

**Appendix 1**

Reporting period:

1.1.2016

to

31.12.2016

**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 **MARŠALA 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 **596**

(at quarter end)

Consolidated statement **NO**NKD/NWC code: **5510**

Subsidiaries subject to consolidation (according to IFRS):

Registration number:

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Book keeping service:

Contact person: **Kamenar Biserka**  
(authorised person for representation)Phone number: **051 710-395**Facsimile: **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

M.P.

(signed by authorised person for representation)

LIBURNIA RIVIERA HOTELI  
DIONIČKO DRUŠTVO  
OPATIJA 13

**BALANCE SHEET**  
as at 31.12.2016.

| Obligator: LIBURNIA RIVIERA HOTELI d.d. OPATIJA  |            |                 |                    |
|--|------------|-----------------|--------------------|
| Item   | AOP code   | Last year (net) | Current year (net) |
| 1  | 2          | 3               | 4                  |
| <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> | 858.028.601     | 866.004.574        |
| I. INTANGIBLE ASSETS (004 to 009)  | <b>003</b> | 1.382.928       | 815.442            |
| 1. Assets development  | <b>004</b> | 592.534         | 350.824            |
| 2. Concessions, patents, licences fees, trade and service marks, software and other rights | <b>005</b> | 790.394         | 464.618            |
| 3. Goodwill  | <b>006</b> |                 |                    |
| 4. Prepayments for purchase of intangible assets   | <b>007</b> |                 |                    |
| 5. Intangible assets in preparation  | <b>008</b> |                 |                    |
| 6. Other intangible assets   | <b>009</b> |                 |                    |
| II. TANGIBLE ASSETS (011 to 019)   | <b>010</b> | 852.372.980     | 863.285.263        |
| 1. Land  | <b>011</b> | 110.840.589     | 108.949.320        |
| 2. Buildings   | <b>012</b> | 643.696.252     | 612.568.336        |
| 3. Plant and equipment   | <b>013</b> | 13.688.733      | 15.180.889         |
| 4. Tools, facility inventory and transport assets  | <b>014</b> | 71.219.529      | 87.328.908         |
| 5. Biological assets   | <b>015</b> |                 |                    |
| 6. Prepayments for tangible assets   | <b>016</b> | 481.961         | 8.319.148          |
| 7. Tangible assets in progress   | <b>017</b> | 8.887.349       | 27.380.095         |
| 8. Other tangible assets   | <b>018</b> | 3.558.567       | 3.558.567          |
| 9. Investments in buildings  | <b>019</b> |                 |                    |
| III. LONG-TERM FINANCIAL ASSETS (021 to 028)   | <b>020</b> | 528.860         | 500.000            |
| 1. Investments (shares) with related parties   | <b>021</b> | 500.000         | 500.000            |
| 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> | 28.860          |                    |
| 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> |                 |                    |
| IV. RECEIVABLES (030 to 032)   | <b>029</b> | 0               | 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> |                 |                    |
| V. DEFERRED TAX ASSETS   | <b>033</b> | 3.743.833       | 1.403.869          |
| <b>C) SHORT TERM ASSETS (035+043+050+058)</b>  | <b>034</b> | 95.608.058      | 84.389.132         |
| I. INVENTORIES (036 to 042)  | <b>035</b> | 2.492.615       | 3.160.994          |
| 1. Raw-material and supplies   | <b>036</b> | 1.902.931       | 2.519.217          |
| 2. Work in progress  | <b>037</b> |                 |                    |
| 3. Finished goods  | <b>038</b> |                 |                    |
| 4. Merchandise   | <b>039</b> | 222.533         | 326.467            |
| 5. Prepayments for inventories   | <b>040</b> | 367.151         | 315.310            |
| 6. Long - term assets held for sales   | <b>041</b> |                 |                    |
| 7. Biological assets   | <b>042</b> |                 |                    |
| II. RECEIVABLES (044 to 049)   | <b>043</b> | 10.584.651      | 12.837.958         |
| 1. Receivables from related parties  | <b>044</b> |                 |                    |
| 2. Accounts receivable   | <b>045</b> | 8.021.696       | 10.009.562         |
| 3. Receivables from participating parties  | <b>046</b> |                 |                    |
| 4. Receivables from employees and members of related parties                               | <b>047</b> | 170.883         | 138.816            |
| 5. Receivables from government and other institutions                                      | <b>048</b> | 2.392.072       | 2.689.580          |
| 6. Other receivables   | <b>049</b> |                 |                    |
| III. SHORT TERM FINANCIAL ASSETS (051 to 057)  | <b>050</b> | 15.800          | 6.001.842          |
| 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> |                 | 5.986.042          |
| 7. Other financial assets  | <b>057</b> | 15.800          | 15.800             |
| IV. CASH AT BANK AND IN CASHIER  | <b>058</b> | 82.514.992      | 62.388.338         |
| <b>D) PREPAID EXPENSES AND ACCRUED REVENUE</b>   | <b>059</b> | 286.448         | 282.786            |
| <b>E) TOTAL ASSETS (001+002+034+059)</b>   | <b>060</b> | 953.923.107     | 950.676.492        |
| <b>F) OFF-BALANCE RECORDS</b>  | <b>061</b> | 4.452.613       | 4.452.613          |

**Obligator: LIBURNIA RIVIERA HOTELI d.d. OPATIJA**

| Item   | AOP code   | Last year (net) | Current year (net) |
|--|------------|-----------------|--------------------|
| 1  | 2          | 3               | 4                  |
| <b>LIABILITIES AND CAPITAL</b>   |            |                 |                    |
| <b>A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b>   | <b>062</b> | 742.685.616     | 755.574.946        |
| I. SUBSCRIBED CAPITAL  | <b>063</b> | 696.074.300     | 696.074.300        |
| II. CAPITAL RESERVES   | <b>064</b> |                 |                    |
| III. RESERVES FROM PROFIT (066+067-068+069+070)  | <b>065</b> | 46.529.648      | 46.529.648         |
| 1. Reserves prescribed by law  | <b>066</b> | 45.018.765      | 45.018.765         |
| 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> | 1.510.883       | 1.510.883          |
| IV. REVALUATION RESERVES   | <b>071</b> |                 |                    |
| V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)   | <b>072</b> | 0               | 81.668             |
| 1. Retained earnings   | <b>073</b> |                 | 81.668             |
| 2. Accumulated loss  | <b>074</b> |                 |                    |
| VI. PROFIT/LOSS FOR THE CURRENT YEAR (076-077)   | <b>075</b> | 81.668          | 12.889.330         |
| 1. Profit for the current year   | <b>076</b> | 81.668          | 12.889.330         |
| 2. Loss for the current year   | <b>077</b> |                 |                    |
| IX. MINORITY INTERESTS   | <b>078</b> |                 |                    |
| <b>B) PROVISIONS (080 to 082)</b>  | <b>079</b> | 19.429.553      | 16.712.499         |
| 1. Provisions for pensions, severance pay, and similar liabilities   | <b>080</b> | 2.563.749       | 2.701.683          |
| 2. Reserves for tax liabilities  | <b>081</b> |                 |                    |
| 3. Other reserves  | <b>082</b> | 16.865.804      | 14.010.816         |
| <b>C) LONG - TERM LIABILITIES (084 to 092)</b>   | <b>083</b> | 124.161.675     | 89.174.011         |
| 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> | 124.161.675     | 89.174.011         |
| 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> | 66.671.375      | 88.916.829         |
| 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> | 44.128.276      | 57.168.781         |
| 4. Liabilities for received prepayments  | <b>097</b> | 5.598.394       | 7.644.277          |
| 5. Accounts payable  | <b>098</b> | 6.845.012       | 11.930.862         |
| 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> | 5.216.783       | 6.167.048          |
| 9. Liabilities for taxes, contributions and similar fees   | <b>102</b> | 2.151.484       | 1.868.011          |
| 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> | 2.731.426       | 4.137.850          |
| <b>E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO</b>   | <b>106</b> | 974.888         | 298.207            |
| <b>F) TOTAL – CAPITAL AND LIABILITIES (062+079+083+093+106)</b>  | <b>107</b> | 953.923.107     | 950.676.492        |
| <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> | 0               | 0                  |
| 2. Attributed to minority interest   | <b>110</b> |                 |                    |

