

Annex 1.

Reporting period

1.1.2017

to

30.9.2017

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.com

Internet address: www.remisens.com

Municipality/city code and name: 302

County code and name: 8 PRIMORSKO GORANSKA ŽUPANIJA

Number of employees: 761

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)LIBURNIA RIVIERA HOTELI
DIONIČKO DRUŠTVO
OPATIJA 13

L.S.

(signature of the person authorized to represent the company)

Balance Sheet
as of 30.09.2017.

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	866.019.225
I. INTANGIBLE ASSETS (004 do 009)	003	815.442	543.287
1. Expenditure for development	004	350.824	219.872
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	464.618	323.415
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	863.572.069
1. Land	011	108.949.320	108.949.320
2. Buildings	012	612.568.336	630.205.873
3. Plant and equipment	013	15.180.889	13.309.956
4. Tools, working inventory and transportation assets	014	87.328.908	96.645.894
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	8.319.148	1.467.569
7. Tangible assets in progress	017	27.380.095	9.434.890
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	132.532.375
I. INVENTORIES (036 do 042)	035	3.160.994	3.368.467
1. Raw materials and supplies	036	2.519.217	2.636.687
2. Production in progress	037		
3. Finished products	038		
4. Merchandise	039	326.467	359.830
5. Advances for inventories	040	315.310	371.950
6. Long term assets held for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 do 049)	043	12.837.958	22.732.615
1. Receivables from related parties	044		
2. Receivables from end-customers	045	10.009.562	19.145.181
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	138.816	151.879
5. Receivables from government and other institutions	048	2.689.580	3.435.555
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	106.415.493
D) PREPAYMENTS AND ACCRUED INCOME	059	282.786	607.255
E) TOTAL ASSETS (001+002+034+059)	060	950.676.492	999.158.855
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	816.588.980
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	61.014.034
1. Net profit for the period	076	12.889.330	61.014.034
2. Net loss for the period	077		
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 do 082)	079	16.712.499	4.807.512
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	2.105.829
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	85.623.756
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	44.110.463
4. Liabilities for advances	097	7.644.277	10.872.699
5. Trade payables	098	11.930.862	13.276.701
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	6.167.048	6.434.271
9. Taxes, contributions and similar liabilities	102	1.868.011	7.953.751
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	2.975.871
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	298.207	2.964.596
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	950.676.492	999.158.855
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 01.01.2017. to 30.09.2017.

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	248.792.682	145.749.938	282.742.605	175.995.163
1. Rendering of services	112	233.001.410	143.660.463	262.203.664	161.543.265
2. Other operating income	113	15.791.272	2.089.475	20.538.941	14.451.898
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	203.727.057	87.270.110	217.453.297	95.492.171
1. Change in inventories of work in progress	115				
2. Material expenses (117 do 119)	116	53.491.985	26.804.040	57.530.773	28.778.384
a) Costs of raw materials	117	22.839.106	12.534.747	25.663.180	14.034.640
b) Cost of goods sold	118	318.592	166.253	380.074	204.243
c) Other material expenses	119	30.334.287	14.103.040	31.487.519	14.539.501
3. Employee benefits expenses (121 do 123)	120	49.453.431	20.041.513	52.837.596	21.899.988
a) Net salaries	121	30.120.129	12.349.200	32.862.603	13.963.109
b) Tax and contributions from salary expenses	122	11.964.724	4.812.052	12.154.661	4.804.858
c) Contributions on salary	123	7.368.578	2.880.261	7.820.332	3.132.021
4. Depreciation and amortisation	124	72.913.059	25.099.829	73.611.729	25.109.236
5. Other expenses	125	27.764.175	15.324.137	33.093.641	19.632.184
6. Write down of assets (127+128)	126	104.407	591	379.558	72.379
a) non-current assets (except financial assets)	127			267.726	65.693
b) current assets (except financial assets)	128	104.407	591	111.832	6.686
7. Provisions	129				
8. Other operating costs	130				
III. FINANCIAL INCOME (132 do 136)	131	1.072.985	547.456	814.237	463.764
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	1.072.985	547.456	814.237	463.764
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	5.563.474	1.803.922	5.089.511	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	5.563.474	1.803.922	5.089.511	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	249.865.667	146.297.394	283.556.842	176.458.927
X. TOTAL EXPENSES (114+137+143+145)	147	209.290.531	89.074.032	222.542.808	97.052.516
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	40.575.136	57.223.362	61.014.034	79.406.411
1. Profit before taxes (146-147)	149	40.575.136	57.223.362	61.014.034	79.406.411
2. Loss before taxes (147-146)	150	0	0	0	0
XII. TAXATION	151				
XII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	40.575.136	57.223.362	61.014.034	79.406.411
1. Profit for the period (149-151)	153	40.575.136	57.223.362	61.014.034	79.406.411
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	40.575.136	57.223.362	61.014.034	79.406.411
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	40.575.136	57.223.362	61.014.034	79.406.411
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 30.09.2017.

