

Annex 1.

Reporting period

1.1.2017

to

30.6.2017

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.comInternet address: www.remisens.com

Municipality/city code and name: 302

County code and name: 8 PRIMORSKO GORANSKA ŽUPANIJA

Number of employees: 774

Consolidated report: NO

(period end)

NKD code: 5510

Companies of the consolidation subject (according to IFRS)

Seat:

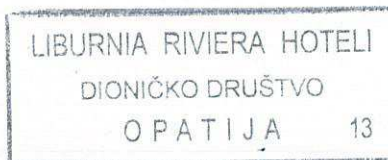
MB:

Bookkeeping service:

Contact person: Kamenar Biserka
(only surname and name)

Telephone: 051 710-395

Telefaks: 051 710-404

E-mail address: biserka.kamenar@remisens.comFamily name and name: Šehanović Igor
(person authorized to represent the company)

L.S.


 (signature of the person authorized to represent the company)

Balance Sheet
as of 30.06.2017.

Company: LIBURNIA RIVIERA HOTELI d.d.			
Position	AOP	Previous period 31.12.2016.	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	866.004.574	878.543.118
I. INTANGIBLE ASSETS (004 do 009)	003	815.442	627.425
1. Expenditure for development	004	350.824	224.534
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	464.618	402.891
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	863.285.263	876.011.824
1. Land	011	108.949.320	108.949.320
2. Buildings	012	612.568.336	575.980.136
3. Plant and equipment	013	15.180.889	13.759.426
4. Tools, working inventory and transportation assets	014	87.328.908	92.718.435
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	8.319.148	2.066.800
7. Tangible assets in progress	017	27.380.095	78.979.140
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	500.000	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		
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	1.403.869	1.403.869
C) CURRENT ASSETS (035+043+050+058)	034	84.389.132	68.005.022
I. INVENTORIES (036 do 042)	035	3.160.994	4.426.529
1. Raw materials and supplies	036	2.519.217	3.335.806
2. Production in progress	037		
3. Finished products	038		
4. Merchandise	039	326.467	391.574
5. Advances for inventories	040	315.310	699.149
6. Long term assets held for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 do 049)	043	12.837.958	21.771.307
1. Receivables from related parties	044		
2. Receivables from end-customers	045	10.009.562	18.393.232
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	138.816	160.108
5. Receivables from government and other institutions	048	2.689.580	3.217.967
6. Other receivables	049		
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	6.001.842	15.800
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	62.388.338	41.791.386
D) PREPAYMENTS AND ACCRUED INCOME	059	282.786	316.935
E) TOTAL ASSETS (001+002+034+059)	060	950.676.492	946.865.075
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	755.574.946	737.516.881
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	81.668	12.970.998
1. Retained earnings	073	81.668	12.970.998
2. Loss carried forward	074		
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	12.889.330	-18.058.065
1. Net profit for the period	076	12.889.330	
2. Net loss for the period	077		18.058.065
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 do 082)	079	16.712.499	16.274.139
1. Provisions for pensions, severance pay and similar liabilities	080	2.701.683	2.701.683
2. Provisions for tax liabilities	081		
3. Other provisions	082	14.010.816	13.572.456
C) NON-CURRENT LIABILITIES (084 do 092)	083	89.174.011	89.174.011
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits, etc.	085		
3. Liabilities to banks and other financial institutions	086	89.174.011	89.174.011
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	88.916.829	99.128.572
1. Liabilities to related parties	094		
2. Liabilities for loans, deposits, etc.	095		
3. Liabilities to banks and other financial institutions	096	57.168.781	44.511.915
4. Liabilities for advances	097	7.644.277	25.421.211
5. Trade payables	098	11.930.862	14.570.243
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	6.167.048	5.815.628
9. Taxes, contributions and similar liabilities	102	1.868.011	5.464.090
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	4.137.850	3.345.485
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	298.207	4.771.472
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	950.676.492	946.865.075
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		
2. Attributable to minority interest	110		

Income statement
period 01.01.2017. to 30.06.2017.

