

Appendix 1

Reporting period:

1.1.2011

to

31.12.2011

Annual financial report of entrepreneur - GFI-POD

Registration number (MB): 03166619

Identification number of subject (MBS): 040008080

Personal identification number (OIB): 15573308024

Issuer company: LIBURNIA RIVIERA HOTELI d.d. OPATIJA

Postal code and place: 51410 OPATIJA

Street and number: MARSALA TITA 198

E-mail address: liburnia@liburnia.hr

Internet address: www.liburnia.hr

Code and name of comune/town: 302 OPATIJA

Code and county name: 5 PRIMORSKO GORANSKA

Number of employees: 689
(at quarter end)

Consolidated statement: NO

NKD/NWC code: 5510

Subsidiaries subject to consolidation (according to IFRS):

Registration number:

Subsidiary name	Registration number

Book keeping service:

Contact person: Kamenar Biserka
(authorised person for representation)

Phone number: 051 710 395

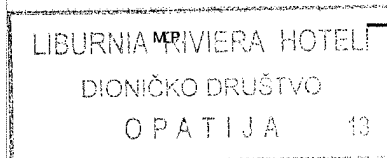
Fascimile: 051 710 404

E-mail address: biserka.kamenar@remisens.com

Surname and name: Šehanović Igor, Ferjan Robert
(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



[Signature]
(signed by authorised person for representation)

BALANCE SHEET
as at 31.12.2011.

Obligator: LIBURNIA RIVIERA HOTELI d.d. OPATIJA			
Item	AOP code	Last year (net)	Current year (net)
ASSETS			
A) RECEIVABLES FOR SUBSCRIBED BUT NOT PAID-IN CAPITAL	001		
B) LONG-TERM ASSETS (003+010+020+029+033)	002	952.448.570	933.954.193
I. INTANGIBLE ASSETS (004 to 009)	003	1.254.431	1.855.474
1. Assets development	004	391.246	714.650
2. Concessions, patents, licences fees, trade and service marks, software and	005	729.657	979.987
3. Goodwill	006		
4. Prepayments for purchase of intangible assets	007		
5. Intangible assets in preparation	008	133.528	160.837
6. Other intangible assets	009		
II. TANGIBLE ASSETS (011 to 019)	010	957.716.671	929.524.733
1. Land	011	113.140.696	113.140.696
2. Buildings	012	774.528.336	756.496.389
3. Plant and equipment	013	24.672.992	21.659.791
4. Tools, facility inventory and transport assets	014	41.334.468	34.748.625
5. Biological assets	015		
6. Prepayments for tangible assets	016	7.887	351.552
7. Tangible assets in progress	017	2.088.558	1.215.992
8. Other tangible assets	018	1.943.734	1.911.688
9. Investments in buildings	019		
III. LONG-TERM FINANCIAL ASSETS (021 to 028)	020	617.980	470.800
1. Investments (shares) with related parties	021		
2. Loans given to related parties	022		
3. Participating interest (shares)	023		
4. Loans to entrepreneurs in whom the entity holds participating interests	024		
5. Investments in securities	025	617.980	470.800
6. Loans, deposits and similar assets	026		
7. Other long - term financial assets	027		
8. Investments accounted by equity method	028		
IV. RECEIVABLES (030 to 032)	029	913.484	385.100
1. Receivables from related parties	030		
2. Receivables from based on trade loans	031		
3. Other receivables	032	913.484	385.100
V. DEFERRED TAX ASSETS	033	1.944.004	1.718.086
C) SHORT TERM ASSETS (035+043+050+058)	034	58.624.038	66.770.285
I. INVENTORIES (036 to 042)	035	1.296.547	1.256.910
1. Raw-material and supplies	036	1.158.733	1.185.885
2. Work in progress	037		
3. Finished goods	038		
4. Merchandise	039	137.814	71.025
5. Prepayments for inventories	040		
6. Long - term assets held for sales	041		
7. Biological assets	042		
II. RECEIVABLES (044 to 049)	043	9.146.331	8.229.020
1. Receivables from related parties	044		
2. Accounts receivable	045	8.408.826	6.628.699
3. Receivables from participating parties	046		
4. Receivables from employees and members of related parties	047	19.667	110.754
5. Receivables from government and other institutions	048	698.123	1.489.567
6. Other receivables	049	19.715	0
III. SHORT TERM FINANCIAL ASSETS (051 to 057)	050	473.600	159.944
1. Shares (stocks) in related parties	051		
2. Loans given to related parties	052		
3. Participating interests (shares)	053		
4. Loans to entrepreneurs in whom the entity holds participating interests	054		
5. Investments in securities	055		
6. Loans, deposits, etc.	056		
7. Other financial assets	057	473.600	159.944
IV. CASH AT BANK AND IN CASHIER	058	47.707.560	57.124.411
D) PREPAID EXPENSES AND ACCRUED REVENUE	059	461.069	732.011
E) TOTAL ASSETS (001+002+034+059)	060	1.021.531.677	1.001.456.489
F) OFF-BALANCE RECORDS	061	4.452.613	4.452.613

Obligator: LIBURNIA RIVIERA HOTELI d.d. OPATIJA

Item	ACF code	Last year (net)	Current year (net)
1	2	3	4
LIABILITIES AND CAPITAL			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	882.115.073	886.889.383
I. SUBSCRIBED CAPITAL	063	968.451.200	968.451.200
II. CAPITAL RESERVES	064	442.380	295.201
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	0	0
1. Reserves prescribed by law	066		
2. Reserves for treasury shares	067		
3. Treasury stocks and shares (deduction)	068		
4. Statutory reserves	069		
5. Other reserves	070		
IV. REVALUATION RESERVES	071		
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	-38.572.516	87.004.426
1. Retained earnings	073		
2. Accumulated loss	074	38.572.516	87.004.426
VI. PROFIT/LOSS FOR THE CURRENT YEAR (076-077)	075	-48.205.991	4.147.388
1. Profit for the current year	076		4.147.388
2. Loss for the current year	077	48.205.991	
IX. MINORITY INTERESTS	078		
B) PROVISIONS (080 to 082)	079	26.398.589	19.874.498
1. Provisions for pensions, severance pay, and similar liabilities	080	11.995.737	6.665.268
2. Reserves for tax liabilities	081		
3. Other reserves	082	14.402.822	13.209.230
C) LONG - TERM LIABILITIES (084 to 092)	083	70.856.203	54.172.675
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits etc.	085	70.856.203	54.172.675
3. Liabilities to banks and other financial institutions	086		
4. Liabilities for received prepayments	087		
5. Accounts payable	088		
6. Liabilities arising from debt securities	089		
7. Liabilities to entrepreneurs in whom the entity holds participating interests	090		
8. Other long-term liabilities	091		
9. Deferred tax liability	092		
D) SHORT - TERM LIABILITIES (094 to 105)	093	37.230.926	37.770.895
1. Liabilities to related parties	094		
2. Liabilities for loans, deposits etc.	095		
3. Liabilities to banks and other financial institutions	096	18.467.306	18.484.416
4. Liabilities for received prepayments	097	1.760.010	1.822.912
5. Accounts payable	098	8.456.978	7.705.677
6. Liabilities arising from debt securities	099		
7. Liabilities to entrepreneurs in whom the entity holds participating interests	100		
8. Liabilities to employees	101	4.456.663	4.349.895
9. Liabilities for taxes, contributions and similar fees	102	2.373.720	3.143.108
10. Liabilities to share - holders	103		
11. Liabilities for long-term assets held for sale	104		
12. Other short - term liabilities	105	1.716.249	2.264.887
E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO	106	4.930.916	3.749.058
F) TOTAL – CAPITAL AND LIABILITIES (062+079+083+093+106)	107	1.021.531.677	1.001.456.489
G) OFF-BALANCE RECORDS	108	4.452.613	4.452.613
APPENDIX to balance sheet(to be filled in by entrepreneur that prepares consolidated annual financial report)			
CAPITAL AND RESERVES			
1. Attributed to equity holders of parent company	109		
2. Attributed to minority interest	110		

PROFIT AND LOSS ACCOUNT
for the period 01.01.2011. to 31.12.2011.

