOR SUBSCRIBED BUT NOT PAID-IN CAPITAL</b>	<b>001</b>		
<b>B) LONG-TERM ASSETS (003+010+020+029+033)</b>	<b>002</b>	007.642.216	962.446.570
<b>I. INTANGIBLE ASSETS (004 to 009)</b>	<b>003</b>	1.659.319	1.254.431
1. Assets development	<b>004</b>	1.024.141	391.246
2. Concessions, patents, licences fees, trade and service marks, software and	<b>005</b>	725.996	729.657
3. Goodwill	<b>006</b>		
4. Prepayments for purchase of intangible assets	<b>007</b>		
5. Intangible assets in preparation	<b>008</b>	109.182	133.528
6. Other intangible assets	<b>009</b>		
<b>II. TANGIBLE ASSETS (011 to 019)</b>	<b>010</b>	995.854.433	957.716.671
1. Land	<b>011</b>	117.901.591	113.140.696
2. Buildings	<b>012</b>	797.077.016	774.528.336
3. Plant and equipment	<b>013</b>	28.618.382	24.672.992
4. Tools, facility inventory and transport assets	<b>014</b>	47.977.140	41.334.468
5. Biological assets	<b>015</b>		
6. Prepayments for tangible assets	<b>016</b>	28.984	7.887
7. Tangible assets in progress	<b>017</b>	2.307.586	2.088.558
8. Other tangible assets	<b>018</b>	1.943.734	1.943.734
9. Investments in buildings	<b>019</b>		
<b>III. LONG-TERM FINANCIAL ASSETS (021 to 028)</b>	<b>020</b>	9.014.980	617.980
1. Investments (shares) with related parties	<b>021</b>		
2. Loans given to related parties	<b>022</b>		
3. Participating interest (shares)	<b>023</b>		
4. Loans to entrepreneurs in whom the entity holds participating interests	<b>024</b>	585.980	617.980
5. Investments in securities	<b>025</b>		
6. Loans, deposits and similar assets	<b>026</b>	8.429.000	
7. Other long - term financial assets	<b>027</b>		
8. Investments accounted by equity method	<b>028</b>		
<b>IV. RECEIVABLES (030 to 032)</b>	<b>029</b>	913.484	913.484
1. Receivables from related parties	<b>030</b>		
2. Receivables from based on trade loans	<b>031</b>		
3. Other receivables	<b>032</b>	913.484	913.484
<b>V. DEFERRED TAX ASSETS</b>	<b>033</b>		1.944.004
<b>C) SHORT TERM ASSETS (035+043+050+058)</b>	<b>034</b>	71.358.831	58.624.038
<b>I. INVENTORIES (036 to 042)</b>	<b>035</b>	1.562.391	1.296.547
1. Raw-material and supplies	<b>036</b>	1.389.395	1.158.733
2. Work in progress	<b>037</b>		
3. Finished goods	<b>038</b>		
4. Merchandise	<b>039</b>	172.996	137.814
5. Prepayments for inventories	<b>040</b>		
6. Long - term assets held for sales	<b>041</b>		
7. Biological assets	<b>042</b>		
<b>II. RECEIVABLES (044 to 049)</b>	<b>043</b>	10.796.491	9.146.331
1. Receivables from related parties	<b>044</b>		
2. Accounts receivable	<b>045</b>	9.916.882	8.408.826
3. Receivables from participating parties	<b>046</b>		
4. Receivables from employees and members of related parties	<b>047</b>	10.252	19.667
5. Receivables from government and other institutions	<b>048</b>	867.441	698.123
6. Other receivables	<b>049</b>	1.916	19.715
<b>III. SHORT TERM FINANCIAL ASSETS (051 to 057)</b>	<b>050</b>	51.408	473.600
1. Shares (stocks) in related parties	<b>051</b>		
2. Loans given to related parties	<b>052</b>		
3. Participating interests (shares)	<b>053</b>		
4. Loans to entrepreneurs in whom the entity holds participating interests	<b>054</b>		
5. Investments in securities	<b>055</b>		
6. Loans, deposits, etc.	<b>056</b>		
7. Other financial assets	<b>057</b>	51.408	473.600
<b>IV. CASH AT BANK AND IN CASHIER</b>	<b>058</b>	58.948.541	47.707.560
<b>D) PREPAID EXPENSES AND ACCRUED REVENUE</b>	<b>059</b>	515.641	461.069
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	1.079.516.688	1.021.631.677
<b>F) OFF-BALANCE RECORDS</b>	<b>061</b>	4.452.613	4.452.613

