Quarterly financial report TFI-POD

Reporting period: 1.1.2014 to 30.9.2014

Tax number (MB): 03166619
Company registration number (MERS): 040008880
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: contact@remisens.com
Internet address: www.remisens.com
Municipality/city code and name: 302
County code and name: 8 PRIMORSKO GORANSKA ŽUPANIJA
Number of employees: 961
Consolidated report: yes
NKD code: 5510

Companies of the consolidation subject (according to IFRS):
1. HOTELI CAVTAT d.d. CAVTAT 91951159924
2. 
3. 
4. 
5. 

Bookkeeping service:
Contact person: Kamenar Biserka
(only surname and name)
Telephone: 051 710-395
Telefax: 051 710-404
E-mail address: biserka.kamenar@remisens.com
Family name and name: Šehanović Igor
(persón authorized to represent the company)

(Signature of the person authorized to represent the company)
## Balance Sheet
### as of 30.09.2014

**Company:** LIBURNIA RIVIERA HOTELI d.d.

<table>
<thead>
<tr>
<th>Position</th>
<th>AOP 31.12.2013</th>
<th>Previous period</th>
<th>Current period</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL</strong></td>
<td>001</td>
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</tr>
<tr>
<td><strong>B) NON-CURRENT ASSETS (003+010+020+025+033)</strong></td>
<td>002</td>
<td>1,590,781,547</td>
<td>1,139,233,459</td>
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<tr>
<td>1. INTANGIBLE ASSETS (004 do 009)</td>
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<td>2. Concessions, patents, licenses, trademarks, service marks, software and other rights</td>
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<td>3. Goodwill</td>
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<td>1,629,762</td>
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<td>4. Advances for purchase of intangible assets</td>
<td>006</td>
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<td>20,000</td>
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<td>5. Intangible assets in progress</td>
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<td>42,958</td>
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<td>6. Other intangible assets</td>
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<td>7. PROPERTY, PLANT AND EQUIPMENT (011 do 018)</td>
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<td>1. Land</td>
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<td>3. Plant and equipment</td>
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<td>4. Tools, working inventory and transportation assets</td>
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<td>6. Advances for purchase of tangible assets</td>
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<td>3,671,836</td>
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<td>9. Investment in real-estate</td>
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<td><strong>C) NON-CURRENT FINANCIAL ASSETS (021 do 028)</strong></td>
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<td>834,645</td>
<td>11,044</td>
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<tr>
<td>1. Loans to related parties</td>
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<td>2. Loans to related parties</td>
<td>021</td>
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<tr>
<td>3. Participating interests (shares)</td>
<td>022</td>
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<td>4. Loans to companies with participating interest</td>
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<td>5. Investments in securities</td>
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<td>6. Loans, deposits, etc.</td>
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<td>7. Other non-current financial assets</td>
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<tr>
<td><strong>D) RECEIVABLES (030 do 033)</strong></td>
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<td>834,645</td>
<td>11,044</td>
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<td>1. Receivables from related parties</td>
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<td>2. Receivables arising from sales on credit</td>
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<td>3. Other receivables</td>
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<td><strong>E) DEFERRED TAX ASSET</strong></td>
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<td>1,141,003</td>
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<tr>
<td><strong>F) CURRENT ASSETS (035+043+050+058)</strong></td>
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<td>3. Production in progress</td>
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<td>4. Finished products</td>
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<td>5. Merchandise</td>
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<td>6. Advances for inventories</td>
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<td>7. Long term assets held for sale</td>
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<td>8. Biological assets</td>
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<td><strong>G) RECEIVABLES (044 do 049)</strong></td>
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<td>11,715,543</td>
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<td>1. Receivables from related parties</td>
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<td>2. Receivables from end-customers</td>
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<td>3. Receivables from related parties</td>
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<td>4. Receivables from suppliers and members of the company</td>
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<td>5. Receivables from government and other institutions</td>
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<td>6. Other receivables</td>
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<td>2,380,507</td>
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<td><strong>H) CURRENT FINANCIAL ASSETS (051 do 057)</strong></td>
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<td>120,345</td>
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<td>1. Shares in related parties</td>
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<td>2. Loans to related parties</td>
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<td>3. Participating interests (shares)</td>
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<td>4. Loans to companies with participating interest</td>
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<td>5. Investments in securities</td>
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<td>6. Loans, deposits, etc.</td>
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<td>7. Other financial assets</td>
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<td><strong>I) CASH AND CASH EQUIVALENTS</strong></td>