Obligator: LIBURNIA RIVIERA HOTEL d.d. OPATIJA			
Item	AOP 2008	Last year	Current year
1	2	3	4
I. OPERATING REVENUE (112+113)	111	198.702.218	213.197.624
1. Sales revenue	112	193.177.673	201.578.754
2. Other operating revenues	113	5.524.545	11.618.870
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	244.847.392	207.630.020
1. Changes in value of work in progress and finished products	115		
2. Material costs (117 to 119)	116	64.179.948	62.034.285
a) Raw material and material costs	117	24.315.717	23.177.964
b) Costs of goods sold	118	429.735	237.107
c) Other external costs	119	39.434.496	38.619.214
3. Staff costs (121 to 123)	120	80.422.111	81.783.119
a) Net salaries and wages	121	55.002.695	55.409.679
b) Cost for taxes and contributions from salaries	122	13.397.233	14.294.842
c) Contributions on gross salaries	123	12.022.183	12.078.598
4. Depreciation	124	34.100.911	33.195.658
5. Other costs	125	25.221.024	26.656.125
6. Impairment (127+128)	126	21.668.939	2.525.724
a) Impairment of long-term assets (financial assets excluded)	127	19.654.327	617.504
b) Impairment of short - term assets (financial assets excluded)	128	2.014.612	1.908.220
7. Provisions	129	19.254.459	1.435.109
8. Other operating costs	130		
III. FINANCIAL INCOME (132 to 136)	131	3.671.382	3.423.715
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	3.671.382	3.423.715
3. Share in income from affiliated entrepreneurs and participating interests	134		
4. Unrealized gains (income) from financial assets	135		
5. Other financial income	136		
IV. FINANCIAL EXPENSES (138 do 141)	137	5.732.199	4.843.931
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	5.732.199	4.843.931
3. Unrealized losses (expenses) on financial assets	140		
4. Other financial expenses	141		
V. INCOME FROM INVESTMENT - SHARE IN PROFIT OF ASSOCIATED ENTREPRENEURS	142		
VI. LOSS FROM INVESTMENT - SHARE IN LOSS OF ASSOCIATED ENTREPRENEURS	143		
VII. EXTRAORDINARY - OTHER INCOME	144		
VIII. EXTRAORDINARY - OTHER EXPENSES	145		
IX. TOTAL INCOME (111+131+142 + 144)	146	202.373.600	216.621.339
X. TOTAL EXPENSES (114+137+143 + 145)	147	250.579.591	212.473.951
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	-48.205.991	4.147.388
1. Profit before taxation (146-147)	149		4.147.388
2. Loss before taxation (147-146)	150	48.205.991	0
XII. PROFIT TAX	151		
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	-48.205.991	4.147.388
1. Profit for the period (149-151)	153	0	4.147.388
2. Loss for the period (151-148)	154	48.205.991	0
APPENDIX to P&L account (to be filled in by entrepreneur that prepares consolidated financial report)			
XIV. PROFIT OR LOSS FOR THE PERIOD			
1. Attributed to equity holders of parent company	155		
2. Attributed to minority interest	156		
STATEMENT OF OTHER COMPREHENSIVE INCOME (IFRS)			
I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	-48.205.991	4.147.388
II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX (159 do 165)	158	1.976.004	-147.180
1. Exchange differences on translation of foreign operations	159		
2. Movements in revaluation reserves of long - term tangible and intangible assets	160	1.307.004	
3. Profit or loss from reevaluation of financial assets available for sale	161	32.000	-147.180
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	637.000	
III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166		225.919
IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (158-166)	167	1.976.004	-373.099
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	-46.229.987	3.774.289
APPENDIX to Statement of other comprehensive income (to be filled in by entrepreneur that prepares consolidated financial			
VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD			
1. Attributed to equity holders of parent company	169		
2. Attributed to minority interest	170		

STATEMENT OF CASH FLOWS - INDIRECT METHOD
for the period 01.01.2011. to 31.12.2011.

