

Annex 1.

Reporting period

1.1.2014

to

31.3.2014

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: remisens@remisens.com

Internet address: www.remisens.com

Municipality/city code and name: 302

County code and name: 8 PRIMORSKO-GORANSKA ŽUPANIJA

Number of employees: 573

(period end)

Consolidated report: yes

NKD code: 5510

Companies of the consolidation subject (according to IFRS)

Seat:

MB:

HOTELI CAVTAT d.d.

CAVTAT

91951159924

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

(person authorized to represent the company)

LIBURNIA RIVIERA HOTELI

DIONIČKO DRUŠTVO

OPATIJA

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(signature of the person authorized to represent the company)

Balance Sheet
as of 31.03.2014.

Company: LIBURNIA RIVIERA HOTELI d.d.				
Position	AOP	Previous period 31.12.2013.	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	1.095.371.547	1.095.615.784	
I. INTANGIBLE ASSETS (004 do 009)	003	47.591.467	41.053.664	
1. Expenditure for development	004	791.690	738.625	
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	1.185.686	1.081.161	
3. Goodwill	006	45.571.133	39.190.920	
4. Advances for purchase of intangible assets	007			
5. Intangible assets in progress	008	42.958	42.958	
6. Other intangible assets	009			
II. PROPERTY, PLANT AND EQUIPMENT (011 do 019)	010	1.045.529.432	1.052.311.472	
1. Land	011	174.457.680	174.677.216	
2. Buildings	012	784.054.164	770.476.703	
3. Plant and equipment	013	22.272.898	21.466.532	
4. Tools, working inventory and transportation assets	014	50.310.974	49.805.887	
5. Biological assets	015			
6. Advances for purchase of tangible assets	016	746.472	2.089.762	
7. Tangible assets in progress	017	10.197.406	30.193.106	
8. Other tangible assets	018	3.489.838	3.602.266	
9. Investment in real-estate	019			
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	834.645	834.645	
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	834.645	834.645	
6. Loans, deposits, etc.	026			
7. Other non-current financial assets	027			
8. Equity-accounted investments	028			
IV. RECEIVABLES (030 do 032)	029	0	0	
1. Receivables from related parties	030			
2. Receivables arising from sales on credit	031			
3. Other receivables	032			
V. DEFERRED TAX ASSET	033	1.416.003	1.416.003	
C) CURRENT ASSETS (035+043+050+058)	034	93.736.073	53.972.158	
I. INVENTORIES (036 do 042)	035	5.081.515	8.924.077	
1. Raw materials and supplies	036	4.978.403	5.008.040	
2. Production in progress	037			
3. Finished products	038			
4. Merchandise	039	103.112	101.566	
5. Advances for inventories	040		3.814.471	
6. Long term assets held for sale	041			
7. Biological assets	042			
II. RECEIVABLES (044 do 049)	043	11.715.643	20.992.530	
1. Receivables from related parties	044			
2. Receivables from end-customers	045	8.820.230	16.350.800	
3. Receivables from participating parties	046			
4. Receivables from employees and members of the company	047	95.284	94.315	
5. Receivables from government and other institutions	048	2.679.784	4.387.088	
6. Other receivables	049	120.345	160.327	
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	76.938.915	24.055.551	
D) PREPAYMENTS AND ACCRUED INCOME	059	533.651	4.174.136	
E) TOTAL ASSETS (001+002+034+059)	060	1.189.641.271	1.153.762.078	
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	930.764.818	900.889.633
I. SUBSCRIBED SHARE CAPITAL	063	968.451.200	968.451.200
II. CAPITAL RESERVES	064		
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	656.646	656.646
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	-66.763.063	-57.682.210
1. Retained earnings	073		
2. Loss carried forward	074	66.763.063	57.682.210
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	15.606.030	-22.320.316
1. Net profit for the period	076	15.606.030	
2. Net loss for the period	077		22.320.316
VII. MINORITY INTEREST	078	12.814.005	11.784.313
B) PROVISIONS (080 do 082)	079	30.115.983	23.149.562
1. Provisions for pensions, severance pay and similar liabilities	080	14.247.652	7.281.231
2. Provisions for tax liabilities	081		
3. Other provisions	082	15.868.331	15.868.331
C) NON-CURRENT LIABILITIES (084 do 092)	083	164.462.938	162.220.356
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits, etc.	085		
3. Liabilities to banks and other financial institutions	086	164.462.938	162.220.356
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	61.536.928	65.487.190
1. Liabilities to related parties	094		
2. Liabilities for loans, deposits, etc.	095		
3. Liabilities to banks and other financial institutions	096	25.577.060	9.666.825
4. Liabilities for advances	097	5.731.213	17.263.662
5. Trade payables	098	12.922.149	22.184.038
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	8.301.703	7.309.823
9. Taxes, contributions and similar liabilities	102	4.769.479	4.916.750
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	4.235.324	4.146.092
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	2.760.604	2.015.337
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	1.189.641.271	1.153.762.078
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	917.950.813	889.105.320
2. Attributable to minority interest	110	12.814.005	11.784.313

