

Annex 1.

Reporting period

1.1.2011

to

30.6.2011

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: 836

Consolidated report: NO

(period end)
NKD code: 5510

Companies of the consolidation subject (according to IFRS)

Seat:

MB:

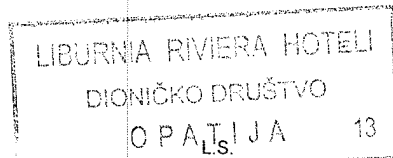
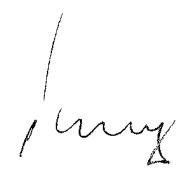
Bookkeeping service:

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: Šehanović Igor, Mogorović Mirjana
(person authorized to represent the company)

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

(signature of the person authorized to represent the company)

Balance Sheet
as of 30.06.2011.

Company: LIBURNIA RIVIERA HOTELI d.d.			
Position	AOP	Previous period 31.12.2010.	Current period
1	2	3	4
ASSETS			
A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL	001		
B) NON-CURRENT ASSETS (003+010+020+029+033)	002	962.446.570	947.199.576
I. INTANGIBLE ASSETS (004 do 009)	003	1.254.431	1.250.443
1. Expenditure for development	004	391.246	352.363
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	729.657	834.522
3. Goodwill	006		
4. Advances for purchase of intangible assets	007		
5. Intangible assets in progress	008	133.528	63.558
6. Other intangible assets	009		
II. PROPERTY, PLANT AND EQUIPMENT (011 do 019)	010	957.716.671	942.473.665
1. Land	011	113.140.696	113.140.696
2. Buildings	012	774.528.336	765.764.493
3. Plant and equipment	013	24.672.992	22.930.834
4. Tools, working inventory and transportation assets	014	41.334.468	37.671.342
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	7.887	68.432
7. Tangible assets in progress	017	2.088.558	954.134
8. Other tangible assets	018	1.943.734	1.943.734
9. Investment in real-estate	019		
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	617.980	617.980
1. Share in related parties	021		
2. Loans to related parties	022		
3. Participating interests (shares)	023		
4. Loans to companies with participating interest	024		
5. Investments in securities	025	617.980	617.980
6. Loans, deposits, etc.	026		
7. Other non-current financial assets	027		
8. Equity-accounted investments	028		
IV. RECEIVABLES (030 do 032)	029	913.484	913.484
1. Receivables from related parties	030		
2. Receivables arising from sales on credit	031		
3. Other receivables	032	913.484	913.484
V. DEFERRED TAX ASSET	033	1.944.004	1.944.004
C) CURRENT ASSETS (035+043+050+058)	034	58.624.038	62.353.398
I. INVENTORIES (036 do 042)	035	1.296.547	2.381.960
1. Raw materials and supplies	036	1.158.733	1.574.764
2. Production in progress	037		
3. Finished products	038		
4. Merchandise	039	137.814	136.599
5. Advances for inventories	040		670.597
6. Long term assets held for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 do 049)	043	9.146.331	14.086.092
1. Receivables from related parties	044		
2. Receivables from end-customers	045	8.408.826	13.584.542
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	19.667	41.569
5. Receivables from government and other institutions	048	698.123	453.262
6. Other receivables	049	19.715	6.719
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	473.600	587.961
1. Share in related parties	051		
2. Loans to related parties	052		
3. Participating interests (shares)	053		
4. Loans to companies with participating interest	054		
5. Investments in securities	055		
6. Loans, deposits, etc.	056		
7. Other financial assets	057	473.600	587.961
IV. CASH AND CASH EQUIVALENTS	058	47.707.560	45.297.385
D) PREPAYMENTS AND ACCRUED INCOME	059	461.069	364.200
E) TOTAL ASSETS (001+002+034+059)	060	1.021.531.677	1.009.917.174
F) OFF BALANCE SHEET ITEMS	061	4.452.613	4.452.613

EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	882.115.073	872.544.976
I. SUBSCRIBED SHARE CAPITAL	063	968.451.200	968.451.200
II. CAPITAL RESERVES	064	442.380	442.380
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	0	0
1. Legal reserves	066		
2. Reserve for own shares	067		
3. Treasury shares and shares (deductible items)	068		
4. Statutory reserves	069		
5. Other reserves	070		
IV. REVALUATION RESERVES	071		
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	-38.572.516	-86.778.507
1. Retained earnings	073		
2. Loss carried forward	074	38.572.516	86.778.507
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	-48.205.991	-9.570.097
1. Net profit for the period	076		
2. Net loss for the period	077	48.205.991	9.570.097
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 do 082)	079	26.398.559	21.516.272
1. Provisions for pensions, severance pay and similar liabilities	080	11.995.737	7.113.450
2. Provisions for tax liabilities	081		
3. Other provisions	082	14.402.822	14.402.822
C) NON-CURRENT LIABILITIES (084 do 092)	083	70.856.203	70.856.203
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits, etc.	085	70.856.203	70.856.203
3. Liabilities to banks and other financial institutions	086		
4. Liabilities for advances	087		
5. Trade payables	088		
6. Commitments on securities	089		
7. Liabilities to companies with participating interest	090		
8. Other non-current liabilities	091		
9. Deferred tax liabilities	092		
D) CURRENT LIABILITIES (094 do 105)	093	37.230.926	43.595.133
1. Liabilities to related parties	094		
2. Liabilities for loans, deposits, etc.	095		
3. Liabilities to banks and other financial institutions	096	18.467.306	9.611.111
4. Liabilities for advances	097	1.760.010	10.171.146
5. Trade payables	098	8.456.978	13.366.218
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	4.456.663	5.574.896
9. Taxes, contributions and similar liabilities	102	2.373.720	3.027.653
10. Liabilities arising from share in the result	103		
11. Liabilities arising from non-current assets held for sale	104		
12. Other current liabilities	105	1.716.249	1.844.109
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	4.930.916	1.404.590
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	1.021.531.677	1.009.917.174
G) OFF BALANCE SHEET ITEMS	108	4.452.613	4.452.613
ADDITION TO BALANCE SHEET (only for consolidated financial statements)			
ISSUED CAPITAL AND RESERVES			
1. Attributable to majority owners	109		
2. Attributable to minority interest	110		

Income statement

period 01.01.2011. to 30.06.2011.

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 (112 do 113)	111	74.817.480	57.106.934	78.938.566	62.180.596
1. Rendering of services	112	67.739.593	51.140.148	68.114.967	53.676.566
2. Other operating income	113	7.077.887	5.966.786	10.823.599	8.504.030
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	88.985.857	50.716.832	87.482.954	54.279.821
1. Change in inventories of work in progress	115				
2. Material expenses (117 do 119)	116	28.514.955	18.096.541	25.443.673	17.640.108
a) Costs of raw materials	117	9.835.581	7.349.259	9.349.129	7.395.444
b) Cost of goods sold	118	208.674	129.189	94.387	68.952
c) Other material expenses	119	18.470.700	10.618.093	16.000.157	10.175.712
3. Employee benefits expenses (121 do 123)	120	37.069.313	20.165.317	31.825.453	20.015.587
a) Net salaries	121	25.339.982	13.787.534	21.776.814	14.605.813
b) Tax and contributions from salary expenses	122	6.334.999	3.446.885	5.339.047	2.478.514
c) Contributions on salary	123	5.394.332	2.930.898	4.709.592	2.931.260
4. Depreciation and amortisation	124	12.871.659	6.403.686	16.666.737	8.332.473
5. Other expenses	125	10.430.866	6.001.743	12.043.257	8.222.464
6. Write down of assets (127+128)	126	99.064	49.545	1.503.834	69.189
a) non-current assets (except financial assets)	127		0		0
b) current assets (except financial assets)	128	99.064	49.545	1.503.834	69.189
7. Provisions	129				
8. Other operating costs	130				
III. FINANCIAL INCOME (132 do 136)	131	1.257.574	600.299	845.303	392.707
1. Interest, foreign exchange differences, dividends and similar income from related parties	132		0		0
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	1.257.574	600.299	845.303	392.707
3. Income from investments in associates and joint ventures	134				
4. Unrealised gains (income) from financial assets	135				
5. Other financial income	136				
IV. FINANCIAL EXPENSES (138 do 141)	137	2.479.084	1.180.282	1.871.012	908.004
1. Interest, foreign exchange differences, dividends and similar income from related parties	138				
2. Interest, foreign exchange differences, dividends and similar income from third parties	139	2.479.084	1.180.282	1.871.012	908.004
3. Unrealised losses (expenses) from financial assets	140				
4. Other financial expenses	141				
V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES	142				
VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES	143				
VII. EXTRAORDINARY - OTHER INCOME	144				
VIII. EXTRAORDINARY - OTHER EXPENSES	145				
IX. TOTAL INCOME (111+131+144)	146	76.075.054	57.707.233	79.783.869	62.573.303
X. TOTAL EXPENSES (114+137+143+145)	147	91.464.941	51.897.114	89.353.966	55.187.825
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	-15.389.887	5.810.119	-9.570.097	7.385.478
1. Profit before taxes (146-147)	149	0	5.810.119	0	7.385.478
2. Loss before taxes (147-146)	150	15.389.887	0	9.570.097	0
XII. TAXATION	151				
XII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	-15.389.887	5.810.119	-9.570.097	7.385.478
1. Profit for the period (149-151)	153	0	5.810.119	0	7.385.478
2. Loss for the period (151-148)	154	15.389.887	0	9.570.097	0
ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	155				
2. Attributable to minority interest	156				
STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)					
I. PROFIT OR LOSS FOR THE PERIOD (=152)	157				
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 165)	158	0	0	0	0
1. Exchange differences from international settlement	159				
2. Changes in revaluation reserves of long-term tangible and intangible assets	160				
3. Profit or loss from re-evaluation of financial assets held for sale	161				
4. Profit or loss from cash flow hedging	162				
5. Profit or loss from hedging of foreign investments	163				
6. Share of other comprehensive income/loss from associated companies	164				
7. Actuarial gains/losses from defined benefit plans	165				
III. TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166				
IV. NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD (158 TO 166)	167	0	0	0	0
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	0	0	0	0
ADDITION TO STATEMENT OF OTHER COMPREHENSIVE INCOME (only for consolidated financial statements)					
VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	169				
2. Attributable to minority interest	170				

