

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. 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 588

(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: Kamelar, Biserka
(authorised person for representation)

Phone number: 051 710 395

Fascimile: 051 710 404

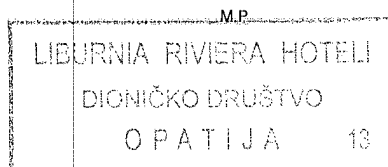
E-mail address: biserka.kamelar@remisens.com

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: LIBURNJA RIVIERA HOTELI d.d. OPATIJA			
Item	ACP 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	920.985.502	1.078.833.949
I. INTANGIBLE ASSETS (004 to 009)	003	2.386.089	1.739.131
1. Assets development	004	1.041.321	791.690
2. Concessions, patents, licences fees, trade and service marks, software and	005	1.272.010	904.483
3. Goodwill	006		
4. Prepayments for purchase of intangible assets	007		
5. Intangible assets in preparation	008	72.758	42.958
6. Other intangible assets	009		
II. TANGIBLE ASSETS (011 to 019)	010	915.747.915	901.665.032
1. Land	011	111.583.180	112.655.295
2. Buildings	012	740.390.843	708.516.798
3. Plant and equipment	013	19.529.442	17.571.116
4. Tools, facility inventory and transport assets	014	38.323.783	48.978.239
5. Biological assets	015		
6. Prepayments for tangible assets	016	21.879	607.976
7. Tangible assets in progress	017	2.417.150	9.845.770
8. Other tangible assets	018	3.481.638	3.489.838
9. Investments in buildings	019		
III. LONG-TERM FINANCIAL ASSETS (021 to 028)	020	737.920	174.013.783
1. Investments (shares) with related parties	021		173.181.538
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	737.920	832.245
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	385.100	0
1. Receivables from related parties	030		
2. Receivables from based on trade loans	031		
3. Other receivables	032	385.100	
V. DEFERRED TAX ASSETS	033	1.708.478	1.416.003
C) SHORT TERM ASSETS (035+043+050+058)	034	77.183.234	72.479.881
I. INVENTORIES (036 to 042)	035	5.902.438	2.380.814
1. Raw-material and supplies	036	1.149.427	2.277.702
2. Work in progress	037		
3. Finished goods	038		
4. Merchandise	039	112.392	103.112
5. Prepayments for inventories	040		
6. Long - term assets held for sales	041	4.640.619	
7. Biological assets	042		
II. RECEIVABLES (044 to 049)	043	8.859.484	8.994.080
1. Receivables from related parties	044		615
2. Accounts receivable	045	7.549.836	5.611.586
3. Receivables from participating parties	046		
4. Receivables from employees and members of related parties	047	173.416	95.284
5. Receivables from government and other institutions	048	936.212	1.286.595
6. Other receivables	049		
III. SHORT TERM FINANCIAL ASSETS (051 to 057)	050	0	0
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		
IV. CASH AT BANK AND IN CASHIER	058	62.621.332	63.104.987
D) PREPAID EXPENSES AND ACCRUED REVENUE	059	785.861	533.651
E) TOTAL ASSETS (001+002+034+059)	060	998.934.597	1.151.847.481
F) OFF-BALANCE RECORDS	061	4.452.613	4.452.613

Obligator: LIBURNIA RIVIERA HOTELI d.d. OPATIJA

Item	AOP code	Last year (net)	Current year (net)
		3	4
LIABILITIES AND CAPITAL			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	902.542.931	911.425.636
I. SUBSCRIBED CAPITAL	063	968.451.200	968.451.200
II. CAPITAL RESERVES	064		
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	562.320	656.646
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	82.866.646	66.763.063
1. Retained earnings	073		
2. Accumulated loss	074	82.866.646	66.763.063
VI. PROFIT/LOSS FOR THE CURRENT YEAR (076-077)	075	16.398.057	9.080.853
1. Profit for the current year	076	16.398.057	9.080.853
2. Loss for the current year	077		
IX. MINORITY INTERESTS	078		
B) PROVISIONS (080 to 082)	079	19.625.669	21.419.722
1. Provisions for pensions, severance pay, and similar liabilities	080	6.789.875	5.551.391
2. Reserves for tax liabilities	081		
3. Other reserves	082	12.836.794	15.868.331
C) LONG - TERM LIABILITIES (084 to 092)	083	40.530.847	164.462.938
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits etc.	085		
3. Liabilities to banks and other financial institutions	086	40.530.647	164.462.938
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	34.675.369	51.988.657
1. Liabilities to related parties	094		
2. Liabilities for loans, deposits etc.	095		
3. Liabilities to banks and other financial institutions	096	14.324.542	25.577.060
4. Liabilities for received prepayments	097	2.100.851	2.324.899
5. Accounts payable	098	8.357.640	10.282.855
6. Liabilities arising from debt securities	099		
7. Liabilities to entrepreneurs in whom the entity holds participating interests	100		
8. Liabilities to employees	101	4.942.519	7.183.919
9. Liabilities for taxes, contributions and similar fees	102	2.441.096	4.616.214
10. Liabilities to share - holders	103		
11. Liabilities for long-term assets held for sale	104		
12. Other short - term liabilities	105	2.508.721	1.903.710
E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO	106	1.558.981	2.650.528
F) TOTAL - CAPITAL AND LIABILITIES (062+079+083+093+106)	107	998.934.597	1.151.847.481
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 01.01.2013. to 31.12.2013.

