

Annex 1.

Reporting period

1.1.2010

to

30.9.2010

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: MARSALA 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: 897

Consolidated report: NO

(period end)

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: Mogorović Mirjana, Staničić Kristjan

(person authorized to represent the company)

L.S.

(signature of the person authorized to represent the company)

Balance Sheet
as of 30.09.2010.

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	993.700.336
I. INTANGIBLE ASSETS	003	1.859.319	1.657.275
II. PROPERTY, PLANT AND EQUIPMENT	004	995.854.433	982.114.597
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	98.617.994
I. INVENTORIES	009	1.562.391	2.380.544
II. RECEIVABLES (044 do 049)	010	10.796.491	25.064.339
III. CURRENT FINANCIAL ASSETS	011	51.408	359.233
IV. CASH AND CASH EQUIVALENTS	012	58.948.541	70.813.878
D) PREPAYMENTS AND ACCRUED INCOME	013	515.641	261.694
E) TOTAL ASSETS	014	1.079.516.688	1.092.580.024
F) OFF BALANCE SHEET ITEMS	015	4.452.613	4.452.613
EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES	016	928.345.060	948.637.380
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	20.292.320
VIII. NET LOSS FOR THE PERIOD	024		
IX. MINORITY INTEREST	025		
B) PROVISIONS	026	8.852.674	7.592.270
C) NON-CURRENT LIABILITIES	027	97.775.780	97.775.780
D) CURRENT LIABILITIES	028	41.685.515	35.055.463
E) ACCRUED EXPENSES AND DEFERRED INCOME	029	2.857.659	3.519.131
F) TOTAL EQUITY AND LIABILITIES	030	1.079.516.688	1.092.580.024
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 30.09.2010.

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	173.807.285	93.644.996	170.961.502	96.144.022
1. Rendering of services	036	163.737.754	89.935.298	160.534.166	92.794.573
2. Other operating income	037	10.069.531	3.709.698	10.427.336	3.349.449
II. OPERATING COSTS	038	147.040.512	58.523.601	148.821.425	59.835.568
1. Change in inventories of work in progress	039				
2. Material expenses	040	48.308.539	21.476.747	52.098.201	23.583.246
3. Employee benefits expenses	041	60.454.793	22.478.737	58.748.198	21.678.885
4. Depreciation and amortisation	042	19.876.381	6.676.169	19.233.706	6.362.047
5. Other expenses	043	17.595.866	7.523.903	18.313.114	7.882.248
6. Write down of assets	044	804.933	368.045	428.206	329.142
7. Provisions	045				
8. Other operating costs	046				
III. FINANCIAL INCOME	047	2.366.751	817.412	2.026.324	768.750
1. Interest, foreign exchange differences, dividends and similar income from third parties	048		0		0
2. Interest, foreign exchange differences, dividends and similar income from third parties	049	2.366.751	817.412	2.026.324	768.750
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	4.961.854	2.044.090	3.874.081	1.394.997
1. Interest, foreign exchange differences, dividends and similar income from third 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	176.174.036	94.462.408	172.987.826	96.912.772
X. TOTAL EXPENSES	063	152.002.366	60.567.691	152.695.506	61.230.565
XI. PROFIT OR LOSS BEFORE TAXES	064	24.171.670	33.894.717	20.292.320	35.682.207
1. Profit before taxes	065	24.171.670	33.894.717	20.292.320	35.682.207
2. Loss before taxes	066	0	0	0	0
XII. TAXATION	067				
XIII. PROFIT OR LOSS FOR THE PERIOD	068	24.171.670	33.894.717	20.292.320	35.682.207
1. Profit for the period	069	24.171.670	33.894.717	20.292.320	35.682.207
2. Loss for the period	070	0	0	0	0
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 30.09.2010.

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	27.141.670	20.292.320
2. Depreciation and amortisation	002	19.876.381	19.233.706
3. Increase of current liabilities	003	8.091.096	9.014.794
4. Decrease of current receivables	004		
5. Decrease of inventories	005		
6. Other cash flow increases	006		
i. Total increase of cash flow from operating activities	007	55.109.147	48.540.820
1. Decrease of current liabilities	008		
2. Increase of current receivables	009	12.727.810	12.680.974
3. Increase of inventories	010	662.872	258.273
4. Other cash flow decreases	011	3.872.339	3.963.839
II. Total decrease of cash flow from operating activities	012	17.263.021	16.903.086
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	37.846.126	31.637.734
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	014	0	0
CASH FLOW FROM INVESTING ACTIVITIES			
1. Proceeds from sale of non-current assets	015	4.033.469	85.296
2. Proceeds from sale of non-current financial assets	016		
3. Interest received	017	1.598.618	1.354.129
4. Dividend received	018		
5. Other proceeds from investing activities	019		
III. Total cash inflows from investing activities	020	5.632.087	1.439.425
1. Purchase of non-current assets	021	20.232.099	4.966.871
2. Purchase of non-current financial assets	022		
3. Other cash outflows from investing activities	023		
IV. Total cash outflows from investing activities	024	21.561.392	4.966.871
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	025	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	15.929.305	3.527.446
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	13.442.075	16.244.951
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	13.442.075	16.244.951
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	037	0	0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	3.058.010	16.244.951
Total increases of cash flows	039	18.858.811	11.865.337
Total decreases of cash flows	040	0	0
Cash and cash equivalents at the beginning of period	041	52.050.852	58.948.541
Increase of cash and cash equivalents	042	18.858.811	11.865.337
Decrease of cash and cash equivalents	043	0	0
Cash and cash equivalents at the end of period	044	70.909.663	70.813.878

STATEMENT OF CHANGES IN EQUITY

period 1.1.2010 to 30.9.2010

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	24.171.670	20.292.320
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	951.388.321	948.637.380
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, 28/10/2010

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

In the observed period, the Company recorded 558.824 overnight stays. The share of overnight stays by foreign visitors amounted to 89.6%. Overnight stays by visitors from Germany, Austria and Italy made up 48.4% of foreign overnight stays and 43.4.0% of total overnight stays in the Company. The share of LRH's overnight stays amounted to 47.6% of the total number of overnight stays on the Opatija Riviera and 7.5% of the total number of overnight stays in the County of Primorje-Gorski Kotar.

As at 30 September, the Company had 897 employees, of whom 213 were employed on a fixed-term contract.

In the period from 01/01 to 30/09/2010, the Company recorded a profit of 20.3 million kn.

Total revenue was 173.0 million kn and total expenditure 152.7 million kn.

Operating income was 171.0 million kn, of which a major part, amounting to 160.5million kn (93.9%), was sales revenue. The remaining operating income was 10.4 million kn. Financial income was 2.0 million kn.

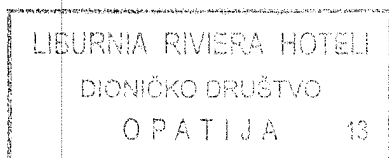
Operating expenses amounted to 148.8 million kn, of which 52.1 million kn were for material costs and 58.7 million kn for personnel costs. Fixed costs amounted to 33.4 million kn, of which 19.2 million kn were amortisation costs. Total financial expenses were 3.9 million kn.

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 third quarter of 2010.

Member of the Management Board
Dr. Sc. Mirjana Mogorović

Chairman of the Management Board
Mr. Sc. Kristjan Staničić



Opatija, 28/10/2010

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 September 2010.

Chairman of the Management Bord

Mr. Sc. Kristijan Staničić

Member of the Management Bord

Dr.Sc. Mirjana Mogorović