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<td>137,284,637</td>
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<td><strong>J) PREPAYMENTS AND ACCRUED INCOME</strong></td>
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<td>533,651</td>
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<td><strong>K) TOTAL ASSETS (004+002+025+058)</strong></td>
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<td><strong>L) OFF BALANCE SHEET ITEMS</strong></td>
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<td>EQUITY AND LIABILITIES</td>
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<td>------------------------</td>
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<td>A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)</td>
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<td>930,764,818</td>
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<td>1. SUBSCRIBED SHARE CAPITAL</td>
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<td>II. CAPITAL RESERVES</td>
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<td>1. RESERVES FROM PROFIT (066+067+068+069+070)</td>
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<td>1. Legal reserves</td>
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<td>2. Reserve for own shares</td>
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<td>3. Treasury shares and shares (deductible items)</td>
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<td>4. Statutory reserves</td>
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<td>5. Other reserves</td>
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<td>IV. REVALUATION RESERVES</td>
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<td>1. Retained earnings</td>
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<td>2. Loss carried forward</td>
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<td>13,666,030</td>
<td>85,305,005</td>
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<td>VI. NET PROFIT OR LOSS FOR THE PERIOD (078-077)</td>
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<td>13,666,030</td>
<td>85,305,005</td>
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<td>1. Net profit for the period</td>
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<td>17,418,571</td>
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<td>2. Net loss for the period</td>
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<td>20,632,755</td>
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<td>VII. MINORITY INTEREST</td>
<td>080</td>
<td>12,514,820</td>
<td>14,293,971</td>
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<td>B) PROVISIONS (081 to 092)</td>
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<td>1. Provisions for pensions, severance pay and similar liabilities</td>
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<td>13,068,371</td>
<td>15,886,065</td>
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<td>2. Provisions for tax liabilities</td>
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<td>3. Other provisions</td>
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<td>4. Liabilities to related parties</td>
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<tr>
<td>5. Liabilities to banks and other financial institutions</td>
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<td>164,462,928</td>
<td>143,220,395</td>
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<tr>
<td>6. Liabilities for advances</td>
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<td>7. Trade payables</td>
<td>088</td>
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<tr>
<td>8. Commitments on securities</td>
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<tr>
<td>9. Liabilities to companies with participating interest</td>
<td>090</td>
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<tr>
<td>10. Other non-current liabilities</td>
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<tr>
<td>11. Deferred tax liabilities</td>
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<td>11,958,647</td>
<td>15,189,003</td>
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<td>D) CURRENT LIABILITIES (094 to 105)</td>
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<td>61,535,928</td>
<td>123,087,537</td>
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<td>1. Liabilities to related parties</td>
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<td>2. Liabilities to banks and other financial institutions</td>
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<td>89,579,831</td>
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<td>3. Liabilities for advances</td>
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<td>5,317,213</td>
<td>13,757,981</td>
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<td>5. Trade payables</td>
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<td>7. Liabilities to companies with participating interest</td>
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<td>8. Liabilities to employees</td>
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<td>8,310,703</td>
<td>5,999,424</td>
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<td>9. Taxes, contributions and similar liabilities</td>
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<td>8,165,785</td>
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<td>10. Liabilities arising from share in the result</td>
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<td>11. Liabilities arising from non-current assets held for sale</td>
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<td>12. Other current liabilities</td>
<td>103</td>
<td>4,335,524</td>
<td>2,053,030</td>
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<td>E) ACCRUED EXPENSES AND DEFERRED INCOME</td>
<td>104</td>
<td>2,760,604</td>
<td>3,953,395</td>
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<tr>
<td>F) TOTAL EQUITY AND LIABILITIES</td>
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<td>1,189,641,271</td>
<td>1,206,143,690</td>
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<td>1. Issued capital and reserves</td>
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<tr>
<td>2. Additional capital</td>
<td>107</td>
<td>4,452,613</td>
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ADDITION TO BALANCE SHEET (only for consolidated financial statements)

<table>
<thead>
<tr>
<th>ISSUED CAPITAL AND RESERVES</th>
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<tbody>
<tr>
<td>1. Attributable to majority owners</td>
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<tr>
<td>2. Attributable to minority interest</td>
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## Income Statement

