

Annex 1.

Reporting period

1.1.2016

to

30.9.2016

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: 730

(period end)

Consolidated report: NO

NKD code: 5510

Companies of the consolidation subject (according to IFRS)

Seat:

MB:

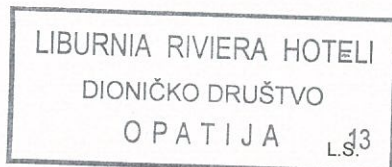
Bookkeeping service:

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)

A handwritten signature in blue ink, appearing to be "Igor Šehanović".

(signature of the person authorized to represent the company)

Balance Sheet
as of 30.09.2016.

Company: LIBURNIA RIVIERA HOTELI d.d.

Position	AOP	Previous period 31.12.2015.	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	857.918.867	865.181.145
I. INTANGIBLE ASSETS (004 do 009)	003	1.382.928	912.263
1. Expenditure for development	004	592.534	374.572
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	790.394	537.691
3. Goodwill	006		
4. Advances for purchase of intangible assets	007		
5. Intangible assets in progress	008		
6. Other intangible assets	009		
II. PROPERTY, PLANT AND EQUIPMENT (011 do 019)	010	852.372.980	859.299.763
1. Land	011	110.840.589	108.949.320
2. Buildings	012	643.696.252	630.561.206
3. Plant and equipment	013	13.688.733	16.175.939
4. Tools, working inventory and transportation assets	014	71.219.529	91.796.975
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	481.961	1.132.713
7. Tangible assets in progress	017	8.887.349	7.125.043
8. Other tangible assets	018	3.558.567	3.558.567
9. Investment in real-estate	019		
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	528.860	500.000
1. Share in related parties	021	500.000	500.000
2. Loans to related parties	022		
3. Participating interests (shares)	023		
4. Loans to companies with participating interest	024		
5. Investments in securities	025	28.860	
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	3.634.099	4.469.119
C) CURRENT ASSETS (035+043+050+058)	034	95.717.792	134.964.248
I. INVENTORIES (036 do 042)	035	2.492.615	2.769.464
1. Raw materials and supplies	036	1.902.931	2.352.090
2. Production in progress	037		
3. Finished products	038		
4. Merchandise	039	222.533	149.399
5. Advances for inventories	040	367.151	267.975
6. Long term assets held for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 do 049)	043	10.694.385	25.147.594
1. Receivables from related parties	044		
2. Receivables from end-customers	045	8.021.696	19.450.231
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	170.883	175.601
5. Receivables from government and other institutions	048	2.501.806	5.521.762
6. Other receivables	049		
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	15.800	6.001.842
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		5.986.042
7. Other financial assets	057	15.800	15.800
IV. CASH AND CASH EQUIVALENTS	058	82.514.992	101.045.348
D) PREPAYMENTS AND ACCRUED INCOME	059	286.448	848.428
E) TOTAL ASSETS (001+002+034+059)	060	953.923.107	1.000.993.821
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	742.685.616	783.260.752
I. SUBSCRIBED SHARE CAPITAL	063	696.074.300	696.074.300
II. CAPITAL RESERVES	064		
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	46.529.648	46.529.648
1. Legal reserves	066	45.018.765	45.018.765
2. Reserve for own shares	067		
3. Treasury shares and shares (deductible items)	068		
4. Statutory reserves	069		
5. Other reserves	070	1.510.883	1.510.883
IV. REVALUATION RESERVES	071		
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	0	81.668
1. Retained earnings	073		81.668
2. Loss carried forward	074		
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	81.668	40.575.136
1. Net profit for the period	076	81.668	40.575.136
2. Net loss for the period	077		
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 do 082)	079	19.429.553	19.429.553
1. Provisions for pensions, severance pay and similar liabilities	080	2.563.749	2.563.749
2. Provisions for tax liabilities	081		
3. Other provisions	082	16.865.804	16.865.804
C) NON-CURRENT LIABILITIES (084 do 092)	083	124.161.675	124.161.675
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits, etc.	085		
3. Liabilities to banks and other financial institutions	086	124.161.675	124.161.675
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	66.671.375	70.881.047
1. Liabilities to related parties	094		
2. Liabilities for loans, deposits, etc.	095		
3. Liabilities to banks and other financial institutions	096	44.128.276	33.990.110
4. Liabilities for advances	097	5.598.394	8.495.007
5. Trade payables	098	6.845.012	14.890.203
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	5.216.783	4.141.204
9. Taxes, contributions and similar liabilities	102	2.151.484	7.117.293
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	2.731.426	2.247.230
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	974.888	3.260.794
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	953.923.107	1.000.993.821
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	0	0
2. Attributable to minority interest	110		

Income statement

period 01.01.2016. to 30.09.2016.