Obligator: LIBURNIA RIVIERA HOTELI d.d. OPATIJA

Item	ADP Code	Last year (net)	Current year (net)
<b>LIABILITIES AND CAPITAL:</b>			
<b>A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b>	<b>062</b>	928.345.060	882.115.073
I. SUBSCRIBED CAPITAL	<b>063</b>	968.451.200	968.451.200
II. CAPITAL RESERVES	<b>064</b>	410.380	442.380
III. RESERVES FROM PROFIT (066+067-068+069+070)	<b>065</b>	0	0
1. Reserves prescribed by law	<b>066</b>		
2. Reserves for treasury shares	<b>067</b>		
3. Treasury stocks and shares (deduction)	<b>068</b>		
4. Statutory reserves	<b>069</b>		
5. Other reserves	<b>070</b>		
IV. REVALUATION RESERVES	<b>071</b>		
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	<b>072</b>	41.430.086	38.572.516
1. Retained earnings	<b>073</b>		
2. Accumulated loss	<b>074</b>	41.430.086	38.572.516
VI. PROFIT/LOSS FOR THE CURRENT YEAR (076-077)	<b>075</b>	913.566	-48.205.991
1. Profit for the current year	<b>076</b>	913.566	
2. Loss for the current year	<b>077</b>		48.205.991
IX. MINORITY INTERESTS	<b>078</b>		
<b>B) PROVISIONS (080 to 082)</b>	<b>079</b>	8.852.674	26.398.659
1. Provisions for pensions, severance pay, and similar liabilities	<b>080</b>	8.852.674	11.995.737
2. Reserves for tax liabilities	<b>081</b>		
3. Other reserves	<b>082</b>		14.402.822
<b>C) LONG - TERM LIABILITIES (084 to 092)</b>	<b>083</b>	97.775.780	70.856.203
1. Liabilities to related parties	<b>084</b>		
2. Liabilities for loans, deposits etc.	<b>085</b>		
3. Liabilities to banks and other financial institutions	<b>086</b>	97.775.780	70.856.203
4. Liabilities for received prepayments	<b>087</b>		
5. Accounts payable	<b>088</b>		
6. Liabilities arising from debt securities	<b>089</b>		
7. Liabilities to entrepreneurs in whom the entity holds participating interests	<b>090</b>		
8. Other long-term liabilities	<b>091</b>		
9. Deferred tax liability	<b>092</b>		
<b>D) SHORT - TERM LIABILITIES (094 to 105)</b>	<b>093</b>	41.685.515	37.230.926
1. Liabilities to related parties	<b>094</b>		
2. Liabilities for loans, deposits etc.	<b>095</b>		
3. Liabilities to banks and other financial institutions	<b>096</b>	19.411.351	18.467.306
4. Liabilities for received prepayments	<b>097</b>	1.350.429	1.760.010
5. Accounts payable	<b>098</b>	12.558.068	8.456.978
6. Liabilities arising from debt securities	<b>099</b>		
7. Liabilities to entrepreneurs in whom the entity holds participating interests	<b>100</b>		
8. Liabilities to employees	<b>101</b>	4.284.350	4.456.663
9. Liabilities for taxes, contributions and similar fees	<b>102</b>	2.441.239	2.373.720
10. Liabilities to share - holders	<b>103</b>		
11. Liabilities for long-term assets held for sale	<b>104</b>		
12. Other short - term liabilities	<b>105</b>	1.640.078	1.716.249
<b>E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO</b>	<b>106</b>	2.857.659	4.930.916
<b>F) TOTAL - CAPITAL AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	1.079.518.688	1.021.531.677
<b>G) OFF-BALANCE RECORDS</b>	<b>108</b>	4.452.613	4.452.613
<b>APPENDIX to balance sheet (to be filled in by entrepreneur that prepares consolidated annual financial report)</b>			
<b>CAPITAL AND RESERVES</b>			
1. Attributed to equity holders of parent company	<b>109</b>		
2. Attributed to minority interest	<b>110</b>		