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	103.042.744	84.851.390	106.747.442	87.636.048
1. Rendering of services	112	86.033.723	70.148.134	100.660.399	84.279.813
2. Other operating income	113	17.009.021	14.703.256	6.087.043	3.356.235
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	116.456.947	69.599.393	121.961.126	72.157.463
1. Change in inventories of work in progress	115				
2. Material expenses (117 do 119)	116	26.687.945	18.934.937	28.752.389	20.464.489
a) Costs of raw materials	117	10.304.359	8.012.650	11.628.540	9.013.951
b) Cost of goods sold	118	152.339	108.571	175.831	143.041
c) Other material expenses	119	16.231.247	10.813.717	16.948.018	11.307.497
3. Employee benefits expenses (121 do 123)	120	29.411.918	17.917.736	30.937.608	19.247.846
a) Net salaries	121	17.770.929	10.894.450	18.899.494	11.857.879
b) Tax and contributions from salary expenses	122	7.152.672	4.205.610	7.349.803	4.611.397
c) Contributions on salary	123	4.488.317	2.817.676	4.688.311	2.778.570
4. Depreciation and amortisation	124	47.813.230	24.117.263	48.502.493	24.069.045
5. Other expenses	125	12.440.038	8.609.475	13.461.457	8.211.678
6. Write down of assets (127+128)	126	103.816	19.982	307.179	164.405
a) non-current assets (except financial assets)	127			202.033	164.405
b) current assets (except financial assets)	128	103.816	19.982	105.146	
7. Provisions	129				
8. Other operating costs	130				
III. FINANCIAL INCOME (132 do 136)	131	525.529	234.962	350.473	189.459
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	525.529	234.962	350.473	189.459
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	3.759.552	1.831.519	3.194.854	1.560.345
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	3.759.552	1.831.519	3.194.854	1.560.345
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	103.568.273	85.086.352	107.097.915	87.825.507
X. TOTAL EXPENSES (114+137+143+145)	147	120.216.499	71.430.912	125.155.980	73.717.808
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	-16.648.226	13.655.440	-18.058.065	14.107.699
1. Profit before taxes (146-147)	149	0	13.655.440	0	14.107.699
2. Loss before taxes (147-146)	150	16.648.226	0	18.058.065	0
XII. TAXATION	151				
XII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	-16.648.226	13.655.440	-18.058.065	14.107.699
1. Profit for the period (149-151)	153	0	13.655.440	0	14.107.699
2. Loss for the period (151-148)	154	16.648.226	0	18.058.065	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	-16.648.226	13.655.440	-18.058.065	14.107.699
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	-16.648.226	13.655.440	-18.058.065	14.107.699
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 01.01.2017. to 30.06.2017.

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	-16.648.226	-18.058.065
2. Depreciation and amortisation	002	47.813.230	48.502.492
3. Increase of current liabilities	003	11.952.492	23.499.500
4. Decrease of current receivables	004		
5. Decrease of inventories	005		
6. Other cash flow increases	006		2.463.322
I. Total increase of cash flow from operating activities	007	43.117.496	56.407.249
1. Decrease of current liabilities	008		
2. Increase of current receivables	009	8.656.844	2.201.248
3. Increase of inventories	010	1.097.771	285.535
4. Other cash flow decreases	011	6.239.239	3.004.298
II. Total decrease of cash flow from operating activities	012	15.993.854	5.491.081
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	27.123.642	50.916.168
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	11.724.231	27.039
2. Proceeds from sale of non-current financial assets	016		
3. Interest received	017	415.749	145.258
4. Dividend received	018		
5. Other proceeds from investing activities	019		
III. Total cash inflows from investing activities	020	12.139.980	172.297
1. Purchase of non-current assets	021	65.773.522	65.276.104
2. Purchase of non-current financial assets	022		
3. Other cash outflows from investing activities	023		
IV. Total cash outflows from investing activities	024	65.773.522	65.276.104
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	025	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	53.633.542	65.103.807
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		5.986.159
V. Total cash inflows from financing activities	030	0	5.986.159
1. Repayment of loans and bonds	031	7.098.513	12.395.472
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	13.084.672	12.395.472
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	037	0	0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	13.084.672	6.409.313
Total increases of cash flows	039	0	0
Total decreases of cash flows	040	39.594.572	20.596.952
Cash and cash equivalents at the beginning of period	041	82.514.992	62.388.338
Increase of cash and cash equivalents	042	0	0
Decrease of cash and cash equivalents	043	39.594.572	20.596.952
Cash and cash equivalents at the end of period	044	42.920.420	41.791.386

STATEMENT OF CHANGES IN EQUITY

period **1.1.2017** to **30.6.2017**

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed share capital	001	696.074.300	696.074.300
2. Capital reserves	002		
3. Reserves from profit	003	46.529.648	46.529.648
4. Retained earnings or loss carried forward	004	81.668	12.970.998
5. Net profit or loss for the period	005	-16.648.226	-18.058.065
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	726.037.390	737.516.881
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-June 2017

The operating results of Liburnia Riviera Hoteli d.d. for the period January-June 2017 show that the Company is achieving its primary objectives.

In the period January-June 2017, the Company had c. 14% more overnight stays than in the same period in 2016. Operating income, which includes extraordinary income (in the attached report), increased by c. 4% compared to the same period last year. The operating income category, which according to the USALI report includes revenues from accommodation, board and extra food and beverages, sports, and other operating income (that is, without extraordinary income), increased by 17% compared to the same period last year, while GOP (gross operating profit), according to the USALI report, increased by 38% compared to the previous year (this year's amounts to 38.1 million kn, while in the same period last year it was 27.7 million kn).

On 15/06/2017, the completely renovated Remisens Hotel Giorgio II, with a capacity of 180 rooms, was opened.

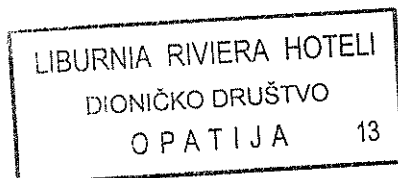
In the period January-June 2017, net extraordinary income, according to the USALI report, was c. 923,000 kn, while in the same period last year, net extraordinary income according to the USALI report (as a result of the sale of bungalows in Ika) in May 2016 amounted to c. 12.4 million kn. In the observed period of this year, the total financial result – EBITDA (gross profit + amortisation + interest) was 33.4 million kn, while last year's financial result in the same period amounted to 34.7 million kn.

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

According to International Accounting Standard 10 and the Croatian Accounting Act, with regard to the need to publicly announce significant events that occurred after the date of preparation of the financial reports, the Company's Management Board is publishing the following information. After the establishment of the new Management Board of the Company in 2010 and in the process of 'cleaning up' the balance, the new Management Board found itself involved in a law suit in which the Company was the defendant, and which was related to the Hotel Mediteran property in Mošćenička Draga. In this court case, the plaintiff required that the Company pay 11,466,627.00 kn. The new Management Board refused to pay this amount and continued with the court case, as it considered that a more favourable outcome for the Company was possible. With regard to the abovementioned case, and based on the accounting principle, the Management Board provided a reserve (expenditure) in the reports for the year 2010 for the mentioned amount. The Management Board concluded the court case with a judicial settlement on 03/07/2017 by agreeing with the defendant to pay an indemnity to the amount of 3,000,000 kn. For this reason, the financial reports for July 2017 will include an income of 11,466,627.00 kn as income from the release of long-term reserves – extraordinary income, and the amount paid according to the settlement (3,000,000.00 kn) will be entered as indemnity to legal and other natural persons – an extraordinary expense.

Chairman of the Management Board

Dr. Sc. Igor Šehanović



LIBURNIA RIVIERA HOTELI

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Opatija 18/07/2017

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 June 2017.

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