Obligator: LIBURNIA RIVIERA HOTELI d.d. OPATIJA			
Item	AGP code	Last year	Current year
	2	3	4
CASH FLOW FROM OPERATING ACTIVITIES			
1. Profit before tax	001	-48.205.991	4.147.388
2. Depreciation	002	34.100.911	33.195.658
3. Increase in short term liabilities	003		
4. Decrease in short term receivables	004	3.071.122	917.317
5. Decrease in inventories	005	266.444	
6. Other increase in cash flow	006	39.089.872	
I. Total increase in cash flow from operating activities (001 to 006)	007	28.322.358	38.260.363
1. Decrease in short term liabilities	008	1.650.160	1.698.798
2. Increase in short term receivables	009		
3. Increase in inventories	010		297.847
4. Other decrease in cash flow	011	5.248.232	5.943.286
II. Total decrease in cash flow from operating activities (008 to 011)	012	6.898.392	7.939.931
A1) NET INCREASE IN CASH FLOW FROM OPERATING ACTIVITIES (007-	013	21.423.966	30.320.432
A2) NET DECREASE IN IN CASH FLOW FROM OPERATING ACTIVITIES	014	0	0
CASH FLOW FROM INVESTING ACTIVITIES			
1. Cash inflows from sales of long-term tangible and intangible assets	015	121.543	181.000
2. Cash inflows from sales of equity and debt instruments	016		
3. Interests receipts	017	1.952.438	2.010.547
4. Dividend receipts	018		
5. Other cash inflows from investing activities	019		
III. Total cash inflows from investing activities (015 to 019)	020	2.073.981	2.191.547
1. Cash outflow for purchase of long-term tangible and intangible assets	021	6.147.374	6.275.536
2. Cash outflow for acquisition of equity and debt financial instruments	022		
3. Other cash outflow for investing activities	023		
IV. Total cash outflow for investing activities (021 do 023)	024	6.147.374	6.275.536
B1) NET INCREASE IN CASH FLOW FROM INVESTING ACTIVITIES (020-	025	0	0
B2) NET DECREASE IN CASH FLOW FROM INVESTING ACTIVITIES (024-	026	4.073.393	4.083.989
CASH FLOW FROM FINANCIAL ACTIVITIES			
1. Cash inflow from issuing property and debt financial instruments	027		
2. Proceeds from the credit principal, promissory notes, borrowings and other loans	028		
3. Other proceeds from financial activities	029		
V. Total cash inflows from financial activities (027 to 029)	030	0	0
1. Cash outflow for repayment of credit principal and bonds	031	28.591.554	16.819.592
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		
VI. Total cash outflow for financial activities (031 to 035)	036	28.591.554	16.819.592
C1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (030-	037	0	0
C2) NET DECREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (036-	038	28.591.554	16.819.592
Total increase in cash flow (013 – 014 + 025 – 026 + 037 – 038)	039	0	9.416.851
Total decrease in cash flow (014 – 013 + 026 – 025 + 038 – 037)	040	11.240.981	0
Cash and cash equivalents at the beginning of the period	041	58.948.541	47.707.560
Increase of cash and cash equivalents	042	0	9.416.851
Decrease of cash and cash equivalents	043	11.240.981	0
Cash and cash equivalents at the end of the period	044	47.707.560	57.124.411

STATEMENT OF CHANGES IN EQUITY
for the period 1.1.2011 do 31.12.2011

Item	AOP code	Last year	Current year
1	2	3	4
1. Subscribed capital	001	968.451.200	968.451.200
2. Capital reserves	002	442.380	295.201
3. Reserves from profit	003		
4. Retained earnings or accumulated loss	004	-38.572.516	-87.004.426
5. Profit or loss for the current year	005	-48.205.991	4.147.388
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		
10. Total capital and reserves (AOP 001 do 009)	010	882.115.073	885.889.363
11. Currency gains and losses arising from net investment 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		
17. Total increase or decrease in capital (AOP 011 do 016)	017	0	0
17 a. Attributed to equity holders of parent company	018		
17 b. Attributed to minority interest	019		

Opatija, 20/04/2012.

Management Board Report for the period 1 January – 31 December 2011

In the observed period, the Company recorded 624.465 overnight stays. The share of overnight stays by foreign visitors amounted to 80.0%. Overnight stays by visitors from Germany, Austria and Italy made the most of foreign overnight stays and total overnight stays in the Company.

As at 31 December, the Company had 689 employees, of whom 105 were employed on a fixed-term contract.

Total revenue was 216.6 million kn. Operating income was 213.1 million kn, of which a major part, amounting to 201.6 million kn, was sales revenue. The remaining operating income was 11.6 million kn. Financial income was 3.4 million kn.

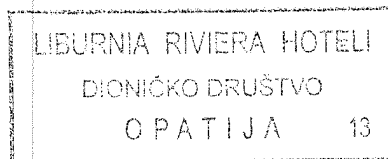

Total expenditure was 212.5 million kn. Operating expenses amounted to 207.6 million kn, of which 62.0 million kn were for material costs and 81.8 million kn for personnel costs. Amortisation costs were 33.2 million kn, value adjustment was 2.5 million kn, reserves 1.4 million kn and other expenses were 26.7 million kn. Total financial expenses were 4.8 million kn.

In the period from 1 January to 31 December 2011, the Company recorded a profit of 4.1 million kn.

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

Chairman of the Management Board

Igor Šehanović



Opatija, 20/04/2012

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 2011.

Chairman of the Management Bord

Igor Šehanović

