

**Annex 1.**

Reporting period

1.1.2011

to

31.3.2011

**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.hr

Internet address: www.liburnia.hr

Municipality/city code and name: 302

County code and name: 8 PRIMORSKO GORANSKA ŽUPANIJA

Number of employees: 678

(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)

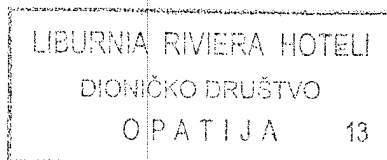
Telephone: 051 710-383

Telefaks: 051 710-404

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

Family name and name: Šehanović Igor, Mogoerović Mirjana

(person authorized to represent the company)



L.S.

A handwritten signature in black ink, appearing to be 'Igor Šehanović'.

(signature of the person authorized to represent the company)

**Balance Sheet**  
as of 31.03.2011.

Company: LIBURNIA RIVIERA HOTELI d.d.				
	Position	AOP	Previous period 31.12.2010.	Current period
	1	2	3	4
<b>ASSETS</b>				
A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL		001		
B) NON-CURRENT ASSETS		002	962.446.570	954.459.067
I. INTANGIBLE ASSETS		003	1.254.431	1.158.042
II. PROPERTY, PLANT AND EQUIPMENT		004	957.716.671	949.825.557
III. NON-CURRENT FINANCIAL ASSETS		005	617.980	617.980
IV. RECEIVABLES		006	913.484	913.484
V. DEFERRED TAX ASSET		007	1.944.004	1.944.004
C) CURRENT ASSETS		008	58.624.038	34.431.679
I. INVENTORIES		009	1.296.547	1.440.925
II. RECEIVABLES (044 do 049)		010	9.146.331	4.375.365
III. CURRENT FINANCIAL ASSETS		011	473.600	589.107
IV. CASH AND CASH EQUIVALENTS		012	47.707.560	28.026.282
D) PREPAYMENTS AND ACCRUED INCOME		013	461.069	2.891.009
E) TOTAL ASSETS		014	1.021.531.677	991.781.755
F) OFF BALANCE SHEET ITEMS		015	4.452.613	4.452.613
<b>EQUITY AND LIABILITIES</b>				
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)		016	882.115.073	865.159.498
I. SUBSCRIBED SHARE CAPITAL		017	968.451.200	968.451.200
II. CAPITAL RESERVES		018	442.380	442.380
III. RESERVES FROM PROFIT		019		
IV. REVALUATION RESERVES		020		
V. RETAINED EARNINGS		021		
VI. LOSS CARRIED FORWARD		022	38.572.516	86.778.507
VII. NET PROFIT FOR THE PERIOD		023		
VIII. NET LOSS FOR THE PERIOD		024	48.205.991	16.955.575
IX. MINORITY INTEREST		025		
B) PROVISIONS		026	26.398.559	23.914.939
C) NON-CURRENT LIABILITIES		027	70.856.203	70.856.203
D) CURRENT LIABILITIES		028	37.230.926	29.473.229
E) ACCRUED EXPENSES AND DEFERRED INCOME		029	4.930.916	2.377.886
F) TOTAL EQUITY AND LIABILITIES		030	1.021.531.677	991.781.755
G) OFF BALANCE SHEET ITEMS		031	4.452.613	4.452.613
<b>ADDITION TO BALANCE SHEET (only for consolidated financial statements)</b>				
<b>ISSUED CAPITAL AND RESERVES</b>				
1. Attributable to majority owners		032	0	0
2. Attributable to minority interest		033		

**Income statement**  
period 01.01.2011. to 31.03.2011.

Company: LIBURNIA RIVIERA HOTELI d.d.