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	227.933.043	133.838.946	248.792.682	145.749.5
1. Rendering of services	112	220.788.128	130.674.099	233.001.410	143.660.4
2. Other operating income	113	7.144.915	3.164.847	15.791.272	2.089.4
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	176.687.592	75.484.333	203.727.057	87.270.1
1. Change in inventories of work in progress	115				
2. Material expenses (117 do 119)	116	53.407.070	25.588.958	53.491.985	26.804.6
a) Costs of raw materials	117	21.949.291	11.640.015	22.839.106	12.534.7
b) Cost of goods sold	118	243.264	133.256	318.592	166.2
c) Other material expenses	119	31.214.515	13.815.687	30.334.287	14.103.6
3. Employee benefits expenses (121 do 123)	120	48.373.748	19.487.869	49.453.431	20.041.1
a) Net salaries	121	29.443.398	12.018.846	30.120.129	12.349.2
b) Tax and contributions from salary expenses	122	11.722.765	4.605.694	11.964.724	4.812.6
c) Contributions on salary	123	7.207.585	2.863.329	7.368.578	2.880.2
4. Depreciation and amortisation	124	49.006.440	16.570.140	72.913.059	25.099.8
5. Other expenses	125	25.770.059	13.772.805	27.764.175	15.324.1
6. Write down of assets (127+128)	126	130.275	64.561	104.407	5
a) non-current assets (except financial assets)	127				
b) current assets (except financial assets)	128				
7. Provisions	129				
8. Other operating costs	130				
III. FINANCIAL INCOME (132 do 136)	131	1.356.814	563.903	1.072.985	547.4
1. Interest, foreign exchange differences, dividends and similar income from related parties	132	96.818	2.644		
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	1.259.996	561.259	1.072.985	547.4
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	6.703.674	2.191.516	5.563.474	1.803.5
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	6.703.674	2.191.516	5.563.474	1.803.5
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	229.289.857	134.402.849	249.865.667	146.297.3
X. TOTAL EXPENSES (114+137+143+145)	147	183.391.266	77.675.849	209.290.531	89.074.6
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	45.898.591	56.727.000	40.575.136	57.223.3
1. Profit before taxes (146-147)	149	45.898.591	56.727.000	40.575.136	57.223.3
2. Loss before taxes (147-146)	150	0	0	0	
XII. TAXATION	151				
XII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	45.898.591	56.727.000	40.575.136	57.223.3
1. Profit for the period (149-151)	153	45.898.591	56.727.000	40.575.136	57.223.3
2. Loss for the period (151-148)	154	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	45.898.591	56.727.000	40.575.136	57.223.3
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	45.898.591	56.727.000	40.575.136	57.223.3
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 01.01.2016. to 30.09.2016.

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	45.898.591	40.575.136
2. Depreciation and amortisation	002	49.006.440	72.913.059
3. Increase of current liabilities	003	4.586.100	8.045.191
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	99.491.131	121.533.386
1. Decrease of current liabilities	008		
2. Increase of current receivables	009	5.672.049	11.405.984
3. Increase of inventories	010	743.549	276.849
4. Other cash flow decreases	011	7.610.748	6.033.606
II. Total decrease of cash flow from operating activities	012	14.026.346	17.716.439
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	85.464.785	103.816.947
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	25.475	11.730.271
2. Proceeds from sale of non-current financial assets	016		
3. Interest received	017	1.071.328	833.360
4. Dividend received	018		
5. Other proceeds from investing activities	019		
III. Total cash inflows from investing activities	020	1.096.803	12.563.631
1. Purchase of non-current assets	021	46.008.323	82.517.693
2. Purchase of non-current financial assets	022		
3. Other cash outflows from investing activities	023		
IV. Total cash outflows from investing activities	024	46.008.323	82.517.693
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	025	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	44.911.520	69.954.062
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	17.947.799	9.346.370
2. Dividends paid	032		
3. Repayment of finance lease	033		
4. Purchase of treasury shares	034		
5. Other cash outflows from financing activities	035		5.986.159
VI. Total cash outflows from financing activities	036	17.947.799	15.332.529
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	037	0	0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	17.947.799	15.332.529
Total increases of cash flows	039	22.605.466	18.530.356
Total decreases of cash flows	040	0	0
Cash and cash equivalents at the beginning of period	041	84.158.207	82.514.992
Increase of cash and cash equivalents	042	22.605.466	18.530.356
Decrease of cash and cash equivalents	043	0	0
Cash and cash equivalents at the end of period	044	106.763.673	101.045.348

STATEMENT OF CHANGES IN EQUITY
period 1.1.2016 to 30.9.2016

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed share capital	001	898.843.770	696.074.300
2. Capital reserves	002		
3. Reserves from profit	003	46.527.428	46.529.648
4. Retained earnings or loss carried forward	004		81.668
5. Net profit or loss for the period	005	45.898.591	40.575.136
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	991.269.789	783.260.752
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	0
17 b. Attributable to minority interest	019		

Management Board Report on the state of Liburnia Riviera Hoteli d.d. for the period January-September 2016

The operating results of Liburnia Riviera Hoteli d.d. for the period January-September 2016 show that in the mentioned period, the Company had c. 2% less overnight stays compared to the same period in 2015. Its operating income increased by c. 6%, and GOP (gross operating profit) increased by c. 9% compared to the same period last year. Until 28/04/2016, the Hotel Palace-Bellevue was closed due to reconstruction.

In the period January-September 2016, the Company's net extraordinary income was c. 13.5 million kn. In the same period last year, net extraordinary income was c. 5.3 million kn. In May 2016 a plot of land was sold in Lovran. The sale price of the land is 13.5 million kn and the book value of the land is 1.9 million kn.

In the observed period, financial result – EBITDA – was 118.7 million kn. In the same period last year, financial result was 101.4 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

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Opatija, 18/09/2016

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 for the period from 1 January to 30 September 2016.

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

