

Annex 1.

Reporting period

1.1.2014

to

30.6.2014

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: contact@remisens.com

Internet address: www.remisens.com

Municipality/city code and name: 302

County code and name: 8 PRIMORSKO GORANSKA ŽUPANIJA

Number of employees: 1.024
(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)

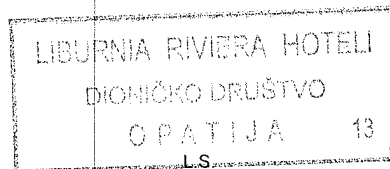
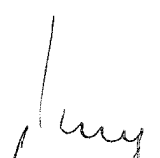
Telephone: 051 710-395

Telefaks: 051 710-404

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

Family name and name: Šehanović Igor

(person authorized to represent the company)



 (signature of the person authorized to represent the company)

Balance Sheet
as of 30.06.2014.

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	1.123.517.662
I. INTANGIBLE ASSETS (004 do 009)	003	47.591.467	40.770.529
1. Expenditure for development	004	791.690	672.556
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	1.185.686	953.556
3. Goodwill	006	45.571.133	39.081.459
4. Advances for purchase of intangible assets	007		20.000
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	1.081.320.086
1. Land	011	174.457.680	174.680.173
2. Buildings	012	784.054.164	765.267.548
3. Plant and equipment	013	22.272.898	16.099.928
4. Tools, working inventory and transportation assets	014	50.310.974	68.727.826
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	746.472	1.147.706
7. Tangible assets in progress	017	10.197.406	51.727.392
8. Other tangible assets	018	3.489.838	3.669.513
9. Investment in real-estate	019		
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	834.645	11.044
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	11.044
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	112.592.949
I. INVENTORIES (036 do 042)	035	5.081.515	6.929.341
1. Raw materials and supplies	036	4.978.403	4.342.641
2. Production in progress	037		
3. Finished products	038		
4. Merchandise	039	103.112	159.801
5. Advances for inventories	040		2.426.899
6. Long term assets held for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 do 049)	043	11.715.643	32.746.674
1. Receivables from related parties	044		
2. Receivables from end-customers	045	8.820.230	29.479.404
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	95.284	88.364
5. Receivables from government and other institutions	048	2.679.784	2.529.691
6. Other receivables	049	120.345	649.215
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	72.916.934
D) PREPAYMENTS AND ACCRUED INCOME	059	533.651	1.985.550
E) TOTAL ASSETS (001+002+034+059)	060	1.189.641.271	1.238.096.161
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	914.389.382
I. SUBSCRIBED SHARE CAPITAL	063	968.451.200	865.553.280
II. CAPITAL RESERVES	064		
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	0	45.211.175
1. Legal reserves	066		43.277.663
2. Reserve for own shares	067		
3. Treasury shares and shares (deductible items)	068		
4. Statutory reserves	069		
5. Other reserves	070		1.933.512
IV. REVALUATION RESERVES	071	656.646	
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	-66.763.063	0
1. Retained earnings	073		
2. Loss carried forward	074	66.763.063	
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	15.606.030	-7.768.880
1. Net profit for the period	076	15.606.030	
2. Net loss for the period	077		7.768.880
VII. MINORITY INTEREST	078	12.814.005	11.393.827
B) PROVISIONS (080 do 082)	079	30.115.983	21.573.386
1. Provisions for pensions, severance pay and similar liabilities	080	14.247.652	5.705.056
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	137.920.251
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	71.708.307
4. Liabilities for advances	097	5.731.213	29.330.599
5. Trade payables	098	12.922.149	22.697.861
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	8.301.703	5.541.572
9. Taxes, contributions and similar liabilities	102	4.769.479	6.279.522
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	2.363.390
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	2.760.604	1.992.786
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	1.189.641.271	1.238.095.161
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	902.995.555
2. Attributable to minority interest	110	12.814.005	11.393.827

Income statement

period 01.01.2014. to 30.06.2014.

