

Annex 1.

Reporting period

1.1.2013

to

30.9.2013

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 OPATIJA

County code and name: 8 PRIMORSKO GORANSKA ŽUPANIJA

Number of employees: 1.019
(period end)

Consolidated report: YES

NKD code: 5510

Companies of the consolidation subject (according to IFRS)

Seat:

MB:

HOTELI CAVTAT d.d. CAVTAT

CAVTAT

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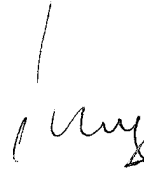
Bookkeeping service:

Contact person: Kamenar Biserka
(only surname and name)

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

Family name and name: Šehanović Igor
(person authorized to represent the company)LIBURNIA RIVIERA HOTELI
DIONIČKO DRUŠTVO
OPATIJA 13
(signature of the person authorized to represent the company)

Balance Sheet
as of 30.09.2013.

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	1.101.981.257
I. INTANGIBLE ASSETS (004 do 009)	003	2.386.089	42.329.297
1. Expenditure for development	004	1.041.321	853.553
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	1.272.010	1.106.642
3. Goodwill	006		40.326.144
4. Advances for purchase of intangible assets	007		
5. Intangible assets in progress	008	72.758	42.958
6. Other intangible assets	009		
II. PROPERTY, PLANT AND EQUIPMENT (011 do 019)	010	915.747.915	1.056.818.062
1. Land	011	111.583.180	172.609.145
2. Buildings	012	740.390.843	797.357.014
3. Plant and equipment	013	19.529.442	24.292.057
4. Tools, working inventory and transportation assets	014	38.323.783	51.053.518
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	21.879	18.324
7. Tangible assets in progress	017	2.417.150	7.998.166
8. Other tangible assets	018	3.481.638	3.489.838
9. Investment in real-estate	019		
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	737.920	740.320
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	740.320
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	169.293.812
I. INVENTORIES (036 do 042)	035	5.902.438	6.764.788
1. Raw materials and supplies	036	1.149.427	3.823.767
2. Production in progress	037		2.038.461
3. Finished products	038		
4. Merchandise	039	112.392	115.855
5. Advances for inventories	040		786.705
6. Long term assets held for sale	041	4.640.619	
7. Biological assets	042		
II. RECEIVABLES (044 do 049)	043	8.659.464	46.741.776
1. Receivables from related parties	044		
2. Receivables from end-customers	045	7.549.836	43.430.725
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	173.416	79.968
5. Receivables from government and other institutions	048	936.212	3.042.803
6. Other receivables	049		188.280
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	115.777.248
D) PREPAYMENTS AND ACCRUED INCOME	059	785.861	712.063
E) TOTAL ASSETS (001+002+034+059)	060	998.934.597	1.271.977.132
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	992.109.926
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	58.122.787
1. Net profit for the period	076	16.396.057	58.122.787
2. Net loss for the period	077		
VII. MINORITY INTEREST	078		31.444.207
B) PROVISIONS (080 do 082)	079	19.626.669	19.715.098
1. Provisions for pensions, severance pay and similar liabilities	080	6.789.875	6.886.304
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	183.947.063
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	183.947.063
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	73.516.838
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	4.881.844
4. Liabilities for advances	097	2.100.851	12.798.712
5. Trade payables	098	8.357.640	25.180.821
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	4.942.519	19.233.888
9. Taxes, contributions and similar liabilities	102	2.441.096	6.003.151
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	5.418.422
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	1.558.981	2.688.207
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	998.934.597	1.271.977.132
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		960.665.719
2. Attributable to minority interest	110		31.444.207

Income statement

period 01.01.2013. to 30.09.2013.

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	186.902.849	113.766.361	284.172.404	172.557.195
1. Rendering of services	112	181.652.624	112.651.595	250.173.680	170.691.441
2. Other operating income	113	5.250.225	1.114.766	33.998.724	1.865.754
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	152.835.289	64.736.891	220.147.359	97.269.714
1. Change in inventories of work in progress	115				
2. Material expenses (117 do 119)	116	52.177.347	26.517.966	62.551.826	35.425.377
a) Costs of raw materials	117	19.341.428	11.315.714	32.128.507	22.378.835
b) Cost of goods sold	118	223.897	126.023	255.937	126.825
c) Other material expenses	119	32.612.022	15.076.229	30.167.382	12.919.717
3. Employee benefits expenses (121 do 123)	120	55.857.165	21.451.575	65.152.196	31.384.050
a) Net salaries	121	33.583.688	13.158.781	36.404.404	14.214.843
b) Tax and contributions from salary expenses	122	14.718.925	5.481.605	20.458.368	13.285.006
c) Contributions on salary	123	7.554.552	2.811.189	8.289.424	3.884.201
4. Depreciation and amortisation	124	25.398.057	5.657.627	46.966.951	17.604.864
5. Other expenses	125	19.362.731	11.109.723	32.334.030	15.151.076
6. Write down of assets (127+128)	126	39.989	0	415.631	-22.378
a) non-current assets (except financial assets)	127				
b) current assets (except financial assets)	128	39.989		415.631	-22.378
7. Provisions	129			12.297.943	-2.702.057
8. Other operating costs	130			428.782	428.782
III. FINANCIAL INCOME (132 do 136)	131	1.412.049	653.235	3.038.034	1.516.745
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	1.412.049	653.235	3.038.034	1.516.745
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	2.379.566	1.632.459	4.325.778	3.039.408
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	2.379.566	1.632.459	4.325.778	3.039.408
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			1.870	1.870
VIII. EXTRAORDINARY - OTHER EXPENSES	145				
IX. TOTAL INCOME (111+131+144)	146	188.314.898	114.419.596	287.212.308	174.075.810
X. TOTAL EXPENSES (114+137+143+145)	147	155.214.855	66.369.350	224.473.137	100.309.122
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	33.100.043	48.050.246	62.739.171	73.766.688
1. Profit before taxes (146-147)	149	33.100.043	48.050.246	62.739.171	73.766.688
2. Loss before taxes (147-146)	150	0	0	0	0
XII. TAXATION	151				
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	33.100.043	48.050.246	62.739.171	73.766.688
1. Profit for the period (149-151)	153	33.100.043	48.050.246	62.739.171	73.766.688
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			19.439.806	19.439.806
2. Attributable to minority interest	156			4.616.383	4.616.383
STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)					
I. PROFIT OR LOSS FOR THE PERIOD (=152)	157	33.100.043	48.050.246	62.739.171	73.766.688
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-valuation 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	33.100.043	48.050.246	62.739.171	73.766.688
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 30.09.2013.

