

Annex 1.

Reporting period

1.1.2010

to

30.6.2010

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: 890

(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 30.06.2010.

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	999.002.029
I. INTANGIBLE ASSETS	003	1.859.319	1.738.387
II. PROPERTY, PLANT AND EQUIPMENT	004	995.854.433	987.335.178
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	67.144.578
I. INVENTORIES	009	1.562.391	2.580.981
II. RECEIVABLES (044 do 049)	010	10.796.491	18.925.049
III. CURRENT FINANCIAL ASSETS	011	51.408	302.917
IV. CASH AND CASH EQUIVALENTS	012	58.948.541	45.335.631
D) PREPAYMENTS AND ACCRUED INCOME	013	515.641	141.506
E) TOTAL ASSETS	014	1.079.516.688	1.066.288.113
F) OFF BALANCE SHEET ITEMS	015	4.452.613	4.452.613
EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES	016	928.345.060	912.955.173
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		15.389.887
IX. MINORITY INTEREST	025		
B) PROVISIONS	026	8.852.674	7.739.674
C) NON-CURRENT LIABILITIES	027	97.775.780	97.775.780
D) CURRENT LIABILITIES	028	41.685.515	44.239.629
E) ACCRUED EXPENSES AND DEFERRED INCOME	029	2.857.659	3.577.857
F) TOTAL EQUITY AND LIABILITIES	030	1.079.516.688	1.066.288.113
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	003		

Income statement

period 01.01.2010. to 30.06.2010.

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	80.162.290	60.993.199	74.817.480	57.106.934
1. Rendering of services	036	73.802.457	57.640.692	67.739.593	51.140.148
2. Other operating income	037	6.359.833	3.352.507	7.077.887	5.966.786
II. OPERATING COSTS	038	88.516.911	51.506.150	88.985.857	50.716.832
1. Change in inventories of work in progress	039				
2. Material expenses	040	26.831.792	17.623.815	28.514.955	18.096.541
3. Employee benefits expenses	041	37.976.056	21.138.553	37.069.313	20.165.317
4. Depreciation and amortisation	042	13.200.212	6.608.077	12.871.659	6.403.686
5. Other expenses	043	10.071.963	5.850.954	10.430.866	6.001.743
6. Write down of assets	044	436.888	284.751	99.064	49.545
7. Provisions	045				
8. Other operating costs	046				
III. FINANCIAL INCOME	047	1.549.339	693.953	1.257.574	600.299
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	1.549.339	693.953	1.257.574	600.299
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	2.917.765	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	2.917.765	1.505.124	2.479.084	1.180.282
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	81.711.629	61.687.152	76.075.054	57.707.233
X. TOTAL EXPENSES	063	91.434.676	53.011.274	91.464.941	51.897.114
XI. PROFIT OR LOSS BEFORE TAXES	064	-9.723.047	8.675.878	-15.389.887	5.810.119
1. Profit before taxes	065	0	8.675.878	0	5.810.119
2. Loss before taxes	066	9.723.047		15.389.887	
XII. TAXATION	067				
XIII. PROFIT OR LOSS FOR THE PERIOD	068	-9.723.047	8.675.878	-15.389.887	5.810.119
1. Profit for the period	069	0	8.675.878	0	5.810.119
2. Loss for the period	070	9.723.047		15.389.887	
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 30.06.2010.

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	-9.723.047	-15.389.887
2. Depreciation and amortisation	002	13.200.212	12.871.659
3. Increase of current liabilities	003	10.366.650	12.557.301
4. Decrease of current receivables	004		
5. Decrease of inventories	005		
6. Other cash flow increases	006	1.486.524	721.115
I. Total increase of cash flow from operating activities	007	15.330.339	10.760.188
1. Decrease of current liabilities	008		
2. Increase of current receivables	009	4.907.631	8.130.474
3. Increase of inventories	010	748.640	1.018.590
4. Other cash flow decreases	011	1.114.597	2.868.302
II. Total decrease of cash flow from operating activities	012	6.770.868	12.017.366
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	8.559.471	0
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	014	0	1.257.178
CASH FLOW FROM INVESTING ACTIVITIES			
1. Proceeds from sale of non-current assets	015	4.033.469	10.130
2. Proceeds from sale of non-current financial assets	016		
3. Interest received	017	878.805	865.688
4. Dividend received	018		
5. Other proceeds from investing activities	019		
III. Total cash inflows from investing activities	020	4.912.274	875.818
1. Purchase of non-current assets	021	20.232.099	4.248.923
2. Purchase of non-current financial assets	022		
3. Other cash outflows from investing activities	023		
IV. Total cash outflows from investing activities	024	20.232.099	4.248.923
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	025	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	15.319.825	3.373.105
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issue of equity securities and debt securities	027		
2. Proceeds from loans and borrowings	028	10.384.065	
3. Other proceeds from financing activities	029		
V. Total cash inflows from financing activities	030	10.384.065	0
1. Repayment of loans and bonds	031	6.181.720	8.982.627
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	6.181.720	8.982.627
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	037	4.202.345	0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	0	8.982.627
Total increases of cash flows	039	0	0
Total decreases of cash flows	040	2.558.009	13.612.910
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	2.558.009	13.612.910
Cash and cash equivalents at the end of period	044	49.492.843	45.335.631

STATEMENT OF CHANGES IN EQUITY

period **1.1.2010** to **30.6.2010**

	Position	AOP	Previous year	Current year
1	2	3	4	5
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	-9.723.047	-15.389.887	
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	917.493.604	912.955.173	
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, 27/07/2010

Management Board Report for the period 1 January – 30 June 2010

In the observed period, the Company recorded 234.781 overnight stays. The share of overnight stays by foreign visitors amounted to 83.2%. Overnight stays by visitors from Germany, Austria and Italy made up 57.7% of foreign overnight stays and 48.0% of total overnight stays in the Company. The share of LRH's overnight stays amounted to 46.0% of the total number of overnight stays on the Opatija Riviera and 10.4% of the total number of overnight stays in the County of Primorje-Gorski Kotar.

As at 30 June, the Company had 890 employees, of whom 205 were employed on a fixed-term contract.

In the period from 01/01 to 30/06/2010, the Company recorded a loss of 15,4 million kn.

Total revenue was 76.1 million kn and total expenditure 91.5 million kn.

Operating income was 74.8 million kn, of which a major part, amounting to 67.7million kn (90.5%), was sales revenue. The remaining operating income was 7.1 million kn. Financial income was 1.3 million kn.

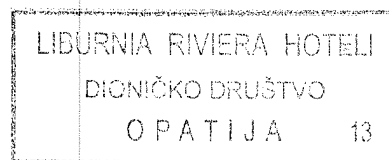
Operating expenses amounted to 89.0 million kn, of which 28.5 million kn were for material costs and 37.1 million kn for personnel costs. Fixed costs amounted to 22.2 million kn, of which 12.9 million kn were amortisation costs. Total financial expenses were 2.5 million kn.

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 second quarter of 2010.

Member of the Management Board
Dr. Sc. Mirjana Mogorović

Chairman of the Management Board
Mr. Sc. Kristjan Staničić



Opatija, 27/07/2010

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 30 June 2010.

Chairman of the Management Bord

Mr. Sc. Kristijan Staničić

Member of the Management Bord

Dr.Sc. Mirjana Mogorović