Obligator: LIBURNIA RIVIERA HOTEL d.d. OPATIJA				
Item	ADP Code	Last year	Current year	
I. OPERATING REVENUE (112+113)	111	216.742.607	271.340.311	
1. Sales revenue	112	210.295.803	228.815.111	
2. Other operating revenues	113	6.446.804	42.525.200	
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	200.125.894	256.413.395	
1. Changes in value of work in progress and finished products	115			
2. Material costs (117 to 119)	116	64.808.955	64.424.112	
a) Raw material and material costs	117	23.071.415	25.161.111	
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	74.782.180	83.895.175	
a) Net salaries and wages	121	46.050.788	49.864.367	
b) Cost for taxes and contributions from salaries	122	18.802.669	23.465.585	
c) Contributions on gross salaries	123	9.928.723	10.565.223	
4. Depreciation	124	34.211.703	59.823.454	
5. Other costs	125	25.448.839	32.494.696	
6. Impairment (127+128)	126	241.106	8.544.599	
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	828.971	
7. Provisions	129	633.111	7.231.359	
8. Other operating costs	130			
III. FINANCIAL INCOME (132 to 136)	131	2.943.411	4.123.775	
1. Interest income, foreign exchange gains, dividends and similar income from related	132		59.259	
2. Interest income, foreign exchange gains, dividends and similar income from non -	133	2.943.411	4.064.516	
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	3.164.067	9.969.838	
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	9.969.838	
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	219.686.018	275.464.086	
X. TOTAL EXPENSES (114+137+143 + 145)	147	203.289.961	266.383.233	
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	16.396.057	9.080.853	
1. Profit before taxation (146-147)	149	16.396.057	9.080.853	
2. Loss before taxation (147-146)	150	0	0	
XII. PROFIT TAX	151			
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	16.396.057	9.080.853	
1. Profit for the period (149-151)	153	16.396.057	9.080.853	
2. Loss for the period (151-148)	154	0	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	16.396.057	9.080.853	
II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX (159 do 165)	158	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			
III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166	9.608		
IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (158-166)	167	257.512	94.325	
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	16.653.569	9.175.178	
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 01.01.2013. to 31.12.2013.

Obligator: LIBURNIA RIVIERA HOTELI d.d. OPATIJA				
Item	AGP code	Last year	Current year	
1	2	3	4	
CASH FLOW FROM OPERATING ACTIVITIES				
1. Profit before tax	001	16.396.057	9.080.853	
2. Depreciation	002	34.211.702	59.823.454	
3. Increase in short term liabilities	003	841.169		
4. Decrease in short term receivables	004			
5. Decrease in inventories	005			
6. Other increase in cash flow	006			
I. Total increase in cash flow from operating activities (001 to 006)	007	51.448.928	68.904.307	
1. Decrease in short term liabilities	008	1.884.486	2.150.295	
2. Increase in short term receivables	009			
3. Increase in inventories	010		1.128.455	
4. Other decrease in cash flow	011	2.579.362	7.910.903	
II. Total decrease in cash flow from operating activities (008 to 011)	012	4.463.848	11.189.653	
A1) NET INCREASE IN CASH FLOW FROM OPERATING ACTIVITIES (007-	013	46.985.080	57.714.654	
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	48.339	37.608.262	
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			
III. Total cash inflows from investing activities (015 to 019)	020	2.091.726	40.348.048	
1. Cash outflow for purchase of long-term tangible and intangible assets	021	25.923.185	54.314.392	
2. Cash outflow for acquisition of equity and debt financial instruments	022		173.298.538	
3. Other cash outflow for investing activities	023			
IV. Total cash outflow for investing activities (021 do 023)	024	25.923.185	227.612.930	
B1) NET INCREASE IN CASH FLOW FROM INVESTING ACTIVITIES (020-	025	0	0	
B2) NET DECREASE IN CASH FLOW FROM INVESTING ACTIVITIES (024-	026	23.831.459	187.264.882	
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		153.416.378	
3. Other proceeds from financial activities	029			
V. Total cash inflows from financial activities (027 to 029)	030	0	153.416.378	
1. Cash outflow for repayment of credit principal and bonds	031	17.686.700	23.382.495	
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	17.686.700	23.382.495	
C1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (030-	037	0	130.033.883	
C2) NET DECREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (036-	038	17.686.700	0	
Total increase in cash flow (013 – 014 + 025 – 026 + 037 – 038)	039	5.466.921	483.655	
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	62.621.332	
Increase of cash and cash equivalents	042	5.496.921	483.655	
Decrease of cash and cash equivalents	043	0	0	
Cash and cash equivalents at the end of the period	044	62.621.332	63.104.987	

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	9.080.853
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		
10. Total capital and reserves (AOP 001 do 009)	010	902.542.931	911.425.636
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		

Management Board Report on the state of the Company in the year 2013

By analysing business performance indicators for the year 2013 in comparison with the year 2012, we can conclude that the operating income of Liburnia Riviera Hoteli d.d. increased by 8.4% and the number of overnight stays by 7.5%.

In 2013, the business operations of the LRH d.d. company 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, 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. 20 million kn. In the process of 'balance sheet clean-up' and other extraordinary expenditures and reserves, the amount of 13.7 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. 33.7 million kn.

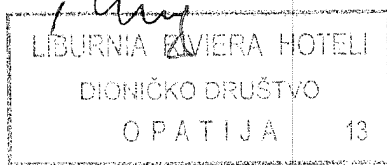
At the end of 2013, investments were started that will be functional in 2014. The total amount of investments that will be functional in 2014 is c. 112.6 million kn (VAT included). These include the reconstruction of the hotels Kvarner and Admiral and the villas Amalia, Atlanta, Elsa and Belvedere, as 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 LRH d.d. achieved in 2013 in comparison with 2012, the consolidated category of 'net profit + amortisation' increased by c. 36.1% and EBITA increased by c. 40%.

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 for the period from 1 January to 31 December 2013.

Chairman of the Management Bord

Dr.Sc.Igor Šehanović