**Company:** LIBURNIA RIVIERA HOTELI d.d.

**Period:** 01.01.2014 to 30.09.2014

<table>
<thead>
<tr>
<th>Position</th>
<th>AOP</th>
<th>Previous period</th>
<th>Previous period</th>
<th>Current period</th>
<th>Current period</th>
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<tr>
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<td>Cumulative</td>
<td>Quarter</td>
<td>Cumulative</td>
<td>Quarter</td>
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<td>2</td>
<td>3</td>
<td>4</td>
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<tr>
<td>I. OPERATING INCOME (112 do 113)</td>
<td>111</td>
<td>284,172,404</td>
<td>172,557,195</td>
<td>313,962,516</td>
<td>195,389,768</td>
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<td>1. Rendering of services</td>
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<td>250,173,880</td>
<td>170,691,441</td>
<td>277,675,312</td>
<td>171,142,859</td>
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<td>2. Other operating income</td>
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<td>33,998,524</td>
<td>8,865,754</td>
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<td>24,246,907</td>
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<tr>
<td>II. OPERATING COSTS (115+116+120+124+125+126+128+130)</td>
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<td>220,147,358</td>
<td>97,289,714</td>
<td>217,667,847</td>
<td>95,490,287</td>
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<td>1. Change in inventories of work in progress</td>
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<tr>
<td>a) Costs of raw materials</td>
<td>117</td>
<td>32,129,067</td>
<td>22,278,035</td>
<td>30,792,903</td>
<td>17,024,613</td>
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<td>b) Cost of goods sold</td>
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<td>29,422,758</td>
<td>12,147,342</td>
<td>29,247,256</td>
<td>18,040,438</td>
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<td>c) Other material expenses</td>
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<td>30,167,382</td>
<td>12,919,717</td>
<td>37,555,758</td>
<td>17,823,084</td>
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<td>3. Employee benefits expenses (121 do 123)</td>
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<td>65,152,196</td>
<td>31,384,005</td>
<td>66,310,501</td>
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<td>a) Net salaries</td>
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<td>39,654,404</td>
<td>14,214,843</td>
<td>40,979,385</td>
<td>15,550,661</td>
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<td>b) Tax and contributions from salary expenses</td>
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<td>20,498,368</td>
<td>13,285,006</td>
<td>15,885,348</td>
<td>6,585,753</td>
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<tr>
<td>c) Contributions on salary</td>
<td>123</td>
<td>8,299,424</td>
<td>3,864,201</td>
<td>9,445,708</td>
<td>3,435,642</td>
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<td>4. Depreciation and amortisation</td>
<td>124</td>
<td>46,965,091</td>
<td>17,604,866</td>
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<td>5. Other expenses</td>
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<td>32,334,039</td>
<td>15,151,076</td>
<td>22,601,392</td>
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<td>6. Write down of assets (127+128)</td>
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<td>415,631</td>
<td>22,378,237</td>
<td>150,105</td>
<td>38,213</td>
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<td>a) non-current assets (except financial assets)</td>
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</tr>
<tr>
<td>b) current assets (except financial assets)</td>
<td>128</td>
<td>415,631</td>
<td>-22,378,237</td>
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<td>38,213</td>
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<td>7. Provisions</td>
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<td>12,397,943</td>
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<td>8. Other operating costs</td>
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<td>427,782</td>
<td>42,782</td>
<td>3,445,205</td>
<td>2,023,073</td>
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<tr>
<td>III. FINANCIAL INCOME (132 do 136)</td>
<td>131</td>
<td>3,039,034</td>
<td>1,516,745</td>
<td>1,207,714</td>
<td>817,896</td>
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<tr>
<td>1. Interest, foreign exchange differences, dividends and similar income from related parties</td>
<td>132</td>
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<tr>
<td>2. Interest, foreign exchange differences, dividends and similar income from third parties</td>
<td>133</td>
<td>3,039,034</td>
<td>1,516,745</td>
<td>1,207,714</td>
<td>817,896</td>
</tr>
<tr>
<td>3. Income from investments in associates and joint ventures</td>
<td>134</td>
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<td></td>
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<tr>
<td>4. Unrealised gains (income) from financial assets</td>
<td>135</td>
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<tr>
<td>5. Other financial income</td>
<td>136</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>IV. FINANCIAL EXPENSES (138 do 141)</td>
<td>137</td>
<td>4,325,778</td>
<td>3,039,408</td>
<td>7,214,223</td>
<td>2,626,581</td>
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<tr>
<td>1. Interest, foreign exchange differences, dividends and similar income from related parties</td>
<td>138</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Interest, foreign exchange differences, dividends and similar income from third parties</td>
<td>139</td>
<td>4,325,778</td>
<td>3,039,408</td>
<td>7,214,223</td>
<td>2,626,581</td>
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<tr>
<td>3. Unrealised losses (expenses) from financial assets</td>
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<td>4. Other financial expenses</td>
<td>141</td>
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<tr>
<td>V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES</td>
<td>142</td>
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<td></td>
<td></td>
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<tr>
<td>VI. SHARE OF LOSSES FROM ASSOCIATED COMPANIES</td>
<td>143</td>
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<td></td>
<td></td>
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<tr>
<td>VII. EXTRAORDINARY - OTHER INCOME</td>
<td>144</td>
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<tr>
<td>VIII. EXTRAORDINARY - OTHER EXPENSES</td>
<td>145</td>
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<td></td>
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<tr>
<td>IX. TOTAL INCOME (111+131+144)</td>
<td>146</td>
<td>287,210,308</td>
<td>174,973,810</td>
<td>315,170,230</td>
<td>196,207,661</td>
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<tr>
<td>X. TOTAL EXPENSES (114+137+143+145)</td>
<td>147</td>
<td>224,473,137</td>
<td>102,309,122</td>
<td>244,911,870</td>
<td>98,160,935</td>
</tr>
<tr>
<td>XI. PROFIT OR LOSS BEFORE TAXES (146-147)</td>
<td>148</td>
<td>62,737,171</td>
<td>73,664,688</td>
<td>90,298,360</td>
<td>98,046,726</td>
</tr>
<tr>
<td>1. Profit before taxes (145-147)</td>
<td>149</td>
<td>62,737,171</td>
<td>73,664,688</td>
<td>90,298,360</td>
<td>98,046,726</td>
</tr>
<tr>
<td>2. Loss before taxes (147-146)</td>
<td>150</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>XII. TAXATION</td>
<td>151</td>
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<tr>
<td>XIII. PROFIT OR LOSS FOR THE PERIOD (146-145)</td>
<td>152</td>
<td>62,737,171</td>
<td>73,664,688</td>
<td>90,298,360</td>
<td>98,046,726</td>
</tr>
<tr>
<td>1. Profit for the period (149-151)</td>
<td>153</td>
<td>62,737,171</td>
<td>73,664,688</td>
<td>90,298,360</td>
<td>98,046,726</td>
</tr>
<tr>
<td>2. Loss for the period (151-153)</td>
<td>154</td>
<td></td>
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</table>

