

Annex 1.

Reporting period

1.1.2010

to

31.3.2010

Quarterly financial report TFI-POD

Tax number (MB): 03166619

Company registration number (MRS): 040008080

Personal identification number (OIB): 15573308024

Issuing company: LIBURNIA RIVIERA HOTELI d.d. OPATIJA

Postal code and place: 51410

Opatija

Street and house number: MARŠALA TITA 198

E-mail address: liburnia@liburnia

Internet address: www.liburnia.hr

Municipality/city code and name: 302

County code and name: 8 PRIMORSKO GORANSKA ŽUPANIJA

Number of employees: 717

(period end)

Consolidated report: NO

NKD code: 5510

Companies of the consolidation subject (according to IFRS)

Seat:

MB:

Bookkeeping service:

Contact person: Tancabel Loredana
(only surname and name)

Telephone: 051 710-353

Telefaks: 051 710-404

E-mail address: loredana.tancabel@liburnia.hr

Family name and name: Staničić Kristjan

(person authorized to represent the company)

L.S.

(signature of the person authorized to represent the company)

Balance Sheet
as of 31.03.2010.

Company: LIBURNIA RIVIERA HOTELI d.d.			
Position	AOP	Previous period 31.12.2009	Current period
1	2	3	4
ASSETS			
A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL	001		
B) NON-CURRENT ASSETS	002	1.007.642.216	1.003.252.337
I. INTANGIBLE ASSETS	003	1.859.319	1.774.710
II. PROPERTY, PLANT AND EQUIPMENT	004	995.854.433	991.549.163
III. NON-CURRENT FINANCIAL ASSETS	005	9.014.980	9.014.980
IV. RECEIVABLES	006	913.484	913.484
V. DEFERRED TAX ASSET	007		
C) CURRENT ASSETS	008	71.358.831	46.341.246
I. INVENTORIES	009	1.562.391	1.780.396
II. RECEIVABLES (044 do 049)	010	10.796.491	8.849.447
III. CURRENT FINANCIAL ASSETS	011	51.408	213.505
IV. CASH AND CASH EQUIVALENTS	012	58.948.541	35.497.898
D) PREPAYMENTS AND ACCRUED INCOME	013	515.641	597.964
E) TOTAL ASSETS	014	1.079.516.688	1.050.191.547
F) OFF BALANCE SHEET ITEMS	015	4.452.613	4.452.613
EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES	016	928.345.060	907.145.054
I. SUBSCRIBED SHARE CAPITAL	017	968.451.200	968.451.200
II. CAPITAL RESERVES	018	410.380	410.380
III. RESERVES FROM PROFIT	019		
IV. REVALUATION RESERVES	020		
V. RETAINED EARNINGS	021		
VI. LOSS CARRIED FORWARD	022	41.430.086	40.516.520
VII. NET PROFIT FOR THE PERIOD	023	913.566	
VIII. NET LOSS FOR THE PERIOD	024		21.200.006
IX. MINORITY INTEREST	025		
B) PROVISIONS	026	8.852.674	8.291.309
C) NON-CURRENT LIABILITIES	027	97.775.780	97.775.780
D) CURRENT LIABILITIES	028	41.685.515	32.817.964
E) ACCRUED EXPENSES AND DEFERRED INCOME	029	2.857.659	4.161.440
F) TOTAL EQUITY AND LIABILITIES	030	1.079.516.688	1.050.191.547
G) OFF BALANCE SHEET ITEMS	031	4.452.613	4.452.613
EQUITY AND LIABILITIES			
ADDITION TO BALANCE SHEET (only for consolidated financial statements)			
ISSUED CAPITAL AND RESERVES			
1. Attributable to majority owners	032		
2. Attributable to minority interest	033		

Income statement

period 01.01.2010. to 31.03.2010.

Company: LIBURNIA RIVIERA HOTELI d.d.