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	111.615.209	64.581.933	118.572.750	93.877.537
1. Rendering of services	112	79.482.239	63.464.173	106.532.453	92.151.423
2. Other operating income	113	32.132.970	1.117.760	12.040.297	1.726.114
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	122.877.645	60.138.513	122.207.453	76.439.929
1. Change in inventories of work in progress	115				
2. Material expenses (117 do 119)	116	27.126.449	18.797.991	34.035.128	26.107.585
a) Costs of raw materials	117	9.749.672	7.577.033	13.768.370	11.603.804
b) Cost of goods sold	118	129.112	98.027	134.084	110.497
c) Other material expenses	119	17.247.665	11.122.931	20.132.674	14.393.284
3. Employee benefits expenses (121 do 123)	120	33.768.146	19.808.893	39.930.497	23.757.178
a) Net salaries	121	22.189.561	13.838.594	25.020.724	14.831.749
b) Tax and contributions from salary expenses	122	7.173.362	3.397.897	9.299.647	5.471.808
c) Contributions on salary	123	4.405.223	2.572.402	5.610.126	3.453.621
4. Depreciation and amortisation	124	29.362.087	14.686.593	36.737.216	18.553.939
5. Other expenses	125	17.182.954	6.447.779	9.988.193	6.603.702
6. Write down of assets (127+128)	126	438.009	397.257	111.892	-7.002
a) non-current assets (except financial assets)	127				
b) current assets (except financial assets)	128	438.009	397.257	111.892	-7.002
7. Provisions	129	15.000.000			
8. Other operating costs	130			1.424.527	1.424.527
III. FINANCIAL INCOME (132 do 136)	131	1.521.289	644.778	389.819	92.882
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	1.521.289	644.778	389.819	92.882
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	1.286.370	662.722	4.577.542	2.326.198
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	1.286.370	662.722	4.577.542	2.326.198
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	113.136.498	65.226.711	118.962.569	93.970.419
X. TOTAL EXPENSES (114+137+143+145)	147	124.164.015	60.801.235	126.784.995	78.766.127
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	-11.027.517	4.425.476	-7.822.426	15.204.292
1. Profit before taxes (146-147)	149	0	4.425.476	0	15.204.292
2. Loss before taxes (147-146)	150	11.027.517	0	7.822.426	0
XII. TAXATION	151				
XII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	-11.027.517	4.425.476	-7.822.426	15.204.292
1. Profit for the period (149-151)	153	0	4.425.476	0	15.204.292
2. Loss for the period (151-148)	154	11.027.517	0	7.822.426	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	-11.027.517	4.425.476	-7.822.426	15.204.292
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	-11.027.517	4.425.476	-7.822.426	15.204.292
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 01.01.2014. to 30.06.2014.

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	-11.027.517	-7.822.426
2. Depreciation and amortisation	002	29.362.087	36.737.216
3. Increase of current liabilities	003	8.319.199	27.638.909
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	26.653.769	56.553.699
1. Decrease of current liabilities	008		
2. Increase of current receivables	009	11.028.990	15.601.767
3. Increase of inventories	010	1.695.513	4.067.433
4. Other cash flow decreases	011	3.242.084	4.404.291
II. Total decrease of cash flow from operating activities	012	15.966.587	24.073.491
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	10.687.182	32.480.208
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	35.000.000	881.829
2. Proceeds from sale of non-current financial assets	016		
3. Interest received	017	1.443.694	307.491
4. Dividend received	018		
5. Other proceeds from investing activities	019		
III. Total cash inflows from investing activities	020	36.443.694	1.189.320
1. Purchase of non-current assets	021	35.884.061	77.073.951
2. Purchase of non-current financial assets	022		
3. Other cash outflows from investing activities	023		
IV. Total cash outflows from investing activities	024	35.884.061	77.073.951
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	025	559.633	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	0	75.884.631
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issue of equity securities and debt securities	027		
2. Proceeds from loans and borrowings	028		64.539.719
3. Other proceeds from financing activities	029		
V. Total cash inflows from financing activities	030	0	64.539.719
1. Repayment of loans and bonds	031	8.855.002	20.750.897
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	8.855.002	20.750.897
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	037	0	43.788.822
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	8.855.002	0
Total increases of cash flows	039	2.391.813	384.399
Total decreases of cash flows	040	0	4.405.380
Cash and cash equivalents at the beginning of period	041	62.621.332	76.938.915
Increase of cash and cash equivalents	042	2.391.813	
Decrease of cash and cash equivalents	043		4.020.981
Cash and cash equivalents at the end of period	044	65.013.145	72.917.934

STATEMENT OF CHANGES IN EQUITY

period **1.1.2014** to **30.6.2014**

	Position	AOP	Previous year	Current year
	1	2	3	4
1. Subscribed share capital		001	968.451.200	865.553.260
2. Capital reserves		002		
3. Reserves from profit		003		45.211.175
4. Retained earnings or loss carried forward		004	-66.470.588	
5. Net profit or loss for the period		005	-11.027.517	-7.822.426
6. Revaluation of tangible assets		006		
7. Revaluation of intangible assets		007	562.320	
8. Revaluation of available for sale assets		008		
9. Other revaluation		009		
10. Total equity and reserves (AOP 001 to 009)		010	891.515.415	902.942.009
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		
17 b. Attributable to minority interest		019		

Management Board Report on the state of the Company 30/06/2014 - consolidated

The consolidated operating results for the period January-June 2014 show that the business system (Liburnia Riviera Hoteli d.d. and Hoteli Cavtat d.d.) is achieving its primary objectives.

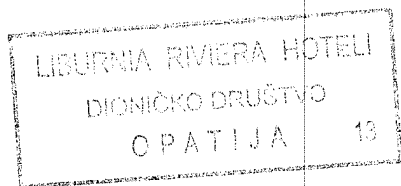
Although the business system had c. 1% fewer overnight stays in the period January-June 2014 compared to the year 2013, the operating income increased by c. 3% in comparison to the same period in the previous year and GOP increased by c. 59%.

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. and 697,000 kn from the sale of shares in the Croatia Osiguranje insurance company. 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. 2.2 million kn (the amount for severance payments was reserved in 2013).

The consolidated financial operating result (net profit + amortisation) was c.29,0 million kn. In the same period of the preceding year, this result was amount of c.19,9 million kn. Consolidated EBITA was c. 33,4 million kn. EBITA in the same period in the previous was c. 21,4 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, 16/07/2014

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 30 June 2014.

Ph.D. Igor Šehanović,

Chairman of the Management Board

