

Appendix 1

Reporting period:

1.1.2014

to

31.12.2014

Annual financial report of entrepreneur - GFI-POD

Registration number (MB) 03166619

Identification number of subject (MBS) 04008080

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 652
(at quarter end)

Consolidated statement YES

NKD/NWC code: 5510

Subsidiaries subject to consolidation (according to IFRS):

Registration number:

Subsidiaries subject to consolidation (according to IFRS):	Registration number:
HOTELI CAVTAT d.d.	CAVTAT 91951159924

Book keeping service:

Contact person: Kamelar Biserka
(authorised person for representation)

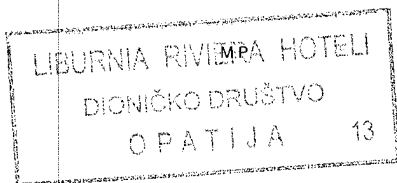
Phone number: 051 710-395 Fascimile: 051 710-404

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

Surname and name: Sehanović 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 31.12.2014.

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	1.095.371.547	1.142.671.265
I. INTANGIBLE ASSETS (004 to 009)	003	47.591.467	21.199.341
1. Assets development	004	791.690	559.107
2. Concessions, patents, licences fees, trade and service marks, software and	005	1.185.666	1.499.381
3. Goodwill	006	45.571.133	
4. Prepayments for purchase of intangible assets	007		
5. Intangible assets in preparation	008	42.958	0
6. Other intangible assets	009		19.140.853
II. TANGIBLE ASSETS (011 to 019)	010	1.045.529.432	1.120.041.001
1. Land	011	174.457.680	194.334.017
2. Buildings	012	784.054.164	819.596.935
3. Plant and equipment	013	22.272.898	16.838.587
4. Tools, facility inventory and transport assets	014	50.310.974	74.558.174
5. Biological assets	015		
6. Prepayments for tangible assets	016	746.472	345.568
7. Tangible assets in progress	017	10.197.406	10.802.302
8. Other tangible assets	018	3.489.838	3.565.418
9. Investments in buildings	019		
III. LONG-TERM FINANCIAL ASSETS (021 to 028)	020	834.645	14.920
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	834.645	14.920
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	0	0
1. Receivables from related parties	030		
2. Receivables from based on trade loans	031		
3. Other receivables	032		
V. DEFERRED TAX ASSETS	033	1.416.003	1.416.003
C) SHORT TERM ASSETS (035+043+050+058)	034	93.736.073	111.073.107
I. INVENTORIES (036 to 042)	035	5.081.515	3.455.179
1. Raw-material and supplies	036	4.978.403	2.749.794
2. Work in progress	037		
3. Finished goods	038		
4. Merchandise	039	103.112	109.184
5. Prepayments for inventories	040		596.201
6. Long - term assets held for sales	041		
7. Biological assets	042		
II. RECEIVABLES (044 to 049)	043	11.715.643	10.998.143
1. Receivables from related parties	044		
2. Accounts receivable	045	8.820.230	9.350.397
3. Receivables from participating parties	046		
4. Receivables from employees and members of related parties	047	95.284	273.069
5. Receivables from government and other institutions	048	2.679.784	940.676
6. Other receivables	049	120.345	434.001
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	76.938.915	96.619.785
D) PREPAID EXPENSES AND ACCRUED REVENUE	059	533.651	720.512
E) TOTAL ASSETS (001+002+034+059)	060	1.189.641.271	1.254.464.884
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	930.764.818	983.631.119
I. SUBSCRIBED CAPITAL	063	968.451.200	865.553.260
II. CAPITAL RESERVES	064		
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	0	45.216.111
1. Reserves prescribed by law	066		43.277.663
2. Reserves for treasury shares	067		
3. Treasury stocks and shares (deduction)	068		
4. Statutory reserves	069		
5. Other reserves	070		1.938.448
IV. REVALUATION RESERVES	071	656.646	
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	-66.763.063	6.897.270
1. Retained earnings	073		6.897.270
2. Accumulated loss	074	66.763.063	
VI. PROFIT/LOSS FOR THE CURRENT YEAR (076-077)	075	15.606.030	49.163.158
1. Profit for the current year	076	15.606.030	49.163.158
2. Loss for the current year	077		
IX. MINORITY INTERESTS	078	12.814.005	16.801.320
B) PROVISIONS (080 to 082)	079	30.115.983	27.325.718
1. Provisions for pensions, severance pay, and similar liabilities	080	14.247.652	10.491.066
2. Reserves for tax liabilities	081		
3. Other reserves	082	15.868.331	16.835.652
C) LONG - TERM LIABILITIES (084 to 092)	083	164.462.938	178.208.208
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits etc.	085		
3. Liabilities to banks and other financial institutions	086	164.462.938	166.366.746
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		11.841.462
D) SHORT - TERM LIABILITIES (094 to 105)	093	61.536.928	63.841.827
1. Liabilities to related parties	094		
2. Liabilities for loans, deposits etc.	095		
3. Liabilities to banks and other financial institutions	096	25.577.060	34.831.354
4. Liabilities for received prepayments	097	5.731.213	7.549.961
5. Accounts payable	098	12.922.149	10.331.368
6. Liabilities arising from debt securities	099		
7. Liabilities to entrepreneurs in whom the entity holds participating interests	100		
8. Liabilities to employees	101	8.301.703	6.839.564
9. Liabilities for taxes, contributions and similar fees	102	4.769.479	2.272.367
10. Liabilities to share - holders	103		
11. Liabilities for long-term assets held for sale	104		
12. Other short - term liabilities	105	4.235.324	2.017.213
E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO	106	2.760.604	1.457.012
F) TOTAL – CAPITAL AND LIABILITIES (062+079+083+093+106)	107	1.189.641.271	1.254.464.884
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	917.950.813	966.829.799
2. Attributed to minority interest	110	12.814.005	16.801.320

PROFIT AND LOSS ACCOUNT
for the period 01.01.2014. to 31.12.2014.

Obligator: LIBURNIA RIVIERA HOTELI d.d. OPATIJA			
Item	AOP code	Last year	Current year
I. OPERATING REVENUE (112+113)	111	327.069.630	354.438.819
1. Sales revenue	112	284.559.015	314.829.685
2. Other operating revenues	113	42.510.615	39.609.134
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	297.091.414	295.760.028
1. Changes in value of work in progress and finished products	115		
2. Material costs (117 to 119)	116	79.550.037	85.350.874
a) Raw material and material costs	117	40.287.036	36.214.297
b) Costs of goods sold	118	288.427	317.822
c) Other external costs	119	38.974.574	48.818.755
3. Staff costs (121 to 123)	120	97.199.636	87.329.591
a) Net salaries and wages	121	55.575.334	51.758.115
b) Cost for taxes and contributions from salaries	122	29.512.113	22.920.332
c) Contributions on gross salaries	123	12.112.189	12.651.144
4. Depreciation	124	67.396.622	78.549.634
5. Other costs	125	36.327.068	33.450.142
6. Impairment (127+128)	126	8.779.168	2.278.188
a) Impairment of long-term assets (financial assets excluded)	127	7.715.628	1.974.485
b) Impairment of short-term assets (financial assets excluded)	128	1.063.540	303.703
7. Provisions	129	7.231.359	8.801.599
8. Other operating costs	130	607.524	
III. FINANCIAL INCOME (132 to 136)	131	4.839.618	2.808.537
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	4.839.618	2.808.537
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	10.525.011	10.897.724
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	10.525.011	10.897.724
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	3.183	
VIII. EXTRAORDINARY - OTHER EXPENSES	145	8.066.624	
IX. TOTAL INCOME (111+131+142 + 144)	146	331.912.431	357.247.356
X. TOTAL EXPENSES (114+137+143 + 145)	147	315.683.049	306.857.752
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	16.229.382	50.589.604
1. Profit before taxation (146-147)	149	16.229.382	50.589.604
2. Loss before taxation (147-146)	150	0	0
XII. PROFIT TAX	151		
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	16.229.382	50.589.604
1. Profit for the period (149-151)	153	16.229.382	50.589.604
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	15.606.030	49.163.158
2. Attributed to minority interest	156	623.352	1.426.446
STATEMENT OF OTHER COMPREHENSIVE INCOME (IFRS)			
I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	16.229.382	50.589.604
II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX (159 do 165)	158	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		
III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166		
IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (158-166)	167	94.325	0
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	16.323.707	50.589.604
APPENDIX to Statement of other comprehensive income (to be filled in by entrepreneur that prepares consolidated financial report)			
VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD			
1. Attributed to equity holders of parent company	169	15.700.355	49.163.158
2. Attributed to minority interest	170	623.352	1.426.446

STATEMENT OF CASH FLOWS - INDIRECT METHOD
for the period 01.01.2014. to 31.12.2014.

Obligator: LIBURNIA RIVIERA HOTELI d.d. OPATIJA				
Item	LOP code	Last year	Current year	
	2	3	4	
CASH FLOW FROM OPERATING ACTIVITIES				
1. Profit before tax	001	16.229.382	50.589.604	
2. Depreciation	002	67.396.622	78.549.634	
3. Increase in short term liabilities	003	-19.104.211		
4. Decrease in short term receivables	004	4.276.816	2.050.356	
5. Decrease in inventories	005		2.196.644	
6. Other increase in cash flow	006	8.066.624		
I. Total increase in cash flow from operating activities (001 to 006)	007	76.865.233	133.386.238	
1. Decrease in short term liabilities	008	2.150.295	17.044.019	
2. Increase in short term receivables	009	-7.800.302	1.199.681	
3. Increase in inventories	010	40.791	1.134.317	
4. Other decrease in cash flow	011	7.910.903	14.758.613	
II. Total decrease in cash flow from operating activities (008 to 011)	012	2.301.687	34.136.630	
A1) NET INCREASE IN CASH FLOW FROM OPERATING ACTIVITIES (007-	013	74.563.546	99.249.608	
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	37.608.263	24.542.965	
2. Cash inflows from sales of equity and debt instruments	016			
3. Interests receipts	017	2.739.786	1.700.254	
4. Dividend receipts	018			
5. Other cash inflows from investing activities	019			
III. Total cash inflows from investing activities (015 to 019)	020	40.348.049	26.243.219	
1. Cash outflow for purchase of long-term tangible and intangible assets	021	55.351.993	94.364.790	
2. Cash outflow for acquisition of equity and debt financial instruments	022	173.298.538	1.404.384	
3. Other cash outflow for investing activities	023		19.140.027	
IV. Total cash outflow for investing activities (021 do 023)	024	228.650.531	114.909.201	
B1) NET INCREASE IN CASH FLOW FROM INVESTING ACTIVITIES (020-	025	0	0	
B2) NET DECREASE IN CASH FLOW FROM INVESTING ACTIVITIES (024-	026	188.302.482	88.665.982	
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	64.539.719	
3. Other proceeds from financial activities	029			
V. Total cash inflows from financial activities (027 to 029)	030	153.416.378	64.539.719	
1. Cash outflow for repayment of credit principal and bonds	031	37.988.486	55.442.475	
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	37.988.486	55.442.475	
C1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (030-	037	115.427.892	9.097.244	
C2) NET DECREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (036-	038	0	0	
Total increase in cash flow (013 – 014 + 025 – 026 + 037 – 038)	039	1.688.956	19.680.870	
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	75.249.959	76.938.915	
Increase of cash and cash equivalents	042	1.688.956	19.680.870	
Decrease of cash and cash equivalents	043		0	
Cash and cash equivalents at the end of the period	044	76.938.915	96.619.785	

STATEMENT OF CHANGES IN EQUITY
for the period **1.1.2014** do **31.12.2014**

Item	AOP code	Last year	Current year
	2	3	4
1. Subscribed capital	001	968.451.200	865.553.560
2. Capital reserves	002		
3. Reserves from profit	003		43.277.663
4. Retained earnings or accumulated loss	004	-66.763.063	6.896.970
5. Profit or loss for the current year	005	15.606.030	49.163.158
6. Revaluation of long - term tangible assets	006	656.646	
7. Revaluation of intangible assets	007		
8. Revaluation of financial assets available for sale	008		
9. Other revaluation	009		1.938.448
10. Total capital and reserves (AOP 001 do 009)	010	917.950.813	966.829.799
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	917.950.813	966.829.799
17 b. Attributed to minority interest	019	12.814.005	16.801.320

Management Board Report on the state of the Group as at 31 December 2014 - consolidated

In spite of the increased tax burden (in 2014, VAT on tourist services was increased by 30% and the general rate of contributions for health insurance was increased by c. 13% with respect to the year 2013) and higher energy prices (e.g. the price of water at Hoteli Cavtat d.d. per m³ increased in 2014 in comparison with 2013 by 38%), the consolidated operating results for the period January-December 2014 show that the Group (Liburnia Riviera Hoteli d.d. and Hoteli Cavtat d.d.) is achieving its primary objectives. Although in the period January-December 2014 the Group had c. 2% fewer overnight stays than in the same period in 2013, operating income increased by c. 2% and GOP (gross operational profit) by c. 37% compared to the same period in the previous year.

Due to the fact that 42 employees had left Hoteli Cavtat d.d. and 55 employees Liburnia Riviera Hoteli d.d. by 31/12/2014, an extraordinary, one-time cost for their notice period and unused holiday, as well as part of the severance payment above the amount reserved in December 2013, was posted under the item of salaries to the total amount of c. 4.7 million kn.

As at 31/12/2013, the Group posted c. 11 million kn and at 31/12/2014 c. 7.6 million kn in reserves for severance payments.

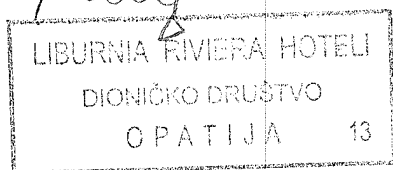
In the period from January to December 2014, the Group's net extraordinary income was c. 28.3 million kn. In the same period in the previous year, net extraordinary income was c. 16.9 million kn. The most significant extraordinary income items were as follows: c. 10 million kn on the basis of a court order in favour of Liburnia Riviera Hoteli d.d., c. 697,000 kn from the sale of shares in the Croatia Osiguranje insurance company, and c. 22.9 million kn in net extraordinary income from the sale of land and the Villa Siam (the sales value of the villa and its land is 23.9 million kn and its book value c. 974.000 kn).

In the period January-December 2014, EBITA was c. 137.1 million kn. In the same period in the previous year, EBITA was c. 90.7 million kn.

The reported initial goodwill of c. 45.6 million kn, which was temporarily defined as the difference between the cost of acquisition and the net book value of the acquired subsidiary, was adjusted to the fair value of the acquired assets on the date of the acquisition, as estimated by an authorised assessor. All future acquisitions from the subsidiary's minority shareholders will be posted under the item of capital assets.

The liquidity and solvency ratios and debt to equity and cash flow ratios are strong.

Chairman of the Management Board
Dr. Sc. Igor Šehanović



Opatija, 12/02/2015

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 2014.

Ph.D. Igor Šehanović,

Chairman of the Management Board

