

**Annex 1.**

Reporting period

1.1.2015

to

30.6.2015

**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](mailto:remisens@remisens.com)Internet address: [www.remisens.com](http://www.remisens.com)

Municipality/city code and name: 302

County code and name: 8 PRIMORSKO GORANSKA ŽUPANIJA

Number of employees: 1.123

(period end)

Consolidated report: YES

NKD code: 5510

Companies of the consolidation subject (according to IFRS)

Seat:

MB:

HOTELI CAVTAT d.d.

CAVTAT

91954459924

HOTELI METROPOL d.o.o. PORTOROŽ

PORTOROŽ

6767648000

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](mailto:biserka.kamenar@remisens.com)

Family name and name: Šehanović Igor

(person authorized to represent the company)

LIBURNIA RIVIERA HOTELI  
DIONIČKO DRUŠTVO  
L.S.  
OPATIJA 13

  
 (signature of the person authorized to represent the company)

**Balance Sheet**  
as of 30.06.2015.

Company: LIBURNIA RIVIERA HOTELI d.d.			
Position	AOP	Previous period 31.12.2014	Current period
1	2	3	4
<b>ASSETS</b>			
A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL	001		
B) NON-CURRENT ASSETS (003+010+020+029+033)	002	1.142.671.265	1.328.596.608
I. INTANGIBLE ASSETS (004 do 009)	003	21.199.341	35.877.517
1. Expenditure for development	004	559.107	1.167.483
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	1.499.381	1.005.947
3. Goodwill	006		28.718.938
4. Advances for purchase of intangible assets	007		
5. Intangible assets in progress	008		
6. Other intangible assets	009	19.140.853	4.985.149
II. PROPERTY, PLANT AND EQUIPMENT (011 do 019)	010	1.120.041.001	1.291.193.496
1. Land	011	194.334.017	209.685.336
2. Buildings	012	819.596.935	955.004.709
3. Plant and equipment	013	16.838.587	15.854.153
4. Tools, working inventory and transportation assets	014	74.558.174	90.084.363
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	345.568	548.897
7. Tangible assets in progress	017	10.802.302	16.449.520
8. Other tangible assets	018	3.565.418	3.565.518
9. Investment in real-estate	019		
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	14.920	14.920
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	14.920	14.920
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	1.510.675
C) CURRENT ASSETS (035+043+050+058)	034	111.073.107	108.402.578
I. INVENTORIES (036 do 042)	035	3.455.179	7.109.848
1. Raw materials and supplies	036	2.749.794	6.067.276
2. Production in progress	037		
3. Finished products	038		
4. Merchandise	039	109.184	142.176
5. Advances for inventories	040	596.201	900.396
6. Long term assets held for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 do 049)	043	10.998.143	40.633.410
1. Receivables from related parties	044		
2. Receivables from end-customers	045	9.350.397	33.785.962
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	273.069	287.403
5. Receivables from government and other institutions	048	940.676	5.444.831
6. Other receivables	049	434.001	1.115.214
III. CURRENT FINANCIAL ASSETS (051 do 057)	050		1.359.616
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		1.359.616
IV. CASH AND CASH EQUIVALENTS	058	96.619.785	59.299.704
D) PREPAYMENTS AND ACCRUED INCOME	059	720.512	749.444
E) TOTAL ASSETS (001+002+034+059)	060	1.254.464.884	1.437.746.630
F) OFF BALANCE SHEET ITEMS	061	4.452.613	4.452.613