Income statement

period 01.01.2014. to 31.03.2014.

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	47.033.276	47.033.276	24.785.932	24.785.932
1. Rendering of services	112	16.018.066	16.018.066	14.381.030	14.381.030
2. Other operating income	113	31.015.210	31.015.210	10.404.902	10.404.902
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	62.739.132	62.739.132	45.658.243	45.658.243
1. Change in inventories of work in progress	115				
2. Material expenses (117 do 119)	116	8.328.458	8.328.458	7.927.543	7.927.543
a) Costs of raw materials	117	2.172.639	2.172.639	2.164.566	2.164.566
b) Cost of goods sold	118	31.085	31.085	23.587	23.587
c) Other material expenses	119	6.124.734	6.124.734	5.739.390	5.739.390
3. Employee benefits expenses (121 do 123)	120	13.959.253	13.959.253	16.173.319	16.173.319
a) Net salaries	121	8.350.967	8.350.967	10.188.975	10.188.975
b) Tax and contributions from salary expenses	122	3.775.465	3.775.465	3.827.839	3.827.839
c) Contributions on salary	123	1.832.821	1.832.821	2.156.505	2.156.505
4. Depreciation and amortisation	124	14.675.494	14.675.494	18.183.277	18.183.277
5. Other expenses	125	10.735.175	10.735.175	3.455.210	3.455.210
6. Write down of assets (127+128)	126	40.752	40.752	118.894	118.894
a) non-current assets (except financial assets)	127				
b) current assets (except financial assets)	128	40.752	40.752	118.894	118.894
7. Provisions	129	15.000.000	15.000.000		
8. Other operating costs	130				
III. FINANCIAL INCOME (132 do 136)	131	876.511	876.511	296.937	296.937
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	876.511	876.511	296.937	296.937
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	623.648	623.648	2.251.344	2.251.344
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	623.648	623.648	2.251.344	2.251.344
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	47.909.787	47.909.787	25.082.869	25.082.869
X. TOTAL EXPENSES (114+137+143+145)	147	63.362.780	63.362.780	48.109.587	48.109.587
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	-15.452.993	-15.452.993	-23.026.718	-23.026.718
1. Profit before taxes (146-147)	149	0	0	0	0
2. Loss before taxes (147-146)	150	15.452.993	15.452.993	23.026.718	23.026.718
XII. TAXATION	151				
XII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	-15.452.993	-15.452.993	-23.026.718	-23.026.718
1. Profit for the period (149-151)	153	0	0	0	0
2. Loss for the period (151-148)	154	15.452.993	15.452.993	23.026.718	23.026.718
ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	155			-22.320.314	-22.320.316
2. Attributable to minority interest	156			-706.402	-706.402
STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)					
I. PROFIT OR LOSS FOR THE PERIOD (=152)	157	-15.452.993	-15.452.993	-23.026.718	-23.026.718
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	-15.452.993	-15.452.993	-23.026.718	-23.026.718
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			-22.320.314	-22.320.316
2. Attributable to minority interest	170			-706.402	-706.402

Cash flow statement - indirect method
period 01.01.2014. to 31.03.2014.

