

Annex 1.

Reporting period

1.1.2018

to

31.3.2018

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: 652

Consolidated report: NO

(period end)

NKD code: 5510

Companies of the consolidation subject (according to IFRS)

Seat:

MB:

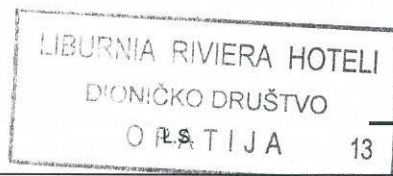
Bookkeeping service:

Contact person: Kamenar Biserka
(only surname and name)

Telephone: 051 710-395

Telefaks: 051 710-404

E-mail address: biserka.kamenar@remisens.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 31.03.2018.

Company: LIBURNIA RIVIERA HOTELI d.d.			
Position	AOP	Previous period 31.12.2017.	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	852.449.421	883.767.780
I. INTANGIBLE ASSETS (004 do 009)	003	477.473	419.365
1. Expenditure for development	004	185.330	158.804
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	292.143	260.561
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	850.068.079	881.444.546
1. Land	011	100.877.840	100.877.840
2. Buildings	012	609.017.493	591.103.403
3. Plant and equipment	013	14.554.918	13.690.793
4. Tools, working inventory and transportation assets	014	97.867.826	99.854.792
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	9.008.415	11.052.549
7. Tangible assets in progress	017	15.236.020	61.359.602
8. Other tangible assets	018	3.505.567	3.505.567
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	54.282.292	30.766.444
I. INVENTORIES (036 do 042)	035	2.961.561	4.624.053
1. Raw materials and supplies	036	2.231.988	2.762.807
2. Production in progress	037		
3. Finished products	038		
4. Merchandise	039	310.457	341.661
5. Advances for inventories	040	419.116	1.519.585
6. Long term assets held for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 do 049)	043	7.542.482	7.449.105
1. Receivables from related parties	044		
2. Receivables from end-customers	045	6.839.647	4.468.958
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	154.443	147.678
5. Receivables from government and other institutions	048	548.392	2.832.469
6. Other receivables	049		
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	15.800	13.515.800
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		13.500.000
7. Other financial assets	057	15.800	15.800
IV. CASH AND CASH EQUIVALENTS	058	43.762.449	5.177.486
D) PREPAYMENTS AND ACCRUED INCOME	059	541.596	531.979
E) TOTAL ASSETS (001+002+034+059)	060	907.273.309	915.066.203
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	771.931.860	738.791.465
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	12.970.998	29.327.912
1. Retained earnings	073	12.970.998	29.327.912
2. Loss carried forward	074		
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	16.356.914	-33.140.395
1. Net profit for the period	076	16.356.914	
2. Net loss for the period	077		33.140.395
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 do 082)	079	6.877.999	6.559.036
1. Provisions for pensions, severance pay and similar liabilities	080	2.554.442	2.235.479
2. Provisions for tax liabilities	081		
3. Other provisions	082	4.323.557	4.323.557
C) NON-CURRENT LIABILITIES (084 do 092)	083	69.424.980	99.683.551
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits, etc.	085		
3. Liabilities to banks and other financial institutions	086	69.424.980	99.683.551
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	58.596.029	68.044.846
1. Liabilities to related parties	094		
2. Liabilities for loans, deposits, etc.	095		
3. Liabilities to banks and other financial institutions	096	22.166.676	26.477.659
4. Liabilities for advances	097	8.556.814	21.103.338
5. Trade payables	098	12.559.796	5.757.185
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	7.690.722	4.140.688
9. Taxes, contributions and similar liabilities	102	4.015.215	6.281.056
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	3.606.806	4.284.920
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	442.441	1.987.305
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	907.273.309	915.066.203
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 01.01.2018. to 31.03.2018.