<b>EQUITY AND LIABILITIES</b>			
<b>A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b>	<b>062</b>	<b>983.631.119</b>	<b>958.268.502</b>
I. SUBSCRIBED SHARE CAPITAL	063	865.553.260	865.553.260
II. CAPITAL RESERVES	064		
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	45.216.111	45.216.111
1. Legal reserves	066	43.277.663	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	1.938.448	1.938.448
IV. REVALUATION RESERVES	071		
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	6.897.270	56.959.754
1. Retained earnings	073	6.897.270	56.959.754
2. Loss carried forward	074		
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	49.163.158	-18.948.658
1. Net profit for the period	076	49.163.158	
2. Net loss for the period	077		18.948.658
VII. MINORITY INTEREST	078	16.801.320	9.488.035
<b>B) PROVISIONS (080 do 082)</b>	<b>079</b>	<b>27.326.718</b>	<b>37.342.676</b>
1. Provisions for pensions, severance pay and similar liabilities	080	10.491.066	5.415.646
2. Provisions for tax liabilities	081		
3. Other provisions	082	16.835.652	31.927.030
<b>C) NON-CURRENT LIABILITIES (084 do 092)</b>	<b>083</b>	<b>178.208.208</b>	<b>331.864.518</b>
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits, etc.	085		
3. Liabilities to banks and other financial institutions	086	166.366.746	320.235.031
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	11.841.462	11.629.487
<b>D) CURRENT LIABILITIES (094 do 105)</b>	<b>093</b>	<b>63.841.827</b>	<b>107.115.945</b>
1. Liabilities to related parties	094		
2. Liabilities for loans, deposits, etc.	095		
3. Liabilities to banks and other financial institutions	096	34.831.354	27.913.896
4. Liabilities for advances	097	7.549.961	32.147.871
5. Trade payables	098	10.331.368	28.208.054
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	6.839.564	6.481.971
9. Taxes, contributions and similar liabilities	102	2.272.367	9.895.185
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	2.017.213	2.468.958
<b>E) ACCRUED EXPENSES AND DEFERRED INCOME</b>	<b>106</b>	<b>1.457.012</b>	<b>3.158.989</b>
<b>F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	<b>1.254.464.884</b>	<b>1.437.748.630</b>
<b>G) OFF BALANCE SHEET ITEMS</b>	<b>108</b>	<b>4.452.613</b>	<b>4.452.613</b>
<b>ADDITION TO BALANCE SHEET (only for consolidated financial statements)</b>			
<b>ISSUED CAPITAL AND RESERVES</b>			
1. Attributable to majority owners	109	956.829.799	948.780.467
2. Attributable to minority interest	110	16.801.320	9.488.035

**Income statement**

period 01.01.2015. to 30.06.2015.

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
<b>I. OPERATING INCOME (112 do 113)</b>	<b>111</b>	<b>118.572.750</b>	<b>93.877.537</b>	<b>136.588.315</b>	<b>115.229.583</b>
1. Rendering of services	112	106.532.453	92.151.423	130.999.188	111.675.888
2. Other operating income	113	12.040.297	1.726.114	5.589.127	3.553.695
<b>II. OPERATING COSTS (115+116+120+124+125+126+129+130)</b>	<b>114</b>	<b>122.207.453</b>	<b>76.439.929</b>	<b>148.966.998</b>	<b>92.062.570</b>
1. Change in inventories of work in progress	115				
2. Material expenses (117 do 119)	116	34.035.128	26.107.585	43.925.146	31.537.631
a) Costs of raw materials	117	13.768.370	11.603.804	15.835.842	13.239.705
b) Cost of goods sold	118	134.084	110.497	112.516	84.980
c) Other material expenses	119	20.132.674	14.393.284	27.976.788	18.212.946
3. Employee benefits expenses (121 do 123)	120	39.930.497	23.757.178	40.992.397	26.223.927
a) Net salaries	121	25.020.724	14.831.749	24.373.916	15.848.734
b) Tax and contributions from salary expenses	122	9.299.647	5.471.808	10.495.778	6.560.739
c) Contributions on salary	123	5.610.126	3.453.621	6.122.703	3.814.454
4. Depreciation and amortisation	124	36.737.216	18.553.939	47.460.891	23.901.103
5. Other expenses	125	9.968.193	6.603.702	16.489.485	10.336.029
6. Write down of assets (127+128)	126	111.892	-7.002	99.079	63.880
a) non-current assets (except financial assets)	127				
b) current assets (except financial assets)	128	111.892	-7.002	99.079	63.880
7. Provisions	129				
8. Other operating costs	130	1.424.527	1.424.527		
<b>III. FINANCIAL INCOME (132 do 136)</b>	<b>131</b>	<b>389.819</b>	<b>92.882</b>	<b>3.735.177</b>	<b>3.377.141</b>
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	389.819	92.882	3.735.177	3.377.141
3. Income from investments in associates and joint ventures	134				
4. Unrealised gains (income) from financial assets	135				
5. Other financial income	136				
<b>IV. FINANCIAL EXPENSES (138 do 141)</b>	<b>137</b>	<b>4.577.542</b>	<b>2.326.198</b>	<b>10.393.222</b>	<b>7.017.473</b>
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	4.577.542	2.326.198	10.393.222	7.017.473
3. Unrealised losses (expenses) from financial assets	140				
4. Other financial expenses	141				
<b>V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES</b>	<b>142</b>				
<b>VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES</b>	<b>143</b>				
<b>VII. EXTRAORDINARY - OTHER INCOME</b>	<b>144</b>				
<b>VIII. EXTRAORDINARY - OTHER EXPENSES</b>	<b>145</b>				
<b>IX. TOTAL INCOME (111+131+144)</b>	<b>146</b>	<b>118.962.569</b>	<b>93.970.419</b>	<b>140.323.492</b>	<b>118.606.724</b>
<b>X. TOTAL EXPENSES (114+137+143+145)</b>	<b>147</b>	<b>126.784.995</b>	<b>78.766.127</b>	<b>159.360.220</b>	<b>99.080.043</b>
<b>XI. PROFIT OR LOSS BEFORE TAXES (146-147)</b>	<b>148</b>	<b>-7.822.426</b>	<b>15.204.292</b>	<b>-19.036.728</b>	<b>19.526.681</b>
1. Profit before taxes (146-147)	149	0	15.204.292	0	19.526.681
2. Loss before taxes (147-146)	150	7.822.426	0	19.036.728	0
<b>XII. TAXATION</b>	<b>151</b>				
<b>XII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	<b>-7.822.426</b>	<b>15.204.292</b>	<b>-19.036.728</b>	<b>19.526.681</b>
1. Profit for the period (149-151)	153	0	15.204.292	0	19.526.681
2. Loss for the period (151-148)	154	7.822.426	0	19.036.728	0
<b>ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)</b>					
<b>XIV. PROFIT OR LOSS FOR THE PERIOD</b>					
1. Attributable to majority owners	155	-7.768.880	14.551.434	-18.948.658	18.694.154
2. Attributable to minority interest	156	-53.546	652.858	-88.070	832.527
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)</b>					
<b>I. PROFIT OR LOSS FOR THE PERIOD (=152)</b>	<b>157</b>	<b>-7.822.426</b>	<b>15.204.292</b>	<b>-19.036.728</b>	<b>19.526.681</b>
<b>II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 165)</b>	<b>158</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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				
<b>III. TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>166</b>				
<b>IV. NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD (158 TO 166)</b>	<b>167</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)</b>	<b>168</b>	<b>-7.822.426</b>	<b>15.204.292</b>	<b>-19.036.728</b>	<b>19.526.681</b>
<b>ADDITION TO STATEMENT OF OTHER COMPREHENSIVE INCOME (only for consolidated financial statements)</b>					
<b>VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD</b>					
1. Attributable to majority owners	169	-7.768.880	14.551.434	-18.948.658	18.694.154
2. Attributable to minority interest	170	-53.546	652.858	-88.070	832.527