Position	AOP	Previous period	Previous period	Current period	Current period
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
<b>I. OPERATING INCOME</b>	<b>035</b>	17.710.546	17.710.546	16.757.970	16.757.970
1. Rendering of services	036	16.599.445	16.599.445	14.438.401	14.438.401
2. Other operating income	037	1.111.101	1.111.101	2.319.569	2.319.569
<b>II. OPERATING COSTS</b>	<b>038</b>	38.269.025	38.269.025	33.203.133	33.203.133
1. Change in inventories of work in progress	039				
2. Material expenses	040	10.418.414	10.418.414	7.803.565	7.803.565
3. Employee benefits expenses	041	16.903.996	16.903.996	11.809.866	11.809.866
4. Depreciation and amortisation	042	6.467.973	6.467.973	8.334.264	8.334.264
5. Other expenses	043	4.429.123	4.429.123	3.820.793	3.820.793
6. Write down of assets	044	49.519	49.519	1.434.645	1.434.645
7. Provisions	045				
8. Other operating costs	046				
<b>III. FINANCIAL INCOME</b>	<b>047</b>	657.275	657.275	452.596	452.596
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	657.275	657.275	452.596	452.596
3. Income from investments in associates and joint ventures	050				
4. Unrealised gains (income) from financial assets	051				
5. Other financial income	052				
<b>IV. FINANCIAL EXPENSES</b>	<b>053</b>	1.298.802	1.298.802	963.008	963.008
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	1.298.802	1.298.802	963.008	963.008
3. Unrealised losses (expenses) from financial assets	056				
4. Other financial expenses	057				
<b>V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES</b>	<b>058</b>				
<b>VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES</b>	<b>059</b>				
<b>VII. EXTRAORDINARY - OTHER INCOME</b>	<b>060</b>				
<b>VIII. EXTRAORDINARY - OTHER EXPENSES</b>	<b>061</b>				
<b>IX. TOTAL INCOME</b>	<b>062</b>	18.367.821	18.367.821	17.210.566	17.210.566
<b>X. TOTAL EXPENSES</b>	<b>063</b>	39.567.827	39.567.827	34.166.141	34.166.141
<b>XI. PROFIT OR LOSS BEFORE TAXES</b>	<b>064</b>	-21.200.006	-21.200.006	-16.955.575	-16.955.575
1. Profit before taxes	065	0	0	0	0
2. Loss before taxes	066	21.200.006	21.200.006	16.955.575	16.955.575
<b>XII. TAXATION</b>	<b>067</b>				
<b>XIII. PROFIT OR LOSS FOR THE PERIOD</b>	<b>068</b>	-21.200.006	-21.200.006	-16.955.575	-16.955.575
1. Profit for the period	069	0	0	0	0
2. Loss for the period	070	21.200.006	21.200.006	16.955.575	16.955.575
<b>ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)</b>					
<b>XIV. PROFIT OR LOSS FOR THE PERIOD</b>					
1. Attributable to majority owners	071				
2. Attributable to minority interest	072				

