

**Appendix 1**

Reporting period:

1.1.2013

to

31.12.2013

**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. OPATJIA

Postal code and place: 51410 OPATJIA

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: 682

(at quarter end)

Consolidated statement: YES NKD/NWC code: 5510

Subsidiaries subject to consolidation (according to IFRS):

Registration number:

HOTELI CAVTAT d.d.	CAVTAT	91951159924

Book keeping service:

Contact person: Kamenar Biserka  
(authorised person for representation)

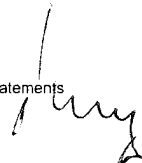
Phone number: 051 710 395 Fascimile: 051 710 404

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

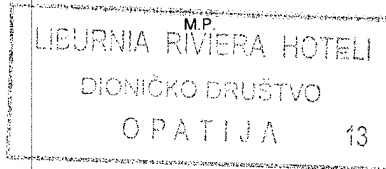
Surname and name: Šehanović Igor  
(authorised person for representation)

**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 31.12.2013.

Obligator: LIBURNIA RIVIERA HOTELI d.d. OPATIJA				
Item	AOP 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>	920.965.502	1.095.371.547	
<b>I. INTANGIBLE ASSETS (004 to 009)</b>	<b>003</b>	2.386.089	47.591.487	
1. Assets development	<b>004</b>	1.041.321	791.690	
2. Concessions, patents, licences fees, trade and service marks, software and	<b>005</b>	1.272.010	1.185.686	
3. Goodwill	<b>006</b>		45.571.133	
4. Prepayments for purchase of intangible assets	<b>007</b>			
5. Intangible assets in preparation	<b>008</b>	72.758	42.958	
6. Other intangible assets	<b>009</b>			
<b>II. TANGIBLE ASSETS (011 to 019)</b>	<b>010</b>	915.747.915	1.045.529.432	
1. Land	<b>011</b>	111.583.180	174.457.680	
2. Buildings	<b>012</b>	740.390.843	784.054.164	
3. Plant and equipment	<b>013</b>	19.529.442	22.272.898	
4. Tools, facility inventory and transport assets	<b>014</b>	38.323.783	50.310.974	
5. Biological assets	<b>015</b>			
6. Prepayments for tangible assets	<b>016</b>	21.879	746.472	
7. Tangible assets in progress	<b>017</b>	2.417.150	10.197.406	
8. Other tangible assets	<b>018</b>	3.481.638	3.489.838	
9. Investments in buildings	<b>019</b>			
<b>III. LONG-TERM FINANCIAL ASSETS (021 to 028)</b>	<b>020</b>	737.920	834.645	
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>			
5. Investments in securities	<b>025</b>	737.920	834.645	
6. Loans, deposits and similar assets	<b>026</b>			
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>	385.100	0	
1. Receivables from related parties	<b>030</b>			
2. Receivables from based on trade loans	<b>031</b>			
3. Other receivables	<b>032</b>	385.100		
<b>V. DEFERRED TAX ASSETS</b>	<b>033</b>	1.708.478	1.416.003	
<b>C) SHORT TERM ASSETS (035+043+050+058)</b>	<b>034</b>	77.183.234	93.736.073	
<b>I. INVENTORIES (036 to 042)</b>	<b>035</b>	5.902.438	5.081.515	
1. Raw-material and supplies	<b>036</b>	1.149.427	4.978.403	
2. Work in progress	<b>037</b>			
3. Finished goods	<b>038</b>			
4. Merchandise	<b>039</b>	112.392	103.112	
5. Prepayments for inventories	<b>040</b>			
6. Long - term assets held for sales	<b>041</b>	4.640.619		
7. Biological assets	<b>042</b>			
<b>II. RECEIVABLES (044 to 049)</b>	<b>043</b>	8.659.464	11.715.643	
1. Receivables from related parties	<b>044</b>			
2. Accounts receivable	<b>045</b>	7.549.836	8.820.230	
3. Receivables from participating parties	<b>046</b>			
4. Receivables from employees and members of related parties	<b>047</b>	173.416	95.284	
5. Receivables from government and other institutions	<b>048</b>	936.212	2.679.784	
6. Other receivables	<b>049</b>		120.345	
<b>III. SHORT TERM FINANCIAL ASSETS (051 to 057)</b>	<b>050</b>	0	0	
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>			
<b>IV. CASH AT BANK AND IN CASHIER</b>	<b>058</b>	62.621.332	76.938.915	
<b>D) PREPAID EXPENSES AND ACCRUED REVENUE</b>	<b>059</b>	785.861	533.651	
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	998.934.597	1.189.641.271	
<b>F) OFF-BALANCE RECORDS</b>	<b>061</b>	4.452.613	4.452.613	

