

TATRY MOUNTAIN RESORTS, A.S.

ANNUAL REPORT

TO THE DATE 31ST OF OCTOBER 2010

INDIVIDUAL AND CONSOLIDATED ANNUAL REPORT
OF TATRY MOUNTAIN RESORTS, A.S.
AND ITS SUBSIDIARIES
TO THE DATE 31ST OF OCTOBER 2010



NEW ERA OF THE TATRAS



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DEAR SHAREHOLDERS, BUSINESS PARTNERS AND FANS OF THE MOUNTAINS,



Ing. Bohuš Hlavatý

CEO Chairman
Tatry mountain resorts, a.s.

You received the annual report of the year 2010. As a public traded company we want to be transparent and open to the shareholders and same to the public and therefore fully inform you about events and results of the last year. This integrated material is also a reflection of our ambition to be a leader in communication with our shareholders, making us even more committed to the trust of our permanent shareholders and a growing number of the new ones.

We have just finished the year, which brought the big changes into our resorts and hotels. These significantly improve potential for more dynamic tourism development in Tatras. The Tatras are the only one alternative to the alpine resorts in the Central and Eastern Europe. They cannot compare to the alpine resorts by the size and height, but this is replaced by the possibility of fast movement into the high-altitude mountain locations and entertainment possibilities of all kinds in various resorts. For years, the investments in the Tatras were not sufficient and its amazing potential could not be used to maximum. Therefore, we are happy to play the main part for better transformation of Tatras, both with professional service and variety of offers.

Tatras, the lowest mountain range of the world, have a wonderful phenomenon, its proximity. You do not have to travel hundreds of kilometers to the west, to the Alps to have a goods skiing. In addition to Slovaks, this is appreciated also by bordering regions of Poland and the Czech Republic - where 7,5 million potential clients live just within 200km from our resorts. Thanks to air transportation the Tatras are not unknown for the Russian-speaking skiers, for whom these are the first big mountains. It is important to mention also thousands of visitors from Ukraine and the Baltic States or Belarus, for whom the Tatras are the closest mountains accessible by car or by bus.

The year 2010 was for us another year of major investment plans and therefore also a year in which we have actively cooperated with the businessmen in the region and gave the basics for products creation that were able to fulfill the

resorts and accommodation capacities by satisfied clients. We focused on gradual return of foreign, mostly Polish clientele despite of weather changes, which complicated the summer and also the winter holidays.

The start of the winter season was accompanied by unseasonable warm and rainy weather, the main part of the season was very good, we managed to reach the Polish and Russian speaking countries, but despite the fact that the visit was better than the year before, we have not been able to catch up the fallout of the top season. A residential package sale with skipasses for discounted prices became a hit of the winter season. The summer season recorded an increase of the clients in High Tatras according to the statistics. We managed to stabilize the income in Vysoké Tatry (High Tatras) resorts during the main summer months, when we even noted 14% higher income in Jasna in comparison to last year. After the success of educational trail named "Karkulka" in Jasná a project of educational-entertainment trail named "Tatranská divočina" with eco Mini Park in High Tatras started up. This became a hit of the summer season together with an event "Medvedie dni", which attracted over 15 000 visitors during one weekend day into the mountains. The visit rate of the hotels increased in both seasons and we managed to use their potential also thanks to corporate clients.

We have implemented investments into the improvement of skiing infrastructure during the summer season. We mostly focused on increasing the transport capacity, snow guarantee in the form of building another snow making system or investments into the complementary services used by skiers while skiing or after it. We have not forgotten hotel either, where a main investment share was directed into the wellness offers.

Investments into the resorts and hotels overreached 25 million Euros and therefore mountains offers much better services quality. Two 6-seated cable cars with orange bubbles and special system, which makes them wind resistant, were the biggest investments of this year. We have markedly improved the parking in both Tatras resorts. We also improved the possibilities of night and evening activities in the resorts and surroundings - thanks to cooperation with

another investor there is Pub Humno in Tatranska Lomnica. In part Biela Put we have built the Restaurant & Music Club Happy End in extremely short time. Happy End is a restaurant during the day and the biggest entertainment center in the evening close to the slope. Both mentioned facilities fulfilled the offer of après ski activities in the resorts.

The company progressed also in the marketing communication oriented on main target markets. We started the massive advertising promotion focused on winter season in Slovakia. It shows the main marketing advantages of the resorts via cartoons themes. Jasná Nízke Tatry was always sort-of sport winter ski resort, Vysoké Tatry are still mostly a tourist resort. The service offered in the resorts is more complex after the investments and therefore we wanted to present the main changes via this promotion. After last year we have held in this sense an active marketing strategy in Poland, which we potentially perceive as one of the most important, if not the only important, markets. Of course we are communicating with other markets as well, mostly with Czech or Russian speaking countries.

I would like to say as a skiing, alpine skiing, hiking and mountain lover I am satisfied not only with economic indicators of our activities but also with the fact that thousands of people in our resorts are able to find what they need - health, active relax or entertainment and also that we have convinced thousands of small investors to buy TMR shares and so participate on converting Tatras to the even better one, with better services and wider possibilities. TMR shares were the most tradable items at Stock Exchange in Bratislava several times a year which proves the fact that TMR shares sale was the hit.

