

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 (at quarter end) 586

Consolidated statement NO NKD/NWC code: 6510

Subsidiaries subject to consolidation (according to IFRS):

Registration number:

Subsidiaries subject to consolidation (according to IFRS):	Registration number:

Book keeping service:

Contact person: Kamenar Biserka  
(authorised person for representation)

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

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

Surname and name: Šehanović Igor  
(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

LIBURNIA RIVIERA HOTELI  
DIONIČKO DRUŠTVO  
OPATIJA 13

(signed by authorised person for representation)

**BALANCE SHEET**  
as at 31.12.2016.

Obligator: LIBURNIA RIVIERA HOTELI d.d. OPATIJA			
(form)	ADP code	Last year (net)	Current year (net)
1	2	3	4
<b>ASSETS</b>			
A) RECEIVABLES FOR SUBSCRIBED BUT NOT PAID-IN CAPITAL	001		
B) LONG-TERM ASSETS (003+010+020+029+033)	002	857.918.867	856.004.674
I. INTANGIBLE ASSETS (004 to 009)	003	1.382.928	815.442
1. Assets development	004	592.534	350.824
2. Concessions, patents, licences fees, trade and service marks, software and	005	790.394	464.618
3. Goodwill	006		
4. Prepayments for purchase of intangible assets	007		
5. Intangible assets in preparation	008		
6. Other intangible assets	009		
II. TANGIBLE ASSETS (011 to 019)	010	852.372.989	863.265.263
1. Land	011	110.840.589	108.949.320
2. Buildings	012	643.695.252	612.568.336
3. Plant and equipment	013	13.688.733	15.180.889
4. Tools, facility inventory and transport assets	014	71.219.529	87.328.908
5. Biological assets	015		
6. Prepayments for tangible assets	016	481.961	8.319.148
7. Tangible assets in progress	017	8.887.349	27.380.095
8. Other tangible assets	018	3.558.567	3.558.567
9. Investments in buildings	019		
III. LONG-TERM FINANCIAL ASSETS (021 to 028)	020	528.868	500.000
1. Investments (shares) with related parties	021	500.000	500.000
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	28.860	
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	3.634.099	1.403.869
C) SHORT TERM ASSETS (035+043+050+058)	034	95.717.792	84.456.866
I. INVENTORIES (036 to 042)	035	2.492.619	3.150.994
1. Raw-material and supplies	036	1.902.931	2.519.217
2. Work in progress	037		
3. Finished goods	038		
4. Merchandise	039	222.533	326.467
5. Prepayments for inventories	040	367.151	315.310
6. Long - term assets held for sales	041		
7. Biological assets	042		
II. RECEIVABLES (044 to 049)	043	10.694.385	12.947.662
1. Receivables from related parties	044		
2. Accounts receivable	045	8.021.696	10.009.562
3. Receivables from participating parties	046		
4. Receivables from employees and members of related parties	047	170.883	138.816
5. Receivables from government and other institutions	048	2.501.806	2.799.314
6. Other receivables	049		
III. SHORT TERM FINANCIAL ASSETS (051 to 057)	050	15.800	6.001.842
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		5.986.042
7. Other financial assets	057	15.800	15.800
IV. CASH AT BANK AND IN CASHIER	058	82.514.992	62.388.338
D) PREPAID EXPENSES AND ACCRUED REVENUE	059	286.448	278.786
E) TOTAL ASSETS (001+002+034+059)	060	963.923.187	960.782.226
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)
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>	742.685.618	755.574.946
I. SUBSCRIBED CAPITAL	063	696.074.300	696.074.300
II. CAPITAL RESERVES	064		
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	46.529.648	46.529.648
1. Reserves prescribed by law	066	45.018.765	45.018.765
2. Reserves for treasury shares	067		
3. Treasury stocks and shares (deduction)	068		
4. Statutory reserves	069		
5. Other reserves	070	1.510.883	1.510.883
IV. REVALUATION RESERVES	071		
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	0	81.668
1. Retained earnings	073		81.668
2. Accumulated loss	074		
VI. PROFIT/LOSS FOR THE CURRENT YEAR (076-077)	075	81.668	12.889.330
1. Profit for the current year	076	81.668	12.889.330
2. Loss for the current year	077		
IX. MINORITY INTERESTS	078		
<b>B) PROVISIONS (080 to 082)</b>	<b>079</b>	19.429.563	16.712.499
1. Provisions for pensions, severance pay, and similar liabilities	080	2.563.749	2.701.683
2. Reserves for tax liabilities	081		
3. Other reserves	082	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	084		
2. Liabilities for loans, deposits etc.	085		
3. Liabilities to banks and other financial institutions	086	124.161.675	89.174.011
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		
<b>D) SHORT - TERM LIABILITIES (094 to 105)</b>	<b>093</b>	68.671.375	89.026.563
1. Liabilities to related parties	094		
2. Liabilities for loans, deposits etc.	095		
3. Liabilities to banks and other financial institutions	096	44.128.276	57.168.781
4. Liabilities for received prepayments	097	5.599.394	7.644.277
5. Accounts payable	098	6.845.012	11.921.690
6. Liabilities arising from debt securities	099		
7. Liabilities to entrepreneurs in whom the entity holds participating interests	100		
8. Liabilities to employees	101	5.216.783	6.167.048
9. Liabilities for taxes, contributions and similar fees	102	2.151.484	1.888.011
10. Liabilities to share - holders	103		
11. Liabilities for long-term assets held for sale	104		
12. Other short - term liabilities	105	2.731.426	4.256.756
<b>E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO</b>	<b>106</b>	974.888	294.207
<b>F) TOTAL - CAPITAL AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	953.523.107	950.782.226
<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	109	0	0
2. Attributed to minority interest	110		