Position	AOP	Previous period	Previous period	Current period	Current period
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
I. OPERATING INCOME	035	19.169.091	19.169.091	17.710.546	17.710.546
1. Rendering of services	036	17.955.208	17.955.208	16.599.445	16.599.445
2. Other operating income	037	1.213.883	1.213.883	1.111.101	1.111.101
II. OPERATING COSTS	038	37.010.799	37.010.799	38.269.025	38.269.025
1. Change in inventories of work in progress	039				
2. Material expenses	040	9.206.148	9.206.148	10.418.414	10.418.414
3. Employee benefits expenses	041	16.837.503	16.837.503	16.903.996	16.903.996
4. Depreciation and amortisation	042	6.592.135	6.592.135	6.467.973	6.467.973
5. Other expenses	043	4.222.841	4.222.841	4.429.123	4.429.123
6. Write down of assets	044	152.172	152.172	49.519	49.519
7. Provisions	045				
8. Other operating costs	046				
III. FINANCIAL INCOME	047	855.386	855.386	657.275	657.275
1. Interest, foreign exchange differences, dividends and similar income from related parties	048		0		0
2. Interest, foreign exchange differences, dividends and similar income from third parties	049	855.386	855.386	657.275	657.275
3. Income from investments in associates and joint ventures	050				
4. Unrealised gains (income) from financial assets	051				
5. Other financial income	052				
IV. FINANCIAL EXPENSES	053	1.412.641	1.412.641	1.298.802	1.298.802
1. Interest, foreign exchange differences, dividends and similar income from related parties	054				
2. Interest, foreign exchange differences, dividends and similar income from third parties	055	1.412.641	1.412.641	1.298.802	1.298.802
3. Unrealised losses (expenses) from financial assets	056				
4. Other financial expenses	057				
V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES	058				
VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES	059				
VII. EXTRAORDINARY - OTHER INCOME	060				
VIII. EXTRAORDINARY - OTHER EXPENSES	061				
IX. TOTAL INCOME	062	20.024.477	20.024.477	18.367.821	18.367.821
X. TOTAL EXPENSES	063	38.423.440	38.423.440	39.567.827	39.567.827
XI. PROFIT OR LOSS BEFORE TAXES	064	-18.398.963	-18.398.963	-21.200.006	-21.200.006
1. Profit before taxes	065	0	0	0	0
2. Loss before taxes	066	18.398.963	18.398.963	21.200.006	21.200.006
XII. TAXATION	067				
XIII. PROFIT OR LOSS FOR THE PERIOD	068	-18.398.963	-18.398.963	-21.200.006	-21.200.006
1. Profit for the period	069	0	0	0	0
2. Loss for the period	070	18.398.963	18.398.963	21.200.006	21.200.006
ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	071				
2. Attributable to minority interest	072				

Cash flow statement - indirect method
period 01.01.2010. to 31.03.2010.

Company: LIBURNIA RIVIERA HOTELI d.d.				
Position	AOP	Previous period	Current period	
1	2	3	4	
CASH FLOWS FROM OPERATING ACTIVITIES				
1. Profit before tax	001	-18.398.961	-21.200.006	
2. Depreciation and amortisation	002	6.592.135	6.467.973	
3. Increase of current liabilities	003	1.585.562		
4. Decrease of current receivables	004	2.791.656	1.412.255	
5. Decrease of inventories	005			
6. Other cash flow increases	006	1.826.219	1.935.332	
I. Total increase of cash flow from operating activities	007	-5.603.389	-11.384.446	
1. Decrease of current liabilities	008	4.469.491	1.455.645	
2. Increase of current receivables	009			
3. Increase of inventories	010	793.534	218.005	
4. Other cash flow decreases	011	1.315.459	1.349.772	
II. Total decrease of cash flow from operating activities	012	6.578.484	3.023.422	
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	0	0	
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	014	12.181.873	14.407.868	
CASH FLOW FROM INVESTING ACTIVITIES				
1. Proceeds from sale of non-current assets	015	269		
2. Proceeds from sale of non-current financial assets	016			
3. Interest received	017	467.154	521.304	
4. Dividend received	018			
5. Other proceeds from investing activities	019			
III. Total cash inflows from investing activities	020	467.423	521.304	
1. Purchase of non-current assets	021	4.432.480	1.927.427	
2. Purchase of non-current financial assets	022			
3. Other cash outflows from investing activities	023	331.573	389.273	
IV. Total cash outflows from investing activities	024	4.764.053	2.316.700	
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	025	0	0	
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	4.296.630	1.795.396	
CASH FLOW FROM FINANCING ACTIVITIES				
1. Proceeds from issue of equity securities and debt securities	027			
2. Proceeds from loans and borrowings	028	2.042.647		
3. Other proceeds from financing activities	029			
V. Total cash inflows from financing activities	030	2.042.647	0	
1. Repayment of loans and bonds	031	5.103.079	7.247.379	
2. Dividends paid	032			
3. Repayment of finance lease	033			
4. Purchase of treasury shares	034			
5. Other cash outflows from financing activities	035			
VI. Total cash outflows from financing activities	036	5.103.079	7.247.379	
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	037	0	0	
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	3.060.432	7.247.379	
Total increases of cash flows	039	0	0	
Total decreases of cash flows	040	19.538.935	23.450.643	
Cash and cash equivalents at the beginning of period	041	52.050.852	58.948.541	
Increase of cash and cash equivalents	042	0	0	
Decrease of cash and cash equivalents	043	19.538.935	23.450.643	
Cash and cash equivalents at the end of period	044	32.511.917	35.497.898	