**PROFIT AND LOSS ACCOUNT**  
for the period 01.01.2016. to 31.12.2016.

| Obligator: LIBURNIA RIVIERA HOTELI d.d. OPATIJA  |            |             |              |  |
|--|------------|-------------|--------------|--|
| Item   | AOP code   | Last year   | Current year |  |
| 1  | 2          | 3           | 4            |  |
| <b>I. OPERATING REVENUE (112+113)</b>  | <b>111</b> | 275.207.906 | 291.617.345  |  |
| 1. Sales revenue   | 112        | 244.107.419 | 264.845.863  |  |
| 2. Other operating revenues  | 113        | 31.100.487  | 26.771.482   |  |
| <b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>  | <b>114</b> | 268.993.444 | 269.693.980  |  |
| 1. Changes in value of work in progress and finished products  | 115        |             |              |  |
| 2. Material costs (117 to 119)   | 116        | 64.595.634  | 66.347.768   |  |
| a) Raw material and material costs   | 117        | 25.947.633  | 27.796.185   |  |
| b) Costs of goods sold   | 118        | 297.317     | 382.180      |  |
| c) Other external costs  | 119        | 38.350.684  | 40.699.868   |  |
| 3. Staff costs (121 to 123)  | 120        | 63.918.442  | 66.624.257   |  |
| a) Net salaries and wages  | 121        | 37.993.548  | 40.699.868   |  |
| b) Cost for taxes and contributions from salaries  | 122        | 16.405.508  | 15.958.894   |  |
| c) Contributions on gross salaries   | 123        | 9.519.386   | 9.965.495    |  |
| 4. Depreciation  | 124        | 97.368.243  | 98.420.160   |  |
| 5. Other costs   | 125        | 31.483.981  | 36.895.111   |  |
| 6. Impairment (127+128)  | 126        | 11.300.188  | 1.183.651    |  |
| a) Impairment of long-term assets (financial assets excluded)  | 127        | 11.097.180  | 1.019.494    |  |
| b) Impairment of short - term assets (financial assets excluded)   | 128        | 203.008     | 164.157      |  |
| 7. Provisions  | 129        | 326.956     | 223.033      |  |
| 8. Other operating costs   | 130        |             |              |  |
| <b>III. FINANCIAL INCOME (132 to 136)</b>  | <b>131</b> | 2.879.751   | 3.338.168    |  |
| 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        | 2.782.889   | 3.338.168    |  |
| 3. Share in income from affiliated entrepreneurs and participating interests   | 134        | 96.862      |              |  |
| 4. Unrealized gains (income) from financial assets   | 135        |             |              |  |
| 5. Other financial income  | 136        |             |              |  |
| <b>IV. FINANCIAL EXPENSES (138 do 141)</b>   | <b>137</b> | 8.831.121   | 8.266.001    |  |
| 1. Interest expenses, foreign exchange losses, dividends and similar expenses from   | 138        |             |              |  |
| 2. Interest expenses, foreign exchange losses, dividends and similar expenses from non -   | 139        | 8.831.121   | 8.266.001    |  |
| 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> | 278.087.657 | 294.955.513  |  |
| <b>X. TOTAL EXPENSES (114+137+143 + 145)</b>   | <b>147</b> | 277.824.565 | 277.959.981  |  |
| <b>XI. PROFIT OR LOSS BEFORE TAXATION (146-147)</b>  | <b>148</b> | 263.092     | 16.995.532   |  |
| 1. Profit before taxation (146-147)  | 149        | 263.092     | 16.995.532   |  |
| 2. Loss before taxation (147-146)  | 150        | 0           | 0            |  |
| <b>XII. PROFIT TAX</b>   | <b>151</b> | 181.425     | 4.106.202    |  |
| <b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>   | <b>152</b> | 81.667      | 12.889.330   |  |
| 1. Profit for the period (149-151)   | 153        | 81.667      | 12.889.330   |  |
| 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        |             |              |  |
| 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> | 81.667      | 12.889.330   |  |
| <b>II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX (159 do 165)</b>   | <b>158</b> |             | 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        |             |              |  |
| 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> | 0           | 0            |  |
| <b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)</b>  | <b>168</b> | 81.667      | 12.889.330   |  |
| <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 01.01.2016. to 31.12.2016.