**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
	2	3	4
<b>I. OPERATING REVENUE (112+113)</b>	<b>111</b>	275.207.907	291.017.345
1. Sales revenue	112	252.019.988	271.514.533
2. Other operating revenues	113	23.187.919	20.102.812
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	268.933.444	269.093.980
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	38.169.403
3. Staff costs (121 to 123)	120	63.016.442	66.824.257
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	9.955.495
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	1.183.851
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 related	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>	278.087.658	294.955.513
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	277.624.565	277.959.981
<b>XI. PROFIT OR LOSS BEFORE TAXATION (146-147)</b>	<b>148</b>	263.093	16.995.532
1. Profit before taxation (146-147)	149	263.093	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>	81.668	12.889.330
1. Profit for the period (149-151)	153	81.668	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>	34.822.043	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
<b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)</b>	<b>168</b>	34.822.043	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	14.147.602
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>	<b>742.685.616</b>	<b>756.833.218</b>
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		
<b>17. Total increase or decrease in capital (AOP 011 do 016)</b>	<b>017</b>	<b>0</b>	<b>0</b>
17 a. Attributed to equity holders of parent company	018		
17 b. Attributed to minority interest	019		

**Management Board Report on the state of Liburnia Riviera Hoteli d.d. for the period January-December 2016**

The operating results of Liburnia Riviera Hoteli d.d. for the period January-December 2016 show that the Company is achieving its primary objectives.

In 2016, Liburnia Riviera Hoteli d.d. had profit before taxes in the amount of 17.0 million kn, which is an increase of 16.7 million kn compared to the 2015 profit of 263,000 kn. In 2016, the Company's income tax liability was 4.1 million kn.

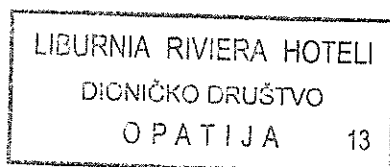
In 2016, the Company had c. 1% more overnight stays compared to the previous year. Its operating income increased by c. 8% and its GOP (gross operating profit) increased by c. 12%. EBITDA was c. 122.3 million kn. In the same period last year, EBITDA was c. 106.1 million kn.

In the observed period, the Company's net extraordinary income was c. 14.0 million kn. In the same period last year, net extraordinary income was c. 10.1 million kn. In May 2016, a plot of land was sold in Lovran. The sale price of the land was 13.5 million kn and the book value of the land was 1.9 million kn.

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

Chairman of the Management Board

Dr. Sc. Igor Šehanović



# 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.

Chairman of the Management Board  
Dr. Sc. Igor Šehanović