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	40.575.136	61.014.034
2. Depreciation and amortisation	002	72.913.059	73.611.729
3. Increase of current liabilities	003	8.045.191	10.660.001
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	121.533.386	145.285.764
1. Decrease of current liabilities	008		
2. Increase of current receivables	009	11.405.984	5.186.461
3. Increase of inventories	010	276.849	150.833
4. Other cash flow decreases	011	6.033.606	4.991.218
II. Total decrease of cash flow from operating activities	012	17.716.439	10.328.512
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	103.816.947	134.957.252
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	11.730.271	67.945
2. Proceeds from sale of non-current financial assets	016		
3. Interest received	017	833.360	348.683
4. Dividend received	018		
5. Other proceeds from investing activities	019		
III. Total cash inflows from investing activities	020	12.563.631	416.628
1. Purchase of non-current assets	021	82.517.693	84.937.412
2. Purchase of non-current financial assets	022		
3. Other cash outflows from investing activities	023		
IV. Total cash outflows from investing activities	024	82.517.693	84.937.412
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	025	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	69.954.062	84.520.784
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	9.346.370	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	15.332.529	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	15.332.529	6.409.313
Total increases of cash flows	039	18.530.356	44.027.155
Total decreases of cash flows	040	0	0
Cash and cash equivalents at the beginning of period	041	82.514.992	62.388.338
Increase of cash and cash equivalents	042	18.530.356	44.027.155
Decrease of cash and cash equivalents	043	0	0
Cash and cash equivalents at the end of period	044	101.045.348	106.415.493

STATEMENT OF CHANGES IN EQUITY

period **1.1.2017** to **30.9.2017**

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	40.575.136	61.014.034
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	783.260.752	816.588.980
11. Foreign exchange differences ffrom 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 2017

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

In the period January-September 2017, the Company had c. 11% more overnight stays than in the same period in 2016. Operating income, which includes extraordinary income (in the attached report), increased by c. 14% 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 15% compared to the same period last year, while GOP (gross operating profit), according to the USALI report, increased by 23% compared to the previous year (this year's amounts to 139.0 million kn, while in the same period last year it was 113.0 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-September 2017, net extraordinary income, according to the USALI report (mostly due to net income from the release of long-term reserves related to the Hotel Mediteran in Mošćenička Draga), was c. 8.9 million 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. 13.5 million kn. In the observed period of this year, the total financial result – EBITDA (gross profit + amortisation + interest) was 139.0 million kn, while last year's financial result in the same period amounted to 118.7 million kn.

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

In accordance with 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 financial reports, the Company's Management Board is publishing the following information. The Liburnia Riviera Hoteli d.d. Company of Opatija concluded on 21 October 1998 a Company Agreement on the Establishment of a Limited Liability Company with Mr Josip Španjol. Article 9 of this Company Agreement stipulates that the Liburnia Riviera Hoteli d.d. Company of Opatija should transfer the possession and ownership of the real estate on which the Hotel and Annexe Belvedere in Opatija are located to the G.H.B. d.o.o. Company of Opatija as soon as the proprietary-legal status of the aforementioned real estate has been settled. In the same article of the Company Agreement, members of the G.H.B. d.o.o. Company of Opatija commit to add the value of this real estate to the basic share of the Liburnia Riviera Hoteli d.d. Company of Opatija in the G.H.B. d.o.o. Company of Opatija.

The G.H.B. d.o.o. Company and Miroslav Brkovič of Portorož in the Republic of Slovenia filed a lawsuit against the Liburnia Rivera Hoteli d.d. Company of Opatija on 26 February 2010 with regard to the fulfilment of contractual obligations and the transfer of ownership rights to the G.H.B. d.o.o. Company and the handing over into its possession the Hotel and Annexe Belvedere. In the meantime, the G.H.B. d.o.o. of Opatija had filed for bankruptcy, and the

bankruptcy manager took over the conduct of court proceedings connected with the aforementioned lawsuit. On 8 August 2014, the Commercial Court in Rijeka decided in favour of the bankrupt G.H.B. d.o.o. Company, and rejected the lawsuit of Miroslav Brkovič. The Liburnia Riviera Hoteli d.d. Company filed an appeal against this decision within the statutory deadline. On 10 July 2017, a verdict was received from the High Commercial Court of the Republic of Croatia that the appeal of the Liburnia Riviera Hoteli d.d. Company of Opatija had been rejected and that the first-instance decision of the Commercial Court in Rijeka had been confirmed, on the basis of which this decision became final and legally binding. The Liburnia Riviera Hoteli d.d. Company of Opatija filed for a review of the aforementioned final decision at the Supreme Court of the Republic of Croatia on 28 July 2017. In line with the final decision of the Commercial Court in Rijeka, the Hotel and Annexe Belvedere in Opatija were handed over into the possession of the bankrupt G.H.B. d.o.o. Company on 16 October 2017. As a consequence of this, the book value of the Hotel and Annexe Belvedere to the amount of 11.4 million kn will be written off.

Chairman of the Management Board

Dr. Sc. Igor Šehanović

LIBURNIA RIVIERA HOTELI

LRH

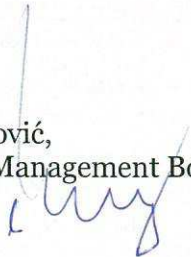
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Opatija 18/10/2017

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 September 2017.

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



LIBURNIA RIVIERA HOTELI
DIONIČKO DRUŠTVO
OPATIJA 13