

Annex 1.

Reporting period

1.1.2013

to

31.3.2013

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.hr

Internet address: www.liburnia.hr

Municipality/city code and name: 302

County code and name: 8 PRIMORSKO GORANSKA ŽUPANIJA

Number of employees: 643

(period end)

Consolidated report: NO

NKD code: 5510

Companies of the consolidation subject (according to IFRS)

Seat:

MB:

Bookkeeping service:

Contact person: Kamenar Biserka

(only surname and name)

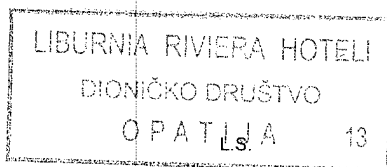
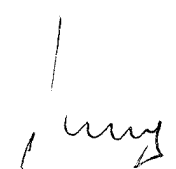
Telephone: 051 710-395

Telefaks: 051 710-404

E-mail address: biserka.kamenar@remisens.com

Family name and name: Šehanović Igor, Hrelja Dino

(person authorized to represent the company)



 (signature of the person authorized to represent the company)

Balance Sheet
as of 31.03.2013.

Company: LIBURNIA RIVIERA HOTELI d.d.			
Position	AOP	Previous period 31.12.2012.	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	920.965.502	911.212.322
I. INTANGIBLE ASSETS (004 do 009)	003	2.386.089	2.198.227
1. Expenditure for development	004	1.041.321	959.753
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	1.272.010	1.165.716
3. Goodwill	006		
4. Advances for purchase of intangible assets	007		
5. Intangible assets in progress	008	72.758	72.758
6. Other intangible assets	009		
II. PROPERTY, PLANT AND EQUIPMENT (011 do 019)	010	915.747.915	906.182.597
1. Land	011	111.583.180	110.689.070
2. Buildings	012	740.390.843	726.275.291
3. Plant and equipment	013	19.529.442	18.925.147
4. Tools, working inventory and transportation assets	014	38.323.783	36.676.399
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	21.879	228.766
7. Tangible assets in progress	017	2.417.150	9.906.286
8. Other tangible assets	018	3.481.638	3.481.638
9. Investment in real-estate	019		
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	737.920	737.920
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	737.920	737.920
6. Loans, deposits, etc.	026		
7. Other non-current financial assets	027		
8. Equity-accounted investments	028		
IV. RECEIVABLES (030 do 032)	029	385.100	385.100
1. Receivables from related parties	030		
2. Receivables arising from sales on credit	031		
3. Other receivables	032	385.100	385.100
V. DEFERRED TAX ASSET	033	1.708.478	1.708.478
C) CURRENT ASSETS (035+043+050+058)	034	77.183.234	85.857.144
I. INVENTORIES (036 do 042)	035	5.902.438	6.450.947
1. Raw materials and supplies	036	1.149.427	2.302.570
2. Production in progress	037		
3. Finished products	038		
4. Merchandise	039	112.392	97.634
5. Advances for inventories	040		4.050.743
6. Long term assets held for sale	041	4.640.619	
7. Biological assets	042		
II. RECEIVABLES (044 do 049)	043	8.659.464	10.677.002
1. Receivables from related parties	044		
2. Receivables from end-customers	045	7.549.836	6.053.435
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	173.416	161.388
5. Receivables from government and other institutions	048	936.212	4.462.179
6. Other receivables	049		
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	0	0
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		
IV. CASH AND CASH EQUIVALENTS	058	62.621.332	68.729.195
D) PREPAYMENTS AND ACCRUED INCOME	059	785.861	3.026.511
E) TOTAL ASSETS (001+002+034+059)	060	998.934.597	1.000.095.977
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	902.542.931	887.089.939
I. SUBSCRIBED SHARE CAPITAL	063	968.451.200	968.451.200
II. CAPITAL RESERVES	064	562.320	562.320
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	-82.866.646	-66.470.588
1. Retained earnings	073		
2. Loss carried forward	074	82.866.646	66.470.588
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	16.396.057	-15.452.993
1. Net profit for the period	076	16.396.057	
2. Net loss for the period	077		15.452.993
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 do 082)	079	19.626.669	19.618.669
1. Provisions for pensions, severance pay and similar liabilities	080	6.789.875	6.789.875
2. Provisions for tax liabilities	081		
3. Other provisions	082	12.836.794	12.828.794
C) NON-CURRENT LIABILITIES (084 do 092)	083	40.530.647	40.530.647
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits, etc.	085		
3. Liabilities to banks and other financial institutions	086	40.530.647	40.530.647
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	34.675.369	52.191.597
1. Liabilities to related parties	094		
2. Liabilities for loans, deposits, etc.	095		
3. Liabilities to banks and other financial institutions	096	14.324.542	8.014.158
4. Liabilities for advances	097	2.100.851	3.429.204
5. Trade payables	098	8.357.640	15.918.143
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	4.942.519	18.699.762
9. Taxes, contributions and similar liabilities	102	2.441.096	4.235.667
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	2.508.721	1.894.663
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	1.558.981	665.125
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	998.934.597	1.000.095.977
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 01.01.2013. to 31.03.2013.