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	19.111.394	19.111.394	18.131.577	18.131.577
1. Rendering of services	112	16.380.586	16.380.586	15.790.354	15.790.354
2. Other operating income	113	2.730.808	2.730.808	2.341.223	2.341.223
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	49.803.663	49.803.663	50.911.087	50.911.087
1. Change in inventories of work in progress	115				
2. Material expenses (117 do 119)	116	8.287.900	8.287.900	8.613.732	8.613.732
a) Costs of raw materials	117	2.614.589	2.614.589	2.434.696	2.434.696
b) Cost of goods sold	118	32.790	32.790	36.719	36.719
c) Other material expenses	119	5.640.521	5.640.521	6.142.317	6.142.317
3. Employee benefits expenses (121 do 123)	120	11.689.762	11.689.762	12.351.495	12.351.495
a) Net salaries	121	7.041.615	7.041.615	7.451.373	7.451.373
b) Tax and contributions from salary expenses	122	2.738.406	2.738.406	2.922.250	2.922.250
c) Contributions on salary	123	1.909.741	1.909.741	1.977.872	1.977.872
4. Depreciation and amortisation	124	24.433.448	24.433.448	23.489.748	23.489.748
5. Other expenses	125	5.249.779	5.249.779	5.598.787	5.598.787
6. Write down of assets (127+128)	126	142.774	142.774	857.325	857.325
a) non-current assets (except financial assets)	127	37.628	37.628	740.043	740.043
b) current assets (except financial assets)	128	105.146	105.146	117.282	117.282
7. Provisions	129				
8. Other operating costs	130				
III. FINANCIAL INCOME (132 do 136)	131	161.014	161.014	69.657	69.657
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	161.014	161.014	69.657	69.657
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	1.634.509	1.634.509	430.542	430.542
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	1.634.509	1.634.509	430.542	430.542
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	19.272.408	19.272.408	18.201.234	18.201.234
X. TOTAL EXPENSES (114+137+143+145)	147	51.438.172	51.438.172	51.341.629	51.341.629
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	-32.165.764	-32.165.764	-33.140.395	-33.140.395
1. Profit before taxes (146-147)	149	0	0	0	0
2. Loss before taxes (147-146)	150	32.165.764	32.165.764	33.140.395	33.140.395
XII. TAXATION	151				
XII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	-32.165.764	-32.165.764	-33.140.395	-33.140.395
1. Profit for the period (149-151)	153	0	0	0	0
2. Loss for the period (151-148)	154	32.165.764	32.165.764	33.140.395	33.140.395
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	-32.165.764	-32.165.764	-33.140.395	-33.140.395
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	-32.165.764	-32.165.764	-33.140.395	-33.140.395
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 01.01.2018. to 31.03.2018.

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	-32.165.764	-33.140.395
2. Depreciation and amortisation	002	24.433.448	23.489.748
3. Increase of current liabilities	003	9.029.553	9.044.922
4. Decrease of current receivables	004	1.629.200	2.370.689
5. Decrease of inventories	005		
6. Other cash flow increases	006		
I. Total increase of cash flow from operating activities	007	2.926.437	1.764.964
1. Decrease of current liabilities	008		
2. Increase of current receivables	009		
3. Increase of inventories	010	109.109	530.819
4. Other cash flow decreases	011	2.508.958	498.814
II. Total decrease of cash flow from operating activities	012	2.618.067	1.029.633
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	308.370	735.331
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	13.310	50.759
2. Proceeds from sale of non-current financial assets	016		
3. Interest received	017	118.821	15.589
4. Dividend received	018		
5. Other proceeds from investing activities	019		
III. Total cash inflows from investing activities	020	132.131	66.348
1. Purchase of non-current assets	021	25.903.269	60.485.489
2. Purchase of non-current financial assets	022		
3. Other cash outflows from investing activities	023		
IV. Total cash outflows from investing activities	024	25.903.269	60.485.489
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	025	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	25.771.138	60.419.141
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issue of equity securities and debt securities	027		37.178.272
2. Proceeds from loans and borrowings	028		
3. Other proceeds from financing activities	029		
V. Total cash inflows from financing activities	030	0	37.178.272
1. Repayment of loans and bonds	031	2.227.187	2.579.425
2. Dividends paid	032		
3. Repayment of finance lease	033		
4. Purchase of treasury shares	034		
5. Other cash outflows from financing activities	035		13.500.000
VI. Total cash outflows from financing activities	036	2.227.187	16.079.425
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	037	0	21.098.847
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	2.227.187	0
Total increases of cash flows	039	0	0
Total decreases of cash flows	040	27.689.955	38.584.963
Cash and cash equivalents at the beginning of period	041	62.388.338	43.762.449
Increase of cash and cash equivalents	042	0	0
Decrease of cash and cash equivalents	043	27.689.955	38.584.963
Cash and cash equivalents at the end of period	044	34.698.383	5.177.486