**Cash flow statement - indirect method**  
**period 01.01.2015. to 30.06.2015.**

Company: LIBURNIA RIVIERA HOTELI d.d.			
Position	AOP	Previous period	Current period
1	2	3	4
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	001	-7.822.426	-19.036.728
2. Depreciation and amortisation	002	36.737.216	47.460.891
3. Increase of current liabilities	003	23.233.529	21.968.431
4. Decrease of current receivables	004		
5. Decrease of inventories	005		0
6. Other cash flow increases	006		0
<b>I. Total increase of cash flow from operating activities</b>	<b>007</b>	<b>52.148.319</b>	<b>50.392.594</b>
1. Decrease of current liabilities	008		
2. Increase of current receivables	009	15.601.767	10.679.651
3. Increase of inventories	010	4.067.433	2.800.505
4. Other cash flow decreases	011	4.404.291	8.065.600
<b>II. Total decrease of cash flow from operating activities</b>	<b>012</b>	<b>24.073.491</b>	<b>21.545.756</b>
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>013</b>	<b>28.074.828</b>	<b>28.846.838</b>
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>014</b>	<b>0</b>	<b>0</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Proceeds from sale of non-current assets	015	881.829	427.377
2. Proceeds from sale of non-current financial assets	016		0
3. Interest received	017	307.491	675.416
4. Dividend received	018		0
5. Other proceeds from investing activities	019		0
<b>III. Total cash inflows from investing activities</b>	<b>020</b>	<b>1.189.320</b>	<b>1.102.793</b>
1. Purchase of non-current assets	021	77.073.951	216.917.612
2. Purchase of non-current financial assets	022		
3. Other cash outflows from investing activities	023		
<b>IV. Total cash outflows from investing activities</b>	<b>024</b>	<b>77.073.951</b>	<b>216.917.612</b>
<b>B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>025</b>	<b>0</b>	<b>0</b>
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>026</b>	<b>75.884.631</b>	<b>215.814.819</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1. Proceeds from issue of equity securities and debt securities	027		
2. Proceeds from loans and borrowings	028	64.539.719	165.310.517
3. Other proceeds from financing activities	029		
<b>V. Total cash inflows from financing activities</b>	<b>030</b>	<b>64.539.719</b>	<b>165.310.517</b>
1. Repayment of loans and bonds	031	20.750.897	15.662.617
2. Dividends paid	032		
3. Repayment of finance lease	033		
4. Purchase of treasury shares	034		
5. Other cash outflows from financing activities	035		
<b>VI. Total cash outflows from financing activities</b>	<b>036</b>	<b>20.750.897</b>	<b>15.662.617</b>
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>037</b>	<b>43.788.822</b>	<b>149.647.900</b>
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>038</b>	<b>0</b>	<b>0</b>
Total increases of cash flows	039	0	0
Total decreases of cash flows	040	4.020.981	37.320.081
Cash and cash equivalents at the beginning of period	041	76.938.915	96.619.785
Increase of cash and cash equivalents	042	0	0
Decrease of cash and cash equivalents	043	4.020.981	37.320.081
Cash and cash equivalents at the end of period	044	72.917.934	59.299.704