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	15.064.368	15.064.368	47.033.276	47.033.276
1. Rendering of services	112	12.515.391	12.515.391	16.018.066	16.018.066
2. Other operating income	113	2.548.977	2.548.977	31.015.210	31.015.210
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	35.176.443	35.176.443	62.739.132	62.739.132
1. Change in inventories of work in progress	115				
2. Material expenses (117 do 119)	116	8.688.088	8.688.088	8.328.458	8.328.458
a) Costs of raw materials	117	2.260.604	2.260.604	2.172.639	2.172.639
b) Cost of goods sold	118	18.499	18.499	31.085	31.085
c) Other material expenses	119	6.408.985	6.408.985	6.124.734	6.124.734
3. Employee benefits expenses (121 do 123)	120	14.969.949	14.969.949	13.959.253	13.959.253
a) Net salaries	121	8.799.615	8.799.615	8.350.967	8.350.967
b) Tax and contributions from salary expenses	122	3.990.522	3.990.522	3.775.465	3.775.465
c) Contributions on salary	123	2.179.812	2.179.812	1.832.821	1.832.821
4. Depreciation and amortisation	124	8.269.325	8.269.325	14.675.494	14.675.494
5. Other expenses	125	3.217.989	3.217.989	10.735.175	10.735.175
6. Write down of assets (127+128)	126	31.092	31.092	40.752	40.752
a) non-current assets (except financial assets)	127				
b) current assets (except financial assets)	128	31.092	31.092	40.752	40.752
7. Provisions	129			15.000.000	15.000.000
8. Other operating costs	130				
III. FINANCIAL INCOME (132 do 136)	131	462.242	462.242	876.511	876.511
1. Interest, foreign exchange differences, dividends and similar income from related parties	132				
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	462.242	462.242	876.511	876.511
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	747.107	747.107	623.648	623.648
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	747.107	747.107	623.648	623.648
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	15.526.610	15.526.610	47.909.787	47.909.787
X. TOTAL EXPENSES (114+137+143+145)	147	35.923.550	35.923.550	63.362.780	63.362.780
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	-20.396.940	-20.396.940	-15.452.993	-15.452.993
1. Profit before taxes (146-147)	149	0	0	0	0
2. Loss before taxes (147-146)	150	20.396.940	20.396.940	15.452.993	15.452.993
XII. TAXATION	151				
XII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	-20.396.940	-20.396.940	-15.452.993	-15.452.993
1. Profit for the period (149-151)	153	0	0	0	0
2. Loss for the period (151-148)	154	20.396.940	20.396.940	15.452.993	15.452.993
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	-20.396.940	-20.396.940	-15.452.993	-15.452.993
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	-20.396.940	-20.396.940	-15.452.993	-15.452.993
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 01.01.2013. to 31.03.2013.