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	33.100.043	62.739.170
2. Depreciation and amortisation	002	25.398.025	46.946.952
3. Increase of current liabilities	003	10.637.052	-70.513
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	69.135.120	109.615.609
1. Decrease of current liabilities	008		
2. Increase of current receivables	009	14.904.357	21.306.523
3. Increase of inventories	010	651.628	924.436
4. Other cash flow decreases	011	2.141.261	3.690.130
II. Total decrease of cash flow from operating activities	012	17.697.246	25.921.089
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	51.437.874	83.694.520
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	39.589	35.290.862
2. Proceeds from sale of non-current financial assets	016		
3. Interest received	017	1.261.447	2.052.618
4. Dividend received	018		
5. Other proceeds from investing activities	019		
III. Total cash inflows from investing activities	020	1.301.036	37.343.480
1. Purchase of non-current assets	021	23.767.377	46.988.663
2. Purchase of non-current financial assets	022		
3. Other cash outflows from investing activities	023		
IV. Total cash outflows from investing activities	024	23.767.377	46.988.663
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	025	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	22.466.341	9.645.183
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	15.074.333	33.522.048
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	15.074.333	33.522.048
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	037	0	0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	15.074.333	33.522.048
Total increases of cash flows	039	13.897.200	40.527.289
Total decreases of cash flows	040	0	0
Cash and cash equivalents at the beginning of period	041	57.124.411	75.249.959
Increase of cash and cash equivalents	042	13.897.232	40.527.289
Decrease of cash and cash equivalents	043		
Cash and cash equivalents at the end of period	044	71.021.643	115.777.248

STATEMENT OF CHANGES IN EQUITY

period **1.1.2013** to **30.9.2013**

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	33.100.043	58.122.787
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	918.989.406	960.665.719
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	960.665.719
17 b. Attributable to minority interest	019		31.444.207

Opatija, 17/10/2013

Report

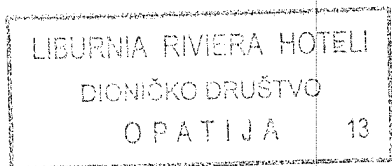
On 4 July 2013, the LIBURNIA RIVIERA HOTELI d.d. company acquired a majority share of 80.81% in the Hoteli Cavtat d.d. company in Cavtat. Consolidation of financial reports started on 1 July 2013, as in the period from 1 to 4 July there were no significant changes in the business operations of the acquired company.

In the consolidated profit and loss statement, the item 'current period – cumulative' reports a profit for the period 1 January – 30 September 2013 for the LIBURNIA RIVIERA HOTELI d.d. company, and the period 1 July – 30 September 2013 for the Hoteli Cavtat d.d. company. In addition, the item 'current period – quarter' shows a profit for both consolidated subjects in the period 1 July – 30 September 2013.

In the consolidated balance sheet, the item 'current period' reports consolidated items for both companies as at 30 September 2013. The item 'previous period 31/12/2012' refers only to the LIBURNIA RIVIERA HOTELI d.d. company, as in this period it did not have a dependent company.

The consolidated balance sheet reports goodwill to the amount of 40,326,144 kn, which was temporarily defined as the difference between the cost of the acquisition and the net book value of the acquired subsidiary. It is assumed that goodwill primarily refers to different synergies in business operations. It will be adjusted after the determination of the fair value of the acquired net assets and the liabilities of the subsidiary within a period of no longer than one year after the date of acquisition.

Chairman of the Management Board
Dr. Sc. Igor Šehanović



Opatija, 17/10/2013

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 and the Company included in the consolidation as a whole for the period from 1 January to 30 September 2013.

Ph.D. Igor Šehanović,

Chairman of the Management Board