**STATEMENT OF CHANGES IN EQUITY**  
period 1.1.2015 to 30.6.2015

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed share capital	001	865.553.260	865.553.260
2. Capital reserves	002		
3. Reserves from profit	003	45.211.175	45.216.111
4. Retained earnings or loss carried forward	004		56.546.856
5. Net profit or loss for the period	005	-7.822.426	-19.036.728
6. Revaluation of tangible assets	006		
7. Revaluation of intangible assets	007	656.646	
8. Revaluation of available for sale assets	008		
9. Other revaluation	009		
<b>10. Total equity and reserves (AOP 001 to 009)</b>	<b>010</b>	<b>903.598.655</b>	<b>948.279.499</b>
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		
<b>17. Total increase or decrease of equity (AOP 011 to 016)</b>	<b>017</b>	<b>0</b>	<b>0</b>
17 a. Attributable to majority owners	018		
17 b. Attributable to minority interest	019		

**Management Board Report – consolidated – on the state of the Group**  
**Liburnia Riviera Hoteli d.d., Hoteli Cavtat d.d. and Hoteli Metropol d.o.o.**

**30 June 2015**

The consolidated operating results for the period January-June 2015 show that the Group (Liburnia Riviera Hoteli d.d., Hoteli Cavtat d.d. and Hoteli Metropol d.o.o.) is achieving its primary objectives. The Hoteli Metropol d.o.o. Portorož company was acquired on 13 February 2015 (the consolidated report shows and analyses results starting from 1 January 2015).

The acquisition of the Hoteli Metropol d.o.o. company was realised relatively late, which means that the new management will have a relatively restricted influence on business income in 2015 (the reason for this is that most of the sales for the current year, except those through direct channels, begin to be realised a year in advance). In addition, in the year 2015 there will be one-off costs related to the acquisition. The management believes that from 2016 on, the operating result of the Hoteli Metropol d.o.o. company will be of a volume that is typical for the Group.

In the period January-June 2015, the Group had c. 18% more overnight stays compared to the same period last year. Its operating income increased by c. 23% compared to the same period last year, and GOP (gross operating profit) rose by c. 36% compared to the same period last year. The comparison with last year refers to the Liburnia Riviera Hoteli d.d. and Hoteli Cavtat d.d. companies, since Hoteli Metropol were not a separate profit centre within the Hoteli Bernardin d.d. company. Thus, it is not possible to determine income and expenses in the year 2014, although these were realised.

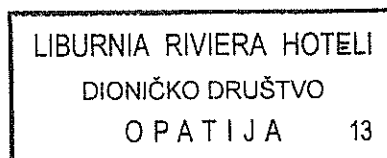
In the period January-June 2015, the Group realised a net extraordinary income of c. 4.0 million kn. In the same period last year, net extraordinary income was c. 11.4 million kn.

Consolidated EBITDA (earnings before interests, taxes and amortisation) amounts to 35.8 million kn. Last year's EBITDA amounted to 33.4 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



# LIBURNIA RIVIERA HOTELI

LRH

A Maršala Tita 198  
HR - 51410 OPATIJA  
T + 385 51 710 300  
F + 385 51 710 410  
E contact@remisens.com  
W www.remisens.com

Opatija, 21/07/2015

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 2015.

Ph.D. Igor Šehanović,  
Chairman of the Management Board