### 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)

1. PROFIT OR LOSS FOR THE PERIOD (152) | 157 | 62,737,171 | 73,664,688 | 90,298,360 | 98,046,726 |

#### 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 01.01.2014. to 30.09.2014.

**Company:** LIBURNIA RIVIERA HOTELI d.d.

<table>
<thead>
<tr>
<th>Position</th>
<th>AOP</th>
<th>Previous period</th>
<th>Current period</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>001</td>
<td>62,739,170</td>
<td>90,256,340</td>
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<td>002</td>
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<td>56,191,285</td>
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<tr>
<td>3</td>
<td>003</td>
<td>-70,513</td>
<td>3,912,076</td>
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<td>4</td>
<td>004</td>
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<td>005</td>
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</tr>
<tr>
<td>6</td>
<td>006</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>I. Total increase of cash flow from operating activities</strong></td>
<td>007</td>
<td>109,615,600</td>
<td>150,361,701</td>
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<tr>
<td>1</td>
<td>008</td>
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<tr>
<td>3</td>
<td>010</td>
<td>924,436</td>
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<td>011</td>
<td>3,690,130</td>
<td>11,403,636</td>
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<td><strong>II. Total decrease of cash flow from operating activities</strong></td>
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<td>25,921,089</td>
<td>44,769,865</td>
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<td><strong>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES</strong></td>
<td>013</td>
<td>83,694,520</td>
<td>105,591,836</td>
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<tr>
<td><strong>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES</strong></td>
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<tr>
<td><strong>III. Total cash inflows from investing activities</strong></td>
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<td>35,290,862</td>
<td>23,132,811</td>
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<td>2</td>
<td>017</td>
<td>2,052,618</td>
<td>855,471</td>
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<td>3</td>
<td>018</td>
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<tr>
<td>4</td>
<td>019</td>
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<tr>
<td><strong>IV. Total cash outflows from investing activities</strong></td>
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<td>23,985,282</td>
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<td>91,839,576</td>
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<tr>
<td>3</td>
<td>023</td>
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<tr>
<td><strong>B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES</strong></td>
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<td>91,839,576</td>
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<td><strong>B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES</strong></td>
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<td><strong>V. Total cash inflows from financing activities</strong></td>
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<td>67,851,294</td>
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<tr>
<td>3</td>
<td>029</td>
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<td></td>
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<tr>
<td><strong>VI. Total cash outflows from financing activities</strong></td>
<td>030</td>
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<td>41,934,339</td>
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<td>33,522,048</td>
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<td><strong>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES</strong></td>
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<td>41,934,339</td>
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<td><strong>C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES</strong></td>
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<td><strong>Total increases of cash flows</strong></td>
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<td>40,527,289</td>
<td>60,345,922</td>
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<tr>
<td><strong>Total decreases of cash flows</strong></td>
<td>039</td>
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<td>0</td>
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<td><strong>Cash and cash equivalents at the beginning of period</strong></td>
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<td>76,938,915</td>
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<td><strong>Increase of cash and cash equivalents</strong></td>
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<td>40,527,289</td>
<td>60,345,922</td>
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<td><strong>Decrease of cash and cash equivalents</strong></td>
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<tr>
<td><strong>Cash and cash equivalents at the end of period</strong></td>
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<td>137,284,837</td>
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<tr>