Cash flow statement - indirect method

period 01.01.2011. to 30.06.2011.

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	-15.389.887	-9.570.097
2. Depreciation and amortisation	002	12.871.659	16.666.737
3. Increase of current liabilities	003	12.557.301	10.305.077
4. Decrease of current receivables	004		
5. Decrease of inventories	005		
6. Other cash flow increases	006	721.115	
I. Total increase of cash flow from operating activities	007	10.760.188	17.401.717
1. Decrease of current liabilities	008		
2. Increase of current receivables	009	8.130.474	5.329.068
3. Increase of inventories	010	1.018.590	1.085.413
4. Other cash flow decreases	011	2.868.302	3.968.075
II. Total decrease of cash flow from operating activities	012	12.017.366	10.382.556
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	0	7.019.161
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	014	1.257.178	0
CASH FLOW FROM INVESTING ACTIVITIES			
1. Proceeds from sale of non-current assets	015	10.130	105.400
2. Proceeds from sale of non-current financial assets	016		
3. Interest received	017	865.688	691.374
4. Dividend received	018		
5. Other proceeds from investing activities	019		
III. Total cash inflows from investing activities	020	875.818	796.774
1. Purchase of non-current assets	021	4.248.923	1.448.465
2. Purchase of non-current financial assets	022		
3. Other cash outflows from investing activities	023		
IV. Total cash outflows from investing activities	024	4.248.923	1.448.465
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	025	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	3.373.105	651.691
CASH FLOW FROM FINANCING ACTIVITIES			
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		
V. Total cash inflows from financing activities	030	0	0
1. Repayment of loans and bonds	031	8.982.627	8.777.645
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	8.982.627	8.777.645
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	037	0	0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	8.982.627	8.777.645
Total increases of cash flows	039	0	0
Total decreases of cash flows	040	13.612.910	2.410.175
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	13.612.910	2.410.175
Cash and cash equivalents at the end of period	044	45.335.631	45.297.385

STATEMENT OF CHANGES IN EQUITY

period 1.1.2011 to 30.6.2011

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	442.380
3. Reserves from profit	003		
4. Retained earnings or loss carried forward	004	-40.516.520	-86.778.507
5. Net profit or loss for the period	005	-15.389.887	-9.570.097
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	912.955.173	872.544.976
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, 29/07/2011

Management Board Report for the period 1 January – 30 June 2011

In the observed period, the Company recorded 233.533 overnight stays. The share of overnight stays by foreign visitors amounted to 85.5%. Overnight stays by visitors from Germany, Austria, Italy and Netherlands made up 66.2% of foreign overnight stays and 56.6% of total overnight stays in the Company.

As at 30 June, the Company had 836 employees, of whom 183 were employed on a fixed-term contract.

Total revenue was 79.8 million kn. Operating income was 78.9 million kn, of which a major part, amounting to 68.1 million kn (86.3%), was sales revenue. The remaining operating income was 10.8 million kn. Financial income was 845,000 kn.

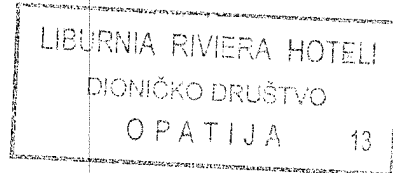
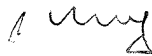
Total expenditure was 89.4 million kn. Operating expenses amounted to 87.5 million kn, of which 25.4 million kn were for material costs and 31.8 million kn for personnel costs. Amortisation costs were 16.7 million kn, value adjustment was 1.5 million kn, and other expenses were 12.0 million kn. Total financial expenses were 1.9 million kn.

In the period from 1 January to 30 June 2011, the Company recorded a loss of 9.6 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



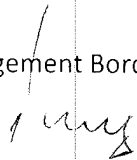
Opatija, 29/07/2011

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 30 June 2011.

Member of the Management Bord

Igor Šehanović



Member of the Management Bord

Dr.Sc. Mirjana Mogorović