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	-20.396.940	-15.452.993
2. Depreciation and amortisation	002	8.269.325	14.675.494
3. Increase of current liabilities	003		
4. Decrease of current receivables	004		
5. Decrease of inventories	005	221.036	
6. Other cash flow increases	006		
I. Total increase of cash flow from operating activities	007	-11.906.579	-777.499
1. Decrease of current liabilities	008		
2. Increase of current receivables	009	1.921.201	3.525.967
3. Increase of inventories	010		2.455.195
4. Other cash flow decreases	011	4.974.961	7.986.111
II. Total decrease of cash flow from operating activities	012	6.896.162	13.967.273
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	0	0
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	014	18.802.741	14.744.772
CASH FLOW FROM INVESTING ACTIVITIES			
1. Proceeds from sale of non-current assets	015		35.000.000
2. Proceeds from sale of non-current financial assets	016		
3. Interest received	017	442.787	816.340
4. Dividend received	018		
5. Other proceeds from investing activities	019		
III. Total cash inflows from investing activities	020	442.787	35.816.340
1. Purchase of non-current assets	021	6.191.609	8.691.705
2. Purchase of non-current financial assets	022		
3. Other cash outflows from investing activities	023		
IV. Total cash outflows from investing activities	024	6.191.609	8.691.705
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	025	0	27.124.635
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	5.748.822	0
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	6.247.078	6.272.000
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	6.247.078	6.272.000
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	037	0	0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	6.247.078	6.272.000
Total increases of cash flows	039	0	6.107.863
Total decreases of cash flows	040	30.798.641	0
Cash and cash equivalents at the beginning of period	041	57.124.411	62.621.332
Increase of cash and cash equivalents	042		6.107.863
Decrease of cash and cash equivalents	043	30.798.641	
Cash and cash equivalents at the end of period	044	26.325.770	68.729.195

STATEMENT OF CHANGES IN EQUITY

period **1.1.2013** to **31.3.2013**

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	295.201	562.320
3. Reserves from profit	003		
4. Retained earnings or loss carried forward	004	-82.857.038	-66.470.588
5. Net profit or loss for the period	005	-20.396.940	-15.452.993
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	865.492.423	887.089.939
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		

Analysis of operating results for the period January – March 2013

Although only a minor part of business activities take place in the first months of the year, we can nevertheless conclude that in the period from January to March 2013 the Company achieved growth in operating income compared to the same period in 2012. Variable and relatively fixed costs were in line with operating growth. As a result, the Company's core business saw an increase in the financial result in the observed period of 2013 in comparison with 2012.

As stated in the Management Board Report on the state of the Company, which is part of the revised annual financial reports published on the stock exchange, in January 2013 the Company posted net extraordinary income from the sale of the Villa Magnolia to the amount of 30.4 million kn.

The precautionary principle or the principle of prudence requires among other things that revenues are recorded only when they are realised, and expenses even if they are only possible.

On the basis of this, in the period from January to March 2013 LRH continued its 'balance sheet clean-up' and made one-time reserves (increased expenses) for business events that have occurred and/or are certain to happen in the following segments: writing off assets that were mistakenly entered as assets during the conversion process, writing off parts of assets that will be included in the expropriation process based on the Maritime Domain Act, writing off the unamortised part of assets that changed their material form (writing off the unamortised part of the demolished Hotel Zagreb), and similar to the amount of c. 6.2 million kn. In addition, in the observed period LRH put aside reserves for possible severance payments to the amount of 15 million kn. Thus, the extraordinary expenses that LRH posted on the basis of previous claims in the period from January to March 2013 amounted to c. 21.2 million kn. In the case that they are realised, and only to the amount to which they are realised, only the reserves for severance payments will have an impact on cash flow.

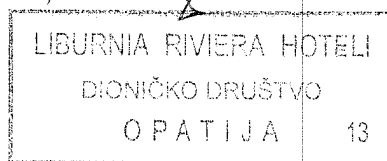
Since previous amortisation rates were extremely low and therefore rather unrealistic, LRH increased its amortisation rates for the year 2013. The effect of the increase in the amortisation rate to the LRH amortisation amount for the period January-March 2013 was c. 5.8 million kn compared to the same period in 2012, while the rest of the increase refers to amortisation that was posted for investments that were carried out for the year 2013.

As a result, the financial result measured by net profit + amortisation for the period January-March 2013 amounted to -0.8 million kn compared to the same period in 2012, when it amounted to -12.1 million kn.

The liquidity and solvency ratios and the debt to equity and cash flow ratios are strong.

Chairman of the Management Board

Dr. Sc. Igor Šehanović



Opatija, 19/04/2013

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 2013.

Chairman/ of the Management Bord

Dr.Sc.Igor Šehanović