**PROFIT AND LOSS ACCOUNT**  
for the period 01.01.2010. to 31.12.2010.

Obligator: LIBURNIA RIVIERA HOTELI d.d. OPATIJA			
Item	AOP code	Last year	Current year
1	2		
<b>I. OPERATING REVENUE (112+113)</b>	<b>111</b>	200.745.043	198.702.218
1. Sales revenue	112	193.718.814	193.177.673
2. Other operating revenues	113	7.026.229	5.524.545
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	198.812.718	244.847.392
1. Changes in value of work in progress and finished products	115		
2. Material costs (117 to 119)	116	60.757.031	64.179.948
a) Raw material and material costs	117	23.949.687	24.315.717
b) Costs of goods sold	118	484.236	429.735
c) Other external costs	119	36.323.108	39.434.496
3. Staff costs (121 to 123)	120	79.058.905	80.422.111
a) Net salaries and wages	121	54.013.031	55.002.695
b) Cost for taxes and contributions from salaries	122	13.500.025	13.397.233
c) Contributions on gross salaries	123	11.543.849	12.022.183
4. Depreciation	124	26.559.535	34.100.911
5. Other costs	125	25.805.872	25.221.024
6. Impairment (127+128)	126	3.774.123	21.668.939
a) Impairment of long-term assets (financial assets excluded)	127	641.650	19.654.327
b) Impairment of short-term assets (financial assets excluded)	128	3.132.473	2.014.612
7. Provisions	129	859.250	19.254.459
8. Other operating costs	130		
<b>III. FINANCIAL INCOME (132 to 136)</b>	<b>131</b>	3.722.675	3.671.382
1. Interest income, foreign exchange gains, dividends and similar income from related	132		
2. Interest income, foreign exchange gains, dividends and similar income from non -	133	3.722.675	3.671.382
3. Share in income from affiliated entrepreneurs and participating interests	134		
4. Unrealized gains (income) from financial assets	135		
5. Other financial income	136		
<b>IV. FINANCIAL EXPENSES (138 do 141)</b>	<b>137</b>	6.281.660	5.732.199
1. Interest expenses, foreign exchange losses, dividends and similar expenses from related	138		
2. Interest expenses, foreign exchange losses, dividends and similar expenses from non -	139	6.281.660	5.732.199
3. Unrealized losses (expenses) on financial assets	140		
4. Other financial expenses	141		
<b>V. INCOME FROM INVESTMENT - SHARE IN PROFIT OF ASSOCIATED ENTREPRENEURS</b>	<b>142</b>		
<b>VI. LOSS FROM INVESTMENT - SHARE IN LOSS OF ASSOCIATED ENTREPRENEURS</b>	<b>143</b>		
<b>VII. EXTRAORDINARY - OTHER INCOME</b>	<b>144</b>		
<b>VIII. EXTRAORDINARY - OTHER EXPENSES</b>	<b>145</b>		
<b>IX. TOTAL INCOME (111+131+142 + 144)</b>	<b>146</b>	204.467.718	202.373.600
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	203.094.376	250.579.591
<b>XI. PROFIT OR LOSS BEFORE TAXATION (146-147)</b>	<b>148</b>	1.373.342	-48.205.991
1. Profit before taxation (146-147)	149	1.373.342	0
2. Loss before taxation (147-146)	150	0	48.205.991
<b>XII. PROFIT TAX</b>	<b>151</b>	459.776	
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	913.566	
1. Profit for the period (149-151)	153	913.566	0
2. Loss for the period (151-148)	154	0	48.205.991
<b>APPENDIX to P&amp;L account (to be filled in by entrepreneur that prepares consolidated financial report)</b>			
<b>XIV. PROFIT OR LOSS FOR THE PERIOD</b>			
1. Attributed to equity holders of parent company	155		
2. Attributed to minority interest	156		
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME (IFRS)</b>			
<b>I. PROFIT OR LOSS FOR THE PERIOD (= 152)</b>	<b>157</b>	913.566	-48.205.991
<b>II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX (159 do 165)</b>	<b>158</b>	94.325	0
1. Exchange differences on translation of foreign operations	159		
2. Movements in revaluation reserves of long-term tangible and intangible assets	160		
3. Profit or loss from reevaluation of financial assets available for sale	161	94.325	
4. Gains or losses on efficient cash flow hedging	162		
5. Gains or losses on efficient hedge of a net investment in foreign countries	163		
6. Share in other comprehensive income / loss of associated companies	164		
7. Actuarial gains / losses on defined benefit plans	165		
<b>III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>166</b>		
<b>IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (158-166)</b>	<b>167</b>	94.325	0
<b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)</b>	<b>168</b>	1.007.891	-48.205.991
<b>APPENDIX to Statement of other comprehensive income (to be filled in by entrepreneur that prepares consolidated financial report)</b>			
<b>VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD</b>			
1. Attributed to equity holders of parent company	169		
2. Attributed to minority interest	170		