Obligator: LIBURNIA RIVIERA HOTEL d.d. OPATIJA

Item	AGP 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>	902.542.931	930.764.818
I. SUBSCRIBED CAPITAL	<b>063</b>	968.451.200	968.451.200
II. CAPITAL RESERVES	<b>064</b>		
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>	562.320	656.646
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	<b>072</b>	82.866.646	66.763.063
1. Retained earnings	<b>073</b>		
2. Accumulated loss	<b>074</b>	82.866.646	66.763.063
VI. PROFIT/LOSS FOR THE CURRENT YEAR (076-077)	<b>075</b>	16.396.057	15.606.030
1. Profit for the current year	<b>076</b>	16.396.057	15.606.030
2. Loss for the current year	<b>077</b>		
IX. MINORITY INTERESTS	<b>078</b>		12.814.005
<b>B) PROVISIONS (080 to 082)</b>	<b>079</b>	19.626.669	30.116.983
1. Provisions for pensions, severance pay, and similar liabilities	<b>080</b>	6.789.875	14.247.652
2. Reserves for tax liabilities	<b>081</b>		
3. Other reserves	<b>082</b>	12.836.794	15.868.331
<b>C) LONG - TERM LIABILITIES (084 to 092)</b>	<b>083</b>	40.530.647	164.462.938
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>	40.530.647	164.462.938
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>	34.675.369	61.536.928
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>	14.324.542	25.577.060
4. Liabilities for received prepayments	<b>097</b>	2.100.851	5.731.213
5. Accounts payable	<b>098</b>	8.357.640	12.922.149
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>	4.942.519	8.301.703
9. Liabilities for taxes, contributions and similar fees	<b>102</b>	2.441.096	4.769.479
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>	2.508.721	4.235.324
<b>E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO</b>	<b>106</b>	1.558.981	2.760.604
<b>F) TOTAL - CAPITAL AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	938.934.597	1.189.641.271
<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>		917.950.813
2. Attributed to minority interest	<b>110</b>		12.814.005

**PROFIT AND LOSS ACCOUNT**  
for the period 01.01.2013. to 31.12.2013.

Obligator: LIBURNIA RIVIERA HOTEL d.d. OPATIJA				
Item	AOP code	Last year	Current year	
1		3	4	
<b>I. OPERATING REVENUE (112+113)</b>	<b>111</b>	218.742.607	327.069.630	
1. Sales revenue	112	210.295.803	284.559.015	
2. Other operating revenues	113	6.446.804	42.510.615	
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	200.125.894	297.091.414	
1. Changes in value of work in progress and finished products	115			
2. Material costs (117 to 119)	116	64.808.955	79.550.037	
a) Raw material and material costs	117	23.071.415	40.287.036	
b) Costs of goods sold	118	248.804	288.427	
c) Other external costs	119	41.488.736	38.974.574	
3. Staff costs (121 to 123)	120	74.782.160	97.199.636	
a) Net salaries and wages	121	46.050.788	55.575.334	
b) Cost for taxes and contributions from salaries	122	18.802.669	29.512.113	
c) Contributions on gross salaries	123	9.928.723	12.112.189	
4. Depreciation	124	34.211.703	67.396.622	
5. Other costs	125	25.448.839	36.327.068	
6. Impairment (127+128)	126	241.106	8.779.188	
a) Impairment of long-term assets (financial assets excluded)	127	172.352	7.715.628	
b) Impairment of short - term assets (financial assets excluded)	128	68.754	1.063.540	
7. Provisions	129	633.111	7.231.359	
8. Other operating costs	130		607.524	
<b>III. FINANCIAL INCOME (132 to 136)</b>	<b>131</b>	2.943.411	4.839.618	
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	2.943.411	4.839.618	
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>	3.164.067	10.525.011	
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	3.164.067	10.525.011	
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>		3.183	
<b>VIII. EXTRAORDINARY - OTHER EXPENSES</b>	<b>145</b>		8.066.624	
<b>IX. TOTAL INCOME (111+131+142 + 144)</b>	<b>146</b>	219.686.018	331.912.431	
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	203.289.961	315.883.049	
<b>XI. PROFIT OR LOSS BEFORE TAXATION (146-147)</b>	<b>148</b>	16.396.057	16.229.382	
1. Profit before taxation (146-147)	149	16.396.057	16.229.382	
2. Loss before taxation (147-146)	150	0	0	
<b>XII. PROFIT TAX</b>	<b>151</b>			
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	16.396.057	16.229.382	
1. Profit for the period (149-151)	153	16.396.057	16.229.382	
2. Loss for the period (151-148)	154	0	0	
<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		15.606.030	
2. Attributed to minority interest	156		623.352	
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME (IFRS)</b>				
<b>I. PROFIT OR LOSS FOR THE PERIOD (= 152)</b>	<b>157</b>	16.396.057	16.229.382	
<b>II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX (159 do 165)</b>	<b>158</b>	267.120	94.325	
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	267.120	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>	9.608		
<b>IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (158-166)</b>	<b>167</b>	257.512	94.325	
<b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)</b>	<b>168</b>	16.653.569	16.323.707	
<b>APPENDIX to Statement of other comprehensive income (to be filled in by entrepreneur that prepares consolidated financial</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 01.01.2013. to 31.12.2013.

