

Annex 1.

Reporting period

1.1.2011

to

30.9.2011

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: 820

(period end)

Consolidated report: NO

NKD code: 5510

Companies of the consolidation subject (according to IFRS)

Seat:

MB:

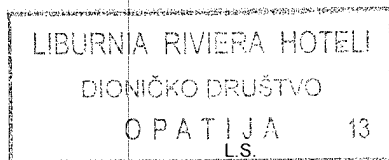
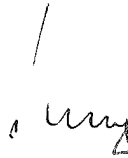
Bookkeeping service:

Contact person: Tancabel Loredana
(only surname and name)

Telephone: 051 710-353

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

Family name and name: Šehanović Igor, Ferlan Robert
(person authorized to represent the company)

 (signature of the person authorized to represent the company)

Balance Sheet
as of 30.09.2011.

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	941.126.288
I. INTANGIBLE ASSETS (004 do 009)	003	1.254.431	1.917.587
1. Expenditure for development	004	391.246	534.283
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	729.657	930.645
3. Goodwill	006		
4. Advances for purchase of intangible assets	007		
5. Intangible assets in progress	008	133.528	452.658
6. Other intangible assets	009		
II. PROPERTY, PLANT AND EQUIPMENT (011 do 019)	010	957.716.671	935.733.233
1. Land	011	113.140.696	113.140.696
2. Buildings	012	774.528.336	760.607.128
3. Plant and equipment	013	24.672.992	22.609.214
4. Tools, working inventory and transportation assets	014	41.334.468	36.360.525
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	7.887	78.302
7. Tangible assets in progress	017	2.088.558	973.634
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	100.903.965
I. INVENTORIES (036 do 042)	035	1.296.547	1.999.917
1. Raw materials and supplies	036	1.158.733	1.368.658
2. Production in progress	037		
3. Finished products	038		
4. Merchandise	039	137.814	93.087
5. Advances for inventories	040		538.172
6. Long term assets held for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 do 049)	043	9.146.331	21.247.980
1. Receivables from related parties	044		
2. Receivables from end-customers	045	8.408.826	20.515.384
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	19.667	55.146
5. Receivables from government and other institutions	048	698.123	675.450
6. Other receivables	049	19.715	
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	473.600	114.944
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	114.944
IV. CASH AND CASH EQUIVALENTS	058	47.707.560	77.541.124
D) PREPAYMENTS AND ACCRUED INCOME	059	461.069	433.679
E) TOTAL ASSETS (001+002+034+059)	060	1.021.531.677	1.042.463.932
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	911.581.274
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	29.466.201
1. Net profit for the period	076		29.466.201
2. Net loss for the period	077	48.205.991	
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 do 082)	079	26.398.559	23.043.295
1. Provisions for pensions, severance pay and similar liabilities	080	11.995.737	10.022.582
2. Provisions for tax liabilities	081		
3. Other provisions	082	14.402.822	13.020.713
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	33.309.592
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	3.356.424
4. Liabilities for advances	097	1.760.010	5.060.802
5. Trade payables	098	8.456.978	14.237.250
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	4.456.663	5.025.499
9. Taxes, contributions and similar liabilities	102	2.373.720	3.751.016
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	1.878.601
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	4.930.916	3.673.568
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	1.021.531.677	1.042.463.932
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 30.09.2011.

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	170.961.502	96.144.022	184.036.631	105.098.065
1. Rendering of services	112	160.534.166	92.794.573	169.633.484	101.518.517
2. Other operating income	113	10.427.336	3.349.449	14.403.147	3.579.548
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	148.821.425	59.835.568	153.369.575	65.886.621
1. Change in inventories of work in progress	115				
2. Material expenses (117 do 119)	116	52.098.201	23.583.246	49.592.070	24.148.397
a) Costs of raw materials	117	20.578.135	10.742.554	19.696.087	10.346.958
b) Cost of goods sold	118	372.569	163.895	205.967	111.580
c) Other material expenses	119	31.147.497	12.676.797	29.690.016	13.689.859
3. Employee benefits expenses (121 do 123)	120	58.748.198	21.678.885	57.416.945	25.591.492
a) Net salaries	121	40.197.359	14.857.376	38.905.351	17.128.537
b) Tax and contributions from salary expenses	122	10.049.345	3.714.347	10.086.656	4.747.609
c) Contributions on salary	123	8.501.494	3.107.162	8.424.938	3.715.346
4. Depreciation and amortisation	124	19.233.706	6.362.047	24.909.020	8.242.283
5. Other expenses	125	18.313.114	7.882.248	19.809.527	7.766.270
6. Write down of assets (127+128)	126	428.206	329.142	1.642.013	138.179
a) non-current assets (except financial assets)	127		0		0
b) current assets (except financial assets)	128	428.206	329.142	1.642.013	138.179
7. Provisions	129				
8. Other operating costs	130				
III. FINANCIAL INCOME (132 do 136)	131	2.026.324	768.750	1.565.235	719.932
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	2.026.324	768.750	1.565.235	719.932
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	3.874.081	1.394.997	2.766.090	895.078
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	3.874.081	1.394.997	2.766.090	895.078
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	172.987.826	96.912.772	185.601.866	105.817.997
X. TOTAL EXPENSES (114+137+143+145)	147	152.695.506	61.230.565	156.135.665	66.781.699
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	20.292.320	35.682.207	29.466.201	39.036.298
1. Profit before taxes (146-147)	149	20.292.320	35.682.207	29.466.201	39.036.298
2. Loss before taxes (147-146)	150	0	0	0	0
XII. TAXATION	151				
XII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	20.292.320	35.682.207	29.466.201	39.036.298
1. Profit for the period (149-151)	153	20.292.320	35.682.207	29.466.201	39.036.298
2. Loss for the period (151-148)	154	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	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 30.09.2011.

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	20.292.320	29.466.201
2. Depreciation and amortisation	002	19.233.706	24.909.020
3. Increase of current liabilities	003	9.014.794	9.187.549
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	48.540.820	63.562.770
1. Decrease of current liabilities	008		
2. Increase of current receivables	009	12.680.974	12.101.649
3. Increase of inventories	010	258.279	209.925
4. Other cash flow decreases	011	3.963.839	4.192.215
II. Total decrease of cash flow from operating activities	012	16.903.092	16.503.789
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	31.637.728	47.058.981
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	85.296	132.626
2. Proceeds from sale of non-current financial assets	016		
3. Interest received	017	1.354.129	1.288.713
4. Dividend received	018		
5. Other proceeds from investing activities	019		
III. Total cash inflows from investing activities	020	1.439.425	1.421.339
1. Purchase of non-current assets	021	4.966.871	3.624.351
2. Purchase of non-current financial assets	022		
3. Other cash outflows from investing activities	023		
IV. Total cash outflows from investing activities	024	4.966.871	3.624.351
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	025	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	3.527.446	2.203.012
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	16.244.951	15.026.405
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	16.244.951	15.026.405
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	037	0	0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	16.244.951	15.026.405
Total increases of cash flows	039	11.865.331	29.829.564
Total decreases of cash flows	040	0	0
Cash and cash equivalents at the beginning of period	041	58.948.541	47.707.560
Increase of cash and cash equivalents	042	11.865.331	29.829.564
Decrease of cash and cash equivalents	043		
Cash and cash equivalents at the end of period	044	70.813.872	77.537.124

STATEMENT OF CHANGES IN EQUITY

period 1.1.2011 to 30.9.2011

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	20.292.320	29.466.201
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	948.637.380	911.581.274
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, 28/10/2011

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

In the observed period, the Company recorded 561.926 overnight stays. The share of overnight stays by foreign visitors amounted to 80%. Overnight stays by visitors from Germany, Austria and Italy make the most of foreign overnight stays and total overnight stays in the Company.

As at 30 September, the Company had 820 employees, of whom 174 were employed on a fixed-term contract.

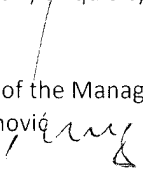
Total revenue was 185.6 million kn. Operating income was 184.0 million kn, of which a major part, amounting to 169.6 million kn (92.2%), was sales revenue. The remaining operating income was 14.4 million kn. Financial income was 1.6 million kn.

Total expenditure was 156.1 million kn. Operating expenses amounted to 153.4 million kn, of which 49.6 million kn were for material costs and 57.4 million kn for personnel costs. Amortisation costs were 24.9 million kn, value adjustment was 1.6 million kn, and other expenses were 19.8 million kn. Total financial expenses were 2.8 million kn.

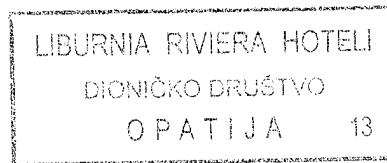
In the period from 1 January to 30 September 2011, the Company recorded a profit of 29.5 million kn.

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

Chairman of the Management Board
Igor Šehanović



Member of the Management Board
Robert Ferlan

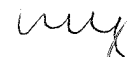


Opatija, 28/10/2011

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 September 2011.

Chairman of the Management Bord

Igor Šehanović 

Member of the Management Bord

Robert Ferlan