STATEMENT OF CHANGES IN EQUITY

period **1.1.2018** to **31.3.2018**

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	12.970.998	29.327.912
5. Net profit or loss for the period	005	-32.165.764	-33.140.395
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	723.409.182	738.791.465
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
<hr/>			
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-March 2018**

The operating results of Liburnia Riviera Hoteli d.d. for the period January-March 2018 show that the Company is achieving its primary objectives.

In the period January-March 2018, the Company had c. 12% less overnight stays than in the same period in 2017. Operating income, which also includes extraordinary income (in the attached report) has decreased by c. 5% 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), decreased by 5% compared to the last year's, and GOP (gross operating profit), according to the USALI report, was negative with respect to the last year's by 46% (this year it was -6.1 million kn while in the last year it was -4.2 million kn).

In the period January-March 2018, the Smart Selection Hotel Istra was closed due to renovation works as part of the current investment. The opening is scheduled for April 2018, after the completion of investment that includes renovation of the hotel and the addition of 40 accommodation units. The Smart Selection Hotel Imperial was also closed due to investment. After the completion, which is planned for May 2018, it will become the completely renovated Remisens Premium Heritage Hotel Imperial 4*.

The Remisens Hotel Admiral was opened in March 2018. After the investment, the hotel got eight new accommodation units and congress facilities in the premises of the former à la carte restaurant-tavern, which was out of use, as well as renovated wellness facilities. The investment in the Remisens Hotel Marina in Mošćenička Draga includes six additional rooms and outdoor pool, while in Opatija, next to the Remisens Hotel Palace Bellevue, the Remisens Premium Villa Abbazia (previously the unused Villa Slatina) with a capacity of 13 accommodation units is being renovated. The investment in the hotel will increase its capacity by three additional accommodation units and also improve the quality of service in order to become the Remisens Premium Grand Hotel Palace. After the current investment in the Remisens Villa Belvedere in Lovran, the villa will obtain an additional accommodation unit and outdoor pool. The Smart Selection Hotel Lungomare 3* (former Residenz 2*) in Opatija will obtain one additional accommodation unit, and all its accommodation units will be completely refurbished and air-conditioned. The renovated hotels will be opened in April 2018.

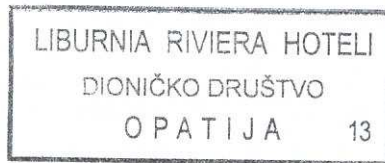
In the period January-March 2018, according to the USALI report, the difference between extraordinary income and expenses was negative to the amount of c. -450,000 kn, while in the same period last year net extraordinary income was c. 313,000 kn. The extraordinary and one-off expenses in the observed period of 2018 are for the most part the result of write-offs of end-of-life capital assets and other assets in properties that were included in the investments.

In the period January-March 2018, Liburnia Riviera Hoteli d.d. had a loss of c. 33.1 million kn, while in the same period last year the loss was c. 32.2 million kn. In the observed period of this year, according to the USALI report, the total financial result – EBITDA (gross profit + amortisation + interests) was negative to the amount of 9.3 million kn, while the last year's financial result was negative to the amount of 6.2 million kn.

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

Chairman of the Management Board

Dr. Sc. Igor Šehanović



LIBURNIA RIVIERA HOTELI

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Opatija 17/04/2018

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 31 March 2018.

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