I briefly introduced you the main events of this year. I strongly believe, that resorts Jasná Nízke Tatry, Vysoké Tatry - Tatranská Lomnica, Starý Smokovec and hotels from the TMR portfolio retain not only existing visitors' favor, but that we will attract the new guests as well by the wider higher quality services offer, which we prepared for our clients in year 2011.

In Demänovská Dolina,
the 15th of February 2011

HISTORY AND PRESENT OF THE COMPANY

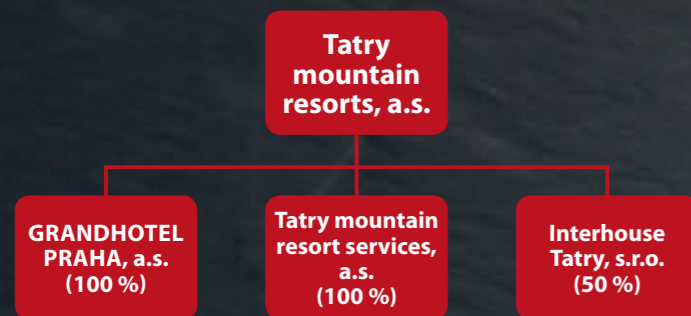
Tatry mountain resorts, a.s. is joint stock company listed on the Stock Exchange in Bratislava (BSE). The legal predecessor of TMR is SKI Jasná, a.s., which was launched in 1992 by the National property fund of the Slovak Republic. Since then the company changed its name twice, in year 2003 (Jasná Nízke Tatry, a.s.) and in year 2009, when it acquired its present appearance – Tatry mountain resorts, a.s.

With the effect on and after 1 May 2010 Tatranske lanove drahy, a.s. dissolved without liquidation and cessation by merger with company Tatry mountain resorts, a.s. TMR bought TLD,a.s. and at the same time TMR as a succession company continues in TLD business activities in full range, particularly in the operation of ski resorts Vysoké Tatry – Tatranská Lomnica, Vysoké Tatry – Starý Smokovec and ski resort Liptovská Teplička.

The acquisition of both Grandhotel Praha (Grandhotel Praha, a.s.) and Grandhotel Starý Smokovec occurred on 28 December, 2009. However, at this stage TMR owns only 50% share of the company Interhouse Tatry, s.r.o., the owner of Grandhotel Starý Smokovec.

TMR has currently simple and effective structure. The existence of two main groups – TMR operation and TMR services is based on specific responsibilities for different kind of business aspects. The first group is responsible for development and operation of all business activities (these are divided into 3 key segments – mountains, hotels and real estates), while the second group is responsible for support services. Tatry mountain resorts services, a.s. (TMRS) operates services such as sales, marketing, accounting, financial consulting, human resources, design and development activities. TMRS has been offering the above mentioned service also to TMR since 2008. On 11 October 2010, Tatry mountain resorts bought total shares of Tatry mountain resorts services, and that means they have become a 100% owner of TMRS.

Companies included in TMR group



23rd of September 2010

- acquisition of 100% shareholding of Tatry mountain resorts services, a.s.

1st of May 2010

- merger with the TMR, divestment of Tatranske lanove drahy, a.s. without its liquidation and cessation by merger with TMR, a.s.

19th of October 2009

- acquisition of Tatranské lanové dráhy, a.s.

28th of December 2009

- acquisition of 100% shareholding of Grandhotel Praha, a.s.
- acquisition of 50% shareholding of Grandhotel Starý Smokovec

24th of July 2009

- change of the company name to Tatry mountain resorts, a.s.

24th of March 2003

- change of the company name to Jasná Nízke Tatry, a.s.

30th of March 1992

- Ski Jasná, a.s. launched by National Property Fund

COMPANY PROFILE

TMR GROUP DISCRIPTION

Tatry mountain resorts, a.s. (hereinafter referred to as the "TMR"), residing at Demanovska dolina 72, 030 01 Liptovský Mikuláš, Company Identification Number: 31 560 636, registered in the Companies register of the District court Zilina, Section: Sa, Insert No.: 62/L is the biggest operator in tourism area in Slovakia. It owns and operates active mountain resorts and hotels in area of Low and High Tatras. Including ski resorts offers also complex services as dining, ski school, sport shops, rental and service of ski equipment, winter and summer attractions. Above mentioned services (besides dining) are covered by Tatry Motion which sup-

ports these supplementary activities by the marketing and brings a synergic effect within the company. The portfolio of the company includes resorts in Low Tatras Jasná Nízke Tatry and hotels Grand Jasná, Tri Studničky, Ski Záhradky and Chalets Jasná de Luxe. In Vysoké Tatry (High Tatras) the TMR owns and operates following resorts: Vysoké Tatry – Tatranská Lomnica, Starý Smokovec, Liptovská Teplička and hotels Grandhotel Praha Tatranská Lomnica and Grandhotel Starý Smokovec. Company is currently also the operator of Hotel FIS on Strbske pleso.



DESCRIPTION OF TMR SEGMENTS



TMR OPERATIONS

The business activities of TMR, a.s. are concentrated into three key segments: hotels, mountains and real estate projects.

■ MOUNTAINS

In the segment mountains TMR owns and operates 5 mountain resorts (Jasná Nizke Tatry – Chopok sever, Jasná Nizke Tatry – Chopok juh, Vysoké Tatry – Tatranská Lomnica, Starý Smokovec and Liptovská Teplička) which currently together offer 51 km of slopes with the capacity of 36 000 skiers per hour. Based on the investment plan implementation, