

Annex 1.

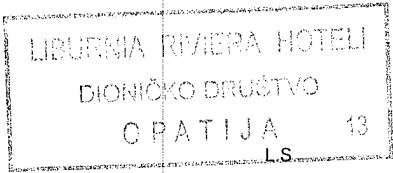

Reporting period

1.1.2014

to

30.9.2014

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: 961 (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 30.09.2014.

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	1.139.233.459
I. INTANGIBLE ASSETS (004 do 009)	003	47.591.467	2.299.208
1. Expenditure for development	004	791.690	606.488
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	1.185.686	1.629.762
3. Goodwill	006	45.571.133	
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	1.135.507.204
1. Land	011	174.457.680	194.334.017
2. Buildings	012	784.054.164	824.874.834
3. Plant and equipment	013	22.272.898	16.846.143
4. Tools, working inventory and transportation assets	014	50.310.974	80.143.510
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	746.472	805.476
7. Tangible assets in progress	017	10.197.406	14.831.585
8. Other tangible assets	018	3.489.838	3.671.639
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	185.852.762
I. INVENTORIES (036 do 042)	035	5.081.515	4.443.678
1. Raw materials and supplies	036	4.978.403	3.593.065
2. Production in progress	037		
3. Finished products	038		
4. Merchandise	039	103.112	124.029
5. Advances for inventories	040		726.584
6. Long term assets held for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 do 049)	043	11.715.643	44.124.247
1. Receivables from related parties	044		
2. Receivables from end-customers	045	8.820.230	41.208.188
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	95.284	89.970
5. Receivables from government and other institutions	048	2.679.784	2.388.567
6. Other receivables	049	120.345	437.522
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	137.284.837
D) PREPAYMENTS AND ACCRUED INCOME	059	533.651	1.057.469
E) TOTAL ASSETS (001+002+034+059)	060	1.189.641.271	1.326.143.690
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	1.021.259.030
I. SUBSCRIBED SHARE CAPITAL	063	966.451.200	865.553.260
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	6.769.218
1. Retained earnings	073		6.769.218
2. Loss carried forward	074	66.763.063	
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	15.606.030	86.306.606
1. Net profit for the period	076	15.606.030	86.306.606
2. Net loss for the period	077		
VII. MINORITY INTEREST	078	12.814.005	17.418.771
B) PROVISIONS (080 do 082)	079	30.115.983	20.632.755
1. Provisions for pensions, severance pay and similar liabilities	080	14.247.652	4.766.690
2. Provisions for tax liabilities	081		
3. Other provisions	082	15.868.331	15.866.065
C) NON-CURRENT LIABILITIES (084 do 092)	083	164.462.938	155.189.003
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	143.220.356
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		11.968.647
D) CURRENT LIABILITIES (094 do 105)	093	61.536.928	125.897.537
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	69.679.839
4. Liabilities for advances	097	5.731.213	13.575.988
5. Trade payables	098	12.922.149	26.823.366
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	8.301.703	5.599.424
9. Taxes, contributions and similar liabilities	102	4.769.479	8.165.785
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	2.053.135
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	2.760.604	3.165.365
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	1.189.641.271	1.326.143.690
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	1.003.840.259
2. Attributable to minority interest	110	12.814.005	17.418.771

Income statement

period 01.01.2014. to 30.09.2014.

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	284.172.404	172.557.195	313.962.516	195.389.766
1. Rendering of services	112	250.173.680	170.691.441	277.675.312	171.142.859
2. Other operating income	113	33.998.724	1.865.754	36.287.204	24.246.907
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	220.147.359	97.269.714	217.697.647	95.490.214
1. Change in inventories of work in progress	115				
2. Material expenses (117 do 119)	116	62.551.826	35.425.377	69.040.159	35.005.051
a) Costs of raw materials	117	32.128.507	22.378.835	30.792.963	17.024.613
b) Cost of goods sold	118	255.937	126.825	291.438	157.354
c) Other material expenses	119	30.167.382	12.919.717	37.955.758	17.823.084
3. Employee benefits expenses (121 do 123)	120	65.152.196	31.384.050	66.310.501	26.380.004
a) Net salaries	121	36.404.404	14.214.843	40.979.385	15.958.661
b) Tax and contributions from salary expenses	122	20.458.368	13.285.006	15.885.348	6.585.701
c) Contributions on salary	123	8.289.424	3.884.201	9.445.768	3.835.642
4. Depreciation and amortisation	124	46.966.951	17.604.864	56.147.285	19.410.069
5. Other expenses	125	32.334.030	15.151.076	22.601.392	12.633.199
6. Write down of assets (127+128)	126	415.631	-22.378	150.105	38.213
a) non-current assets (except financial assets)	127				
b) current assets (except financial assets)	128	415.631	-22.378	150.105	38.213
7. Provisions	129	12.297.943	-2.702.057		
8. Other operating costs	130	428.782	428.782	3.448.205	2.023.678
III. FINANCIAL INCOME (132 do 136)	131	3.038.034	1.516.745	1.207.714	817.895
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	3.038.034	1.516.745	1.207.714	817.895
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	4.325.778	3.039.408	7.214.223	2.626.681
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	4.325.778	3.039.408	7.214.223	2.626.681
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	287.212.308	174.075.810	315.170.230	196.207.661
X. TOTAL EXPENSES (114+137+143+145)	147	224.473.137	100.309.122	224.911.870	98.116.895
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	62.739.171	73.766.688	90.258.360	98.090.766
1. Profit before taxes (146-147)	149	62.739.171	73.766.688	90.258.360	98.090.766
2. Loss before taxes (147-146)	150	0	0	0	0
XII. TAXATION	151				
XII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	62.739.171	73.766.688	90.258.360	98.090.766
1. Profit for the period (149-151)	153	62.739.171	73.766.688	90.258.360	98.090.766
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	62.739.171	73.766.688	90.258.360	98.090.766
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	62.739.171	73.766.688	90.258.360	98.090.766
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 30.09.2014.

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	62.739.170	90.258.340
2. Depreciation and amortisation	002	46.946.952	56.191.285
3. Increase of current liabilities	003	-70.513	3.912.076
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	109.615.609	150.361.701
1. Decrease of current liabilities	008		
2. Increase of current receivables	009	21.306.523	30.730.338
3. Increase of inventories	010	924.436	2.635.691
4. Other cash flow decreases	011	3.690.130	11.403.836
II. Total decrease of cash flow from operating activities	012	25.921.089	44.769.865
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	83.694.520	105.591.836
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	35.290.862	23.132.811
2. Proceeds from sale of non-current financial assets	016		
3. Interest received	017	2.052.618	855.471
4. Dividend received	018		
5. Other proceeds from investing activities	019		
III. Total cash inflows from investing activities	020	37.343.480	23.988.282
1. Purchase of non-current assets	021	46.988.663	91.839.576
2. Purchase of non-current financial assets	022		
3. Other cash outflows from investing activities	023		
IV. Total cash outflows from investing activities	024	46.988.663	91.839.576
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	025	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	9.645.183	67.851.294
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	33.522.048	41.934.339
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	33.522.048	41.934.339
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	037	0	22.605.380
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	33.522.048	0
Total increases of cash flows	039	40.527.289	60.345.922
Total decreases of cash flows	040	0	0
Cash and cash equivalents at the beginning of period	041	75.249.959	76.938.915
Increase of cash and cash equivalents	042	40.527.289	60.345.922
Decrease of cash and cash equivalents	043		
Cash and cash equivalents at the end of period	044	115.777.248	137.284.837

STATEMENT OF CHANGES IN EQUITY

period **1.1.2014** to **30.9.2014**

	Position	AOP	Previous year	Current year
1	2	3	4	5
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	6.769.218	
5. Net profit or loss for the period	005	58.122.787	86.306.606	
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	960.665.719	1.003.840.259	
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	960.665.719	1.003.840.259	
17 b. Attributable to minority interest	019	31.444.207	17.418.771	

Management Board Report on the state of the Company 30/09/2014 - consolidated

The consolidated operating results for the period January-September 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. 3% fewer overnight stays in the period January-September 2014 compared to the year 2013, the operating income increased by c. 2% in comparison to the same period in the previous year and GOP increased by c. 14%.

Due to the fact that 41 employees had left Hoteli Cavtat d.d. and 25 employees had left Liburnia Riviera Hoteli d.d. by 30/09/2014, an extraordinary, one-time cost for their notice period and unused holiday, as well as part of the severance payment above the amount reserved in December 2013, was posted under the item of salaries to the total amount of c. 3.4 million kn. When this extraordinary, one-time expense related to the severance payment and notice period is removed from the item of salaries, the Group's GOP is better than the figure for the previous year by 16.5%. If we take into account the increase in the general rate of contributions for health insurance from 13% in 2013 to 15% from 01/04/2014, GOP is better in real terms than in the previous year by 17.4%.

In the period from January to September 2014, net extraordinary income was c. 35.2 million kn, of which c. 10 million kn were realised on the basis of a court order in favour of Liburnia Riviera Hoteli d.d., c. 697,000 kn from the sale of shares in the Croatia Osiguranje insurance company, and c. 22.9 million kn in net extraordinary income from the sale of land and the Villa Siam (the sales value of the villa and its land is 23.9 million kn and its book value c. 974.000 kn).

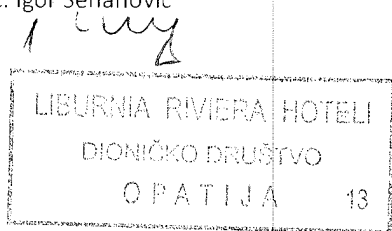
Consolidated EBITA was c. 151.3 million kn. EBITA in the same period in the previous year (which included net extraordinary income to the amount of approximately 13.1 million kn) was c. 113.2 million kn.

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

The reported initial goodwill of c. 45.6 million kn, which was temporarily defined as the difference between the cost of acquisition and net book value of the acquired subsidiary, was adjusted to the fair value of the acquired assets on the date of the acquisition, as estimated by an authorised assessor.

All future acquisitions from the subsidiary's minority shareholders will be posted under the item of capital assets.

Chairman of the Management Board
Dr. Sc. Igor Šehanović



Opatija, 15/10/2014

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 September 2014.

Ph.D. Igor Šehanović,

Chairman of the Management Board