STATEMENT OF CHANGES IN EQUITY

period **1.1.2010** to **31.3.2010**

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed share capital	001	968.451.200	968.451.200
2. Capital reserves	002	195.536	410.380
3. Reserves from profit	003		0
4. Retained earnings or loss carried forward	004	-41.430.085	-40.516.520
5. Net profit or loss for the period	005	-18.454.461	-21.200.006
6. Revaluation of tangible assets	006		
7. Revaluation of intangible assets	007		
8. Revaluation of available for sale assets	008		
9. Other revaluation	009		
10. Total equity and reserves (AOP 001 to 009)	010	908.762.190	907.145.054
11. Foreign exchange differences from foreign investments	011		
12. Current and deferred taxes	012		
13. Cash flow hedge	013		
14. Change of accounting policies	014		
15. Correction of significant mistakes of prior period	015		
16. Other changes	016		
17. Total increase or decrease of equity (AOP 011 to 016)	017	0	0
17 a. Attributable to majority owners	018	0	0
17 b. Attributable to minority interest	019		

Opatija, 29/04/2010

Management Board Report for the period 1 January – 31 March 2010

In the observed period, the Company recorded 48,544 overnight stays. The share of overnight stays by foreign visitors amounted to 62%. Overnight stays by visitors from Germany, Austria and Italy made up 74.1% of foreign overnight stays and 45.9% of total overnight stays in the Company. The share of LRH's overnight stays amounted to 37.7% of the total number of overnight stays on the Opatija Riviera and 21.8% of the total number of overnight stays in the County of Primorje-Gorski Kotar.

As at 31 March, the Company had 717 employees, of whom 35 were employed on a fixed-term contract.

In the first quarter of 2010, the Company recorded a loss of 21.2 million kn.

Total revenue was 18.4 million kn and total expenditure 29.6 million kn.

Operating income was 17.7 million kn, of which a major part, amounting to 16.6 million kn, was sales revenue. The remaining operating income was 1.1 million kn. Financial income was 657,000 kn.

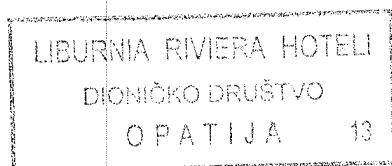
Operating expenses amounted to 38 million kn, of which 10.4 million kn were for material costs and 16.9 million kn for personnel costs. Fixed costs amounted to 10.8 million kn, of which 6.5 million kn were amortisation costs. Total financial expenses were 1.3 million kn.

The Company's liquidity ratio is satisfactory. The Company regularly meets all its liabilities.

Liburnia Riviera Hoteli d.d. is exposed to financial risks related to credit and currency risks, which are common for hotel companies operating in the Republic of Croatia. The global economic crisis and recession caused a decrease in demand on both domestic and foreign markets, which was reflected in the number of overnight stays and generated revenue in the first quarter of 2010.

Member of the Management Board
Dr. Sc. Mirjana Mogorović

Chairman of the Management Board
Mr. Sc. Kristjan Staničić



Opatija, 29/04/2010

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 March 2010.

Chairman of the Management Bord

Mr. Sc. Kristijan Staničić

Member of the Management Bord

Dr.Sc. Mirjana Mogorović