**STATEMENT OF CASH FLOWS - INDIRECT METHOD**  
for the period 01.01.2010. to 31.12.2010.

Obligator: LIBURNIA RIVIERA HOTELI d.d. OPATIJA				
Item	AGP code	Last year	Current year	
1	2	3	4	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
1. Profit before tax	001	1.373.642	-48.205.991	
2. Depreciation	002	26.559.535	34.100.911	
3. Increase in short term liabilities	003			
4. Decrease in short term receivables	004	1.596.990	3.071.122	
5. Decrease in inventories	005	92.250	266.444	
6. Other increase in cash flow	006	2.990.215	39.089.872	
<b>I. Total increase in cash flow from operating activities (001 to 006)</b>	<b>007</b>	<b>32.612.632</b>	<b>28.322.358</b>	
1. Decrease in short term liabilities	008	1.650.500	1.650.160	
2. Increase in short term receivables	009			
3. Increase in inventories	010			
4. Other decrease in cash flow	011	5.044.632	5.248.232	
<b>II. Total decrease in cash flow from operating activities (008 to 011)</b>	<b>012</b>	<b>6.695.132</b>	<b>6.898.392</b>	
<b>A1) NET INCREASE IN CASH FLOW FROM OPERATING ACTIVITIES (007-</b>	<b>013</b>	<b>25.917.500</b>	<b>21.423.966</b>	
<b>A2) NET DECREASE IN IN CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>014</b>	<b>0</b>	<b>0</b>	
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
1. Cash inflows from sales of long-term tangible and intangible assets	015	4.033.469	121.543	
2. Cash inflows from sales of equity and debt instruments	016			
3. Interests receipts	017	2.394.379	1.952.438	
4. Dividend receipts	018			
5. Other cash inflows from investing activities	019			
<b>III. Total cash inflows from investing activities (015 to 019)</b>	<b>020</b>	<b>6.427.848</b>	<b>2.073.981</b>	
1. Cash outflow for purchase of long-term tangible and intangible assets	021	21.651.848	6.147.374	
2. Cash outflow for acquisition of equity and debt financial instruments	022			
3. Other cash outflow for investing activities	023			
<b>IV. Total cash outflow for investing activities (021 do 023)</b>	<b>024</b>	<b>21.651.848</b>	<b>6.147.374</b>	
<b>B1) NET INCREASE IN CASH FLOW FROM INVESTING ACTIVITIES (020-</b>	<b>025</b>	<b>0</b>	<b>0</b>	
<b>B2) NET DECREASE IN CASH FLOW FROM INVESTING ACTIVITIES (024-</b>	<b>026</b>	<b>15.224.000</b>	<b>4.073.393</b>	
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>				
1. Cash inflow from issuing property and debt financial instruments	027			
2. Proceeds from the credit principal, promissory notes, borrowings and other loans	028	10.392.904		
3. Other proceeds from financial activities	029			
<b>V. Total cash inflows from financial activities (027 to 029)</b>	<b>030</b>	<b>10.392.904</b>	<b>0</b>	
1. Cash outflow for repayment of credit principal and bonds	031	14.188.987	28.591.554	
2. Cash outflow for dividends paid	032			
3. Cash outflow for financial lease	033			
4. Cash outflow for purchase of treasury shares	034			
5. Other cash outflow for financial activities	035			
<b>VI. Total cash outflow for financial activities (031 to 035)</b>	<b>036</b>	<b>14.188.987</b>	<b>28.591.554</b>	
<b>C1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (030-</b>	<b>037</b>	<b>0</b>	<b>0</b>	
<b>C2) NET DECREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (036-</b>	<b>038</b>	<b>3.796.083</b>	<b>28.591.554</b>	
Total increase in cash flow (013 – 014 + 025 – 026 + 037 – 038)	039	6.897.417	0	
Total decrease in cash flow (014 – 013 + 026 – 025 + 038 – 037)	040	0	11.240.981	
Cash and cash equivalents at the beginning of the period	041	52.050.854	58.948.541	
Increase of cash and cash equivalents	042	6.897.417	0	
Decrease of cash and cash equivalents	043		11.240.981	
Cash and cash equivalents at the end of the period	044	58.948.271	47.707.560	