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	-15.452.993	-23.026.718	
2. Depreciation and amortisation	002	14.675.494	18.183.277	
3. Increase of current liabilities	003		19.206.562	
4. Decrease of current receivables	004		2.095.207	
5. Decrease of inventories	005			
6. Other cash flow increases	006			
I. Total increase of cash flow from operating activities	007	-777.499	16.458.328	
1. Decrease of current liabilities	008			
2. Increase of current receivables	009	3.525.967	12.423.630	
3. Increase of inventories	010	2.455.195	3.643.961	
4. Other cash flow decreases	011	7.986.111	12.553.496	
II. Total decrease of cash flow from operating activities	012	13.967.273	28.621.087	
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	0	0	
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	014	14.744.772	12.162.759	
CASH FLOW FROM INVESTING ACTIVITIES				
1. Proceeds from sale of non-current assets	015	35.000.000	118.791	
2. Proceeds from sale of non-current financial assets	016		0	
3. Interest received	017	816.340	290.000	
4. Dividend received	018		0	
5. Other proceeds from investing activities	019			
III. Total cash inflows from investing activities	020	35.816.340	408.791	
1. Purchase of non-current assets	021	8.691.705	25.342.362	
2. Purchase of non-current financial assets	022			
3. Other cash outflows from investing activities	023			
IV. Total cash outflows from investing activities	024	8.691.705	25.342.362	
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	025	27.124.635	0	
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	0	24.933.571	
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	6.272.000	15.787.034	
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	6.272.000	15.787.034	
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	037	0	0	
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	6.272.000	15.787.034	
Total increases of cash flows	039	6.107.863	0	
Total decreases of cash flows	040	0	52.883.364	
Cash and cash equivalents at the beginning of period	041	62.621.332	76.938.915	
Increase of cash and cash equivalents	042	6.107.863	0	
Decrease of cash and cash equivalents	043		52.883.364	
Cash and cash equivalents at the end of period	044	68.729.195	24.055.551	

STATEMENT OF CHANGES IN EQUITY
 period **1.1.2014** to **31.3.2014**

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		
3. Reserves from profit	003		
4. Retained earnings or loss carried forward	004	-66.470.588	-57.682.210
5. Net profit or loss for the period	005	-15.452.993	-22.320.316
6. Revaluation of tangible assets	006		
7. Revaluation of intangible assets	007	562.320	656.646
8. Revaluation of available for sale assets	008		
9. Other revaluation	009		
10. Total equity and reserves (AOP 001 to 009)	010	887.089.939	889.105.320
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		889.105.320
17 b. Attributable to minority interest	019		11.784.313

Management Board Report on the state of the Company 31/03/2014 - consolidated

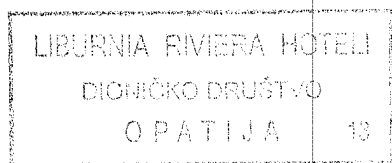
The consolidated operating results for the period January-March 2014 show that the business system (Liburnia Riviera Hoteli d.d. and Hoteli Cavtat d.d.) is achieving its primary objectives. Although in the period January-March 2014 the business system had c. 20% fewer overnight stays and c. 11% less operating income compared to the year 2013, GOP was c. 11% less negative than in the previous year. The factors that most strongly influenced the figures for overnight stays and operating income in the observed period compared to 2013 were the different periods of holidays (Easter) and the tourist days related to them (in mid-April the operating income of Liburnia Riviera Hoteli d.d. in the current year equalled that of 2013 with c. 8% fewer overnight stays).

In the analysed period, the Company's net extraordinary income was c. 10 million kn on the basis of a court order in favour of Liburnia Riviera Hoteli d.d. Due to the fact that 32 employees left Hoteli Cavtat d.d., an extraordinary, one-time cost for their notice period and unused holiday was posted under the item of salaries to a total amount of c. 1.9 million kn (the amount for severance payments was reserved in 2013).

The consolidated financial operating result (net profit + amortisation) was c. -4.1 million kn. In the same period of the preceding year, this result was negative to the amount of c. -5.1 million kn. EBITA was negative to the amount of c. 2 million kn, while in the same period of the preceding year it was negative to the amount of c. 4.3 million kn).

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

Chairman of the Management Board
Dr. Sc. Igor Šehanović



Opatija, 23/04/2014

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 31 March 2014.

Ph.D. Igor Šehanović,

Chairman of the Management Board