Obligator: LIBURNIA RIVIERA HOTELI d.d. OPATIJA				
Item	AOP code	Last year	Current year	
	2	3	4	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
1. Profit before tax	001	16.396.057	16.229.382	
2. Depreciation	002	34.211.702	67.396.622	
3. Increase in short term liabilities	003	841.169	-19.104.211	
4. Decrease in short term receivables	004		4.276.816	
5. Decrease in inventories	005			
6. Other increase in cash flow	006		8.066.624	
<b>I. Total increase in cash flow from operating activities (001 to 006)</b>	<b>007</b>	<b>51.448.928</b>	<b>76.865.233</b>	
1. Decrease in short term liabilities	008	1.884.486	2.150.295	
2. Increase in short term receivables	009		-7.800.302	
3. Increase in inventories	010		40.791	
4. Other decrease in cash flow	011	2.579.362	7.910.903	
<b>II. Total decrease in cash flow from operating activities (008 to 011)</b>	<b>012</b>	<b>4.463.848</b>	<b>2.301.687</b>	
<b>A1) NET INCREASE IN CASH FLOW FROM OPERATING ACTIVITIES (007-</b>	<b>013</b>	<b>46.985.080</b>	<b>74.563.546</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	48.339	37.608.263	
2. Cash inflows from sales of equity and debt instruments	016			
3. Interests receipts	017	2.043.387	2.739.786	
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>2.091.726</b>	<b>40.348.049</b>	
1. Cash outflow for purchase of long-term tangible and intangible assets	021	25.923.185	55.351.993	
2. Cash outflow for acquisition of equity and debt financial instruments	022		173.298.538	
3. Other cash outflow for investing activities	023			
<b>IV. Total cash outflow for investing activities (021 do 023)</b>	<b>024</b>	<b>25.923.185</b>	<b>228.650.531</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>23.831.459</b>	<b>188.302.482</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		153.416.378	
3. Other proceeds from financial activities	029			
<b>V. Total cash inflows from financial activities (027 to 029)</b>	<b>030</b>	<b>0</b>	<b>153.416.378</b>	
1. Cash outflow for repayment of credit principal and bonds	031	17.686.700	37.988.486	
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>17.686.700</b>	<b>37.988.486</b>	
<b>C1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (030-</b>	<b>037</b>	<b>0</b>	<b>115.427.892</b>	
<b>C2) NET DECREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (036-</b>	<b>038</b>	<b>17.686.700</b>	<b>0</b>	
Total increase in cash flow (013 – 014 + 025 – 026 + 037 – 038)	039	5.466.921	1.688.956	
Total decrease in cash flow (014 – 013 + 026 – 025 + 038 – 037)	040	0	0	
Cash and cash equivalents at the beginning of the period	041	57.124.411	75.249.959	
Increase of cash and cash equivalents	042	5.496.921	1.688.956	
Decrease of cash and cash equivalents	043			
Cash and cash equivalents at the end of the period	044	62.621.332	76.938.915	

**STATEMENT OF CHANGES IN EQUITY**  
for the period 1.1.2013 do 31.12.2013

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		
3. Reserves from profit	003		
4. Retained earnings or accumulated loss	004	-82.866.646	-66.763.063
5. Profit or loss for the current year	005	16.396.057	15.606.030
6. Revaluation of long - term tangible assets	006	562.320	656.646
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>	902.542.931	917.950.813
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		

## Management Board Report on the state of the Company in the year 2013 – consolidated

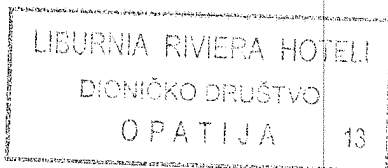
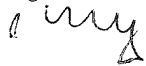
On 4 July 2013, the LIBURNIA RIVIERA HOTELI d.d. company acquired a majority share of 80.81% in the Hoteli Cavtat d.d. company in Cavtat. Consolidation of financial reports started on 1 July 2013, as in the period from 1 to 4 July there were no significant changes in the business operations of the acquired company. In October 2013, the Company acquired additional 11.47 % stake in this company, and the total share as of 31.12.2013 amounts to 91.28 %.