<td>Position</td>
<td>AOP</td>
<td>Previous year</td>
<td>Current year</td>
</tr>
<tr>
<td>---------------------------------------------------</td>
<td>-----</td>
<td>---------------</td>
<td>--------------</td>
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<tr>
<td>1. Subscribed share capital</td>
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<td>968,451,200</td>
<td>865,553,260</td>
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<td>2. Capital reserves</td>
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<td>3. Reserves from profit</td>
<td>003</td>
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<td>45,211,175</td>
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<td>4. Retained earnings or loss carried forward</td>
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<td>8,769,218</td>
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<td>5. Net profit or loss for the period</td>
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<td>58,122,787</td>
<td>86,306,606</td>
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<td>6. Revaluation of tangible assets</td>
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<td>7. Revaluation of intangible assets</td>
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<td>8. Revaluation of available for sale assets</td>
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<td>9. Other revaluation</td>
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<tr>
<td>10. Total equity and reserves (AOP 001 to 009)</td>
<td>010</td>
<td>960,665,719</td>
<td>1,003,840,259</td>
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<tr>
<td>11. Foreign exchange differences from foreign investments</td>
<td>011</td>
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<td>12. Current and deferred taxes</td>
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<td>13. Cash flow hedge</td>
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<tr>
<td>14. Change of accounting policies</td>
<td>014</td>
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<tr>
<td>15. Correction of significant mistakes of prior period</td>
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<td>16. Other changes</td>
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<tr>
<td>17. Total increase or decrease of equity (AOP 011 to 016)</td>
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<tr>
<td>17 a. Attributable to majority owners</td>
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<td>960,665,719</td>
<td>1,003,840,259</td>
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<tr>
<td>17 b. Attributable to minority interest</td>
<td>019</td>
<td>31,444,207</td>
<td>17,418,771</td>
</tr>
</tbody>
</table>
Management Board Report on the state of the Company 30/09/2014 - consolidated

The consolidated operating results for the period January-September 2014 show that the business system (Liburnia Riviera Hoteli d.d. and Hoteli Cavtat d.d.) is achieving its primary objectives. Although the business system had c. 3% fewer overnight stays in the period January-September 2014 compared to the year 2013, the operating income increased by c. 2% in comparison to the same period in the previous year and GOP increased by c. 14%.

Due to the fact that 41 employees had left Hoteli Cavtat d.d. and 25 employees had left Liburnia Riviera Hoteli d.d. by 30/09/2014, an extraordinary, one-time cost for their notice period and unused holiday, as well as part of the severance payment above the amount reserved in December 2013, was posted under the item of salaries to the total amount of c. 3.4 million kn. When this extraordinary, one-time expense related to the severance payment and notice period is removed from the item of salaries, the Group’s GOP is better than the figure for the previous year by 16.5%. If we take into account the increase in the general rate of contributions for health insurance from 13% in 2013 to 15% from 01/04/2014, GOP is better in real terms than in the previous year by 17.4%.

In the period from January to September 2014, net extraordinary income was c. 35.2 million kn, of which c. 10 million kn were realised on the basis of a court order in favour of Liburnia Riviera Hoteli d.d., c. 697,000 kn from the sale of shares in the Croatia Osiguranje insurance company, and c. 22.9 million kn in net extraordinary income from the sale of land and the Villa Siam (the sales value of the villa and its land is 23.9 million kn and its book value c. 974,000 kn).

Consolidated EBITA was c. 151.3 million kn. EBITA in the same period in the previous year (which included net extraordinary income to the amount of approximately 13.1 million kn) was c. 113.2 million kn.

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

The reported initial goodwill of c. 45.6 million kn, which was temporarily defined as the difference between the cost of acquisition and net book value of the acquired subsidiary, was adjusted to the fair value of the acquired assets on the date of the acquisition, as estimated by an authorised assessor.

All future acquisitions from the subsidiary’s minority shareholders will be posted under the item of capital assets.

Chairman of the Management Board
Dr. Sc. Igor Šehanović
Opatija, 15/10/2014

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 September 2014.

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