| Obligator: LIBURNIA RIVIERA HOTELI d.d. OPATIJA                                     |            |                   |                    |
|---|------------|-------------------|--------------------|
| Item  | AOP code   | Last year         | Current year       |
| 1   | 2          | 3                 | 4                  |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>  |            |                   |                    |
| 1. Profit before tax  | 001        | 263.092           | 16.995.532         |
| 2. Depreciation   | 002        | 97.368.243        | 98.420.160         |
| 3. Increase in short term liabilities   | 003        |                   |                    |
| 4. Decrease in short term receivables   | 004        |                   |                    |
| 5. Decrease in inventories  | 005        |                   |                    |
| 6. Other increase in cash flow  | 006        |                   |                    |
| <b>I. Total increase in cash flow from operating activities (001 to 006)</b>        | <b>007</b> | <b>97.631.335</b> | <b>115.415.692</b> |
| 1. Decrease in short term liabilities   | 008        | 3.582.560         | 7.122.561          |
| 2. Increase in short term receivables   | 009        | 1.484.459         | 1.987.866          |
| 3. Increase in inventories  | 010        | 331.483           | 668.379            |
| 4. Other decrease in cash flow  | 011        | 13.776.679        | 12.102.371         |
| <b>II. Total decrease in cash flow from operating activities (008 to 011)</b>       | <b>012</b> | <b>19.175.181</b> | <b>21.881.177</b>  |
| <b>A1) NET INCREASE IN CASH FLOW FROM OPERATING ACTIVITIES (007-</b>                | <b>013</b> | <b>78.456.154</b> | <b>93.534.515</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        | 18.188.368        | 11.731.223         |
| 2. Cash inflows from sales of equity and debt instruments                           | 016        |                   |                    |
| 3. Interests receipts   | 017        | 1.520.113         | 1.240.453          |
| 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>19.708.481</b> | <b>12.971.676</b>  |
| 1. Cash outflow for purchase of long-term tangible and intangible assets            | 021        | 39.678.251        | 106.911.826        |
| 2. Cash outflow for acquisition of equity and debt financial instruments            | 022        | 6.685.000         |                    |
| 3. Other cash outflow for investing activities                                      | 023        | 22.027.230        |                    |
| <b>IV. Total cash outflow for investing activities (021 do 023)</b>                 | <b>024</b> | <b>68.390.481</b> | <b>106.911.826</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>48.682.000</b> | <b>93.940.150</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        |                   |                    |
| 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>0</b>           |
| 1. Cash outflow for repayment of credit principal and bonds                         | 031        | 31.417.369        | 19.721.019         |
| 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>31.417.369</b> | <b>19.721.019</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>31.417.369</b> | <b>19.721.019</b>  |
| Total increase in cash flow (013 – 014 + 025 – 026 + 037 – 038)                     | 039        | 0                 | 0                  |
| Total decrease in cash flow (014 – 013 + 026 – 025 + 038 – 037)                     | 040        | 1.643.215         | 20.126.654         |
| Cash and cash equivalents at the beginning of the period                            | 041        | 84.158.207        | 82.514.992         |
| Increase of cash and cash equivalents   | 042        | 0                 | 0                  |
| Decrease of cash and cash equivalents   | 043        | 1.643.215         | 20.126.654         |
| Cash and cash equivalents at the end of the period                                  | 044        | 82.514.992        | 62.388.338         |

**STATEMENT OF CHANGES IN EQUITY**  
for the period 1.1.2016 do 31.12.2016

| Item   | AOP code   | Last year   | Current year |
|--|------------|-------------|--------------|
| 1  | 2          | 3           | 4            |
| 1. Subscribed capital  | 001        | 696.074.300 | 696.074.300  |
| 2. Capital reserves  | 002        |             |              |
| 3. Reserves from profit  | 003        | 45.018.765  | 45.018.765   |
| 4. Retained earnings or accumulated loss   | 004        |             | 81.668       |
| 5. Profit or loss for the current year   | 005        | 81.668      | 12.889.330   |
| 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        | 1.510.883   | 1.510.883    |
| <b>10. Total capital and reserves (AOP 001 do 009)</b>                           | <b>010</b> | 742.685.616 | 755.574.946  |
| 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 Report to the shareholders of Liburnia Riviera Hoteli d.d. Opatija**

Annual Report was composed based on the liability arising under article 250a of the Companies Act and article 21 of the Accounting Act.

The report relates to the company Liburnia Riviera Hoteli d.d. Opatija, Maršala Tita 198, whose main activities are accommodation and hospitality services, travel agencies and tour-operator services, retail and wholesale and sports and recreational activities, with the aim of presenting the most significant operating achievements in 2016 and reference on the future expectations.

### **Review of business in 2016**

After a complete renovation of Remisens Hotel Excelsior in 2015, Liburnia Riviera Hoteli d.d. continues with the investments in renewal and reconstruction and increase in quality of existing facilities in 2016. Renewal of Remisens Hotel Palace-Bellevue was completed in April, thus it becoming one of the most important Remisens brand hotels of the Opatija Riviera. The investment in the amount of approximately HRK 55.0 million included refurbishment of rooms and common areas, new wellness and expansion and increase in quality of content and services.

Total investment in 2016 directed to increase in quality of supply amount to over HRK 80.0 million.

### **Key financial indicators**

Business results of Liburnia Riviera Hotel d.d. in 2016 indicate that the Company is realizing its main goals. Realized total net operating revenues increased by 1% compared to prior year, with 1% increase in overnights. GOP (gross operating profit) increased by 12% compared to prior year, indicating increased business efficiency through reducing the share of costs in revenues. EBITDA in the amount of approximately HRK 122.3 million is 15% or approximately HRK 16.2 million higher than the last year's. Reported EBITDA is calculated as profit before tax increased by depreciation and loan interest expense.

In 2016 Liburnia Riviera Hotel d.d. realized profit before tax in the amount of approximately HRK 17.0 million which, in comparison to profit in the amount of HRK 263 thousand realized in 2015, is HRK 16.7 million higher. In 2016, income tax expense amounts to HRK 4.1 million.

In the reported period, total amount of approximately HRK 14.0 million of net one-off income was realized, while net one-off income for the same period in 2015 amounted to HRK 10.1 million. In May 2016 land in Lovran was sold. Land selling price was HRK 13.5 million, and carrying value was HRK 1.9 million.

Liquidity and solvency indicators, debt to equity ratio and cash flow are of high quality.

# LIBURNIA RIVIERA HOTELI

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Opatija, 09/02/2017

## 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 2016.

Ph.D. Igor Šehanović,  
Chairman of the Management Board