In the consolidated profit and loss statement, the item 'current period – cumulative' reports a profit for the period 1 January – 31 December 2013 for the LIBURNIA RIVIERA HOTELI d.d. company, and the period 1 July – 31 December 2013 for the Hoteli Cavtat d.d company.

In the consolidated balance sheet, the item 'current period' reports consolidated items for both companies as at 31 December 2013. The item 'previous period 31/12/2012' refers only to the LIBURNIA RIVIERA HOTELI d.d. company, as in this period it did not have a dependent company.

The consolidated balance sheet reports goodwill to the amount of 45,571,133 kn, which was temporarily defined as the difference between the cost of the acquisition and the net book value of the acquired subsidiary. It is assumed that goodwill primarily refers to different synergies in business operations. It will be adjusted after the determination of the fair value of the acquired net assets and the liabilities of the subsidiary within a period of no longer than one year after the date of acquisition.

Chairman of the Management Board  
Dr. Sc. Igor Šehanović



## Management Board Report on the state of the Company in the year 2013 - consolidated

By analysing business performance indicators for the year 2013 in comparison with the year 2012, we can conclude that the consolidated (consolidation as at 1 July 2013) operating income of the Liburnia Riviera Hoteli/Hoteli Cavtat business system (hereinafter: the System) increased by 7.7% and the number of overnight stays increased by 5.9% (the operating income of Liburnia Riviera Hoteli d.d. increased by 8.4% and the number of overnight stays by 7.5%; the operating income of Hoteli Cavtat d.d. increased by 3.1% and the number of overnight stays decreased by 2.3%).

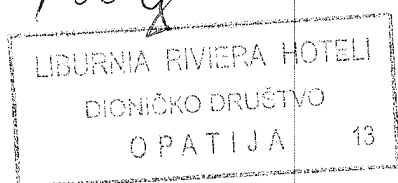
In 2013, the business operations of the business System was characterised by a significant improvement in results from its core business and results from extraordinary activities. Income from extraordinary activities (to the total amount of 32.9 million kn) resulted primarily from the sale of the Villa Magnolia and the exchange of real estate with the Town of Opatija to the amount of c. 32.6 million kn. Expenditures from extraordinary activities for the most part resulted from 'balance sheet clean-up' and reserves. The major part of expenditures from extraordinary activities was connected to the realised process of severance payments and related costs to the amount of c. 17 million kn (posted under the item of salaries) in which in 2013 the number of full-time employers was reduced by 138, reserves created for severance payments in Hoteli Cavtat to the amount of 8.1 million kn, and additional reserves created for severance payments in LRH to the amount of 3 million kn. The total amount of realised and reserved severance payments and related costs that were posted in 2013 was c. 28 million kn. In the process of 'balance sheet clean-up' and other extraordinary expenditures and reserves, the amount of 14.7 million kn was posted. The total amount of extraordinary expenditures in the year 2013 that resulted from the process of realised and reserved costs for severance payments, expenditures on the basis of 'balance sheet clean-up', and other extraordinary expenditures was c. 42.7 million kn.

At the end of 2013, investments were started that will be functional in 2014. The total amount of investments that will be functional in 2014 is c. 112.6 million kn (VAT included). These include the reconstruction of the hotels Kvarner and Admiral and the villas Amalia, Atlanta, Elsa and Belvedere, as well as investments aimed at fulfilling the requirements for the categorisation of the hotels Marina, Imperial and Istra, and the purchase of equipment.

By analysing the consolidated financial indicators that the System achieved in 2013 in comparison with 2012, the consolidated category of 'net profit + amortisation' increased by c. 23.9% and EBITA increased by c. 26%.

In 2014, the Management Board will continue with the parallel implementation of restructuring and development processes and expects a further significant increase in financial performance indicators and strengthening of the financial stability of the System.

Chairman of the Management Board  
Dr. Sc. Igor Šehanović





Opatija, 23/04/2014

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 and the Company included in the consolidation as a whole for the period from 1 January to 31 December 2013.

Ph.D. Igor Šehanović,

Chairman of the Management Board