**Cash flow statement - indirect method**  
**period 01.01.2011. to 31.03.2011.**

Company: LIBURNIA RIVIERA HOTELI d.d.			
Position	AOP	Previous period	Current period
1	2	3	4
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	001	-21.200.006	-16.955.575
2. Depreciation and amortisation	002	6.467.973	8.334.264
3. Increase of current liabilities	003		
4. Decrease of current receivables	004	1.412.255	4.770.966
5. Decrease of inventories	005		
6. Other cash flow increases	006	1.935.332	1.415.957
<b>I. Total increase of cash flow from operating activities</b>	<b>007</b>	<b>-11.384.446</b>	<b>-2.434.388</b>
1. Decrease of current liabilities	008	1.455.645	7.757.697
2. Increase of current receivables	009		
3. Increase of inventories	010	218.005	144.378
4. Other cash flow decreases	011	1.349.772	3.087.703
<b>II. Total decrease of cash flow from operating activities</b>	<b>012</b>	<b>3.023.422</b>	<b>10.989.778</b>
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>013</b>	<b>0</b>	<b>0</b>
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>014</b>	<b>14.407.868</b>	<b>13.424.166</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Proceeds from sale of non-current assets	015		400
2. Proceeds from sale of non-current financial assets	016		
3. Interest received	017	521.304	340.360
4. Dividend received	018		
5. Other proceeds from investing activities	019		
<b>III. Total cash inflows from investing activities</b>	<b>020</b>	<b>521.304</b>	<b>340.760</b>
1. Purchase of non-current assets	021	1.927.427	381.967
2. Purchase of non-current financial assets	022		
3. Other cash outflows from investing activities	023	389.273	
<b>IV. Total cash outflows from investing activities</b>	<b>024</b>	<b>2.316.700</b>	<b>381.967</b>
<b>B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>025</b>	<b>0</b>	<b>0</b>
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>026</b>	<b>1.795.396</b>	<b>41.207</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1. Proceeds from issue of equity securities and debt securities	027		
2. Proceeds from loans and borrowings	028		
3. Other proceeds from financing activities	029		
<b>V. Total cash inflows from financing activities</b>	<b>030</b>	<b>0</b>	<b>0</b>
1. Repayment of loans and bonds	031	7.247.379	6.215.905
2. Dividends paid	032		
3. Repayment of finance lease	033		
4. Purchase of treasury shares	034		
5. Other cash outflows from financing activities	035		
<b>VI. Total cash outflows from financing activities</b>	<b>036</b>	<b>7.247.379</b>	<b>6.215.905</b>
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>037</b>	<b>0</b>	<b>0</b>
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>038</b>	<b>7.247.379</b>	<b>6.215.905</b>
Total increases of cash flows	039	0	0
Total decreases of cash flows	040	23.450.643	19.681.278
Cash and cash equivalents at the beginning of period	041	58.948.541	47.707.560
Increase of cash and cash equivalents	042	0	0
Decrease of cash and cash equivalents	043	23.450.643	19.681.278
Cash and cash equivalents at the end of period	044	35.497.898	28.026.282

## STATEMENT OF CHANGES IN EQUITY

period **1.1.2011** to **31.3.2011**

	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	410.380	442.381
3. Reserves from profit		003	0	0
4. Retained earnings or loss carried forward		004	-40.516.520	-86.778.507
5. Net profit or loss for the period		005	-21.200.006	-16.955.575
6. Revaluation of tangible assets		006		
7. Revaluation of intangible assets		007		
8. Revaluation of available for sale assets		008		
9. Other revaluation		009		
<b>10. Total equity and reserves (AOP 001 to 009)</b>		<b>010</b>	907.145.054	865.159.499
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		
<b>17. Total increase or decrease of equity (AOP 011 to 016)</b>		<b>017</b>	0	0
17 a. Attributable to majority owners		018	0	0
17 b. Attributable to minority interest		019		

Opatija, 26/04/2011

**Management Board Report for the period 1 January – 31 March 2011**

In the observed period, the Company recorded 39,363 overnight stays. The share of overnight stays by foreign visitors amounted to 58%. Overnight stays by visitors from Germany, Austria, Slovenia and Italy made up 84.7% of foreign overnight stays and 49.2% of total overnight stays in the Company.

As at 31 March, the Company had 678 employees, of whom 13 were employed on a fixed-term contract.

Total revenue was 17.2 million kn. Operating income was 16.8 million kn, of which a major part, amounting to 14.4 million kn (86.2%), was sales revenue. The remaining operating income was 2.3 million kn. Financial income was 453,000 kn.

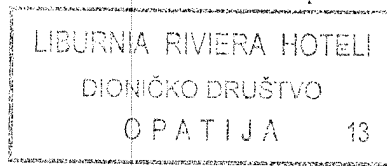
Total expenditure was 34.2 million kn. Operating expenses amounted to 33.2 million kn, of which 7.8 million kn were for material costs and 11.8 million kn for personnel costs. Amortisation costs were 8.3 million kn, value adjustment was 1.4 million kn, and other expenses were 3.8 million kn. Total financial expenses were 963,000 kn.

In the period from 1 January to 31 March 2010, the Company recorded a loss of 17.0 million kn.

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

Member of the Management Board  
Dr. Sc. Mirjana Mogorović

Member of the Management Board  
Igor Šehanović



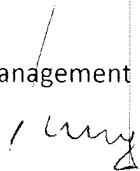
Opatija, 26/04/2011

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 2011.

Member of the Management Bord

Igor Šehanović



Member of the Management Bord

Dr.Sc. Mirjana Mogorović