## STATEMENT OF CHANGES IN EQUITY

for the period 1.1.2010 do 31.12.2010

Item	AOP code	Last year	Current year
	2	3	4
1. Subscribed capital	001	968.451.200	968.451.200
2. Capital reserves	002	410.380	442.380
3. Reserves from profit	003		
4. Retained earnings or accumulated loss	004	-41.430.086	-38.572.516
5. Profit or loss for the current year	005	913.566	-48.205.991
6. Revaluation of long - term tangible assets	006		
7. Revaluation of intangible assets	007		
8. Revaluation of financial assets available for sale	008		
9. Other revaluation	009		
<b>10. Total capital and reserves (AOP 001 do 009)</b>	<b>010</b>	928.345.060	882.115.073
11. Currency gains and losses arising from net investement in foreign operations	011		
12. Current and deferred taxes (part)	012		
13. Cash flow hedging	013		
14. Changes in accounting policy	014		
15. Correction of significant errors in prior period	015		
16. Other changes of capital	016		
<b>17. Total increase or decrease in capital (AOP 011 do 016)</b>	<b>017</b>	0	0
17 a. Attributed to equity holders of parent company	018		
17 b. Attributed to minority interest	019		

Opatija, 27/04/2011

### Management Board Report for the period 1 January – 31 December 2010

In the observed period, the Company recorded 638,129 overnight stays. In comparison to 2009, this was an increase of 2.9%. The share of overnight stays by foreign visitors amounted to 88.6%. Overnight stays by visitors from Germany, Austria and Italy made up 50.8% of foreign overnight stays and 45% of total overnight stays in the Company.

As at 31 December, the Company had 726 employees, of whom 63 were employed on a fixed-term contract.

Total revenue was 202.4 million kn. Operating income was 198.7 million kn, of which a major part, amounting to 193.2 million kn (97.2%), was sales revenue. The remaining operating income was 5.5 million kn. Financial income was 3.7 million kn.

Total expenditure was 250.6 million kn. Operating expenses amounted to 244.8 million kn, of which 64.2 million kn were for material costs and 80.4 million kn for personnel costs. Amortisation costs were 34.1 million kn, reserves were 19.3 million kn, value adjustment was 21.7 million kn, and other expenses were 25.2 million kn. Total financial expenses were 5.7 million kn.

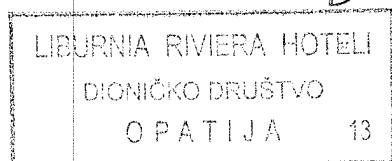
In the period from 1 January to 31 December 2010, the Company recorded a loss of 48.2 million kn. The most important factors that influenced this loss were: an increase in amortisation rates to a total amount of 8.6 million kn; reserves for litigation, holiday pay, severance payments and long-service awards, and other reserves to a total of 19.3 million kn, and a further 21.7 million kn for reserves for disputed claims, net book value and asset value adjustment (of which 19.7 million kn were for the value adjustment of fixed assets and 2 million kn for the value adjustment of current assets).

The Company's liquidity ratio is satisfactory. The Company regularly meets all its liabilities.

Liburnia Riviera Hoteli d.d. is exposed to financial risks related to credit and currency risks, which are common for hotel companies operating in the Republic of Croatia.

Member of the Management Board  
Dr. Sc. Mirjana Mogorović

Member of the Management Board  
Igor Šehanović



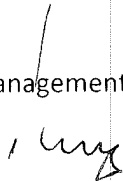
Opatija, 27/04/2011

Statement of persons responsible for the preparation of the reports

Pursuant to Article 407 Paragraph 2 of the Capital Market Act (Official Gazette Nos. 88/08 and 146/08), I declare that to the best of our knowledge the financial reports of the company LIBURNIA RIVIERA HOTELI d.d. Opatija have been prepared in accordance with International Financial Reporting Standards and the Croatian Accounting Act and that they provide a true and fair view of the assets and liabilities, profit and loss and financial operations of the Company for the period from 1 January to 31 December 2010.

Member of the Management Bord

Igor Šehanović



Member of the Management Bord

Dr.Sc. Mirjana Mogorović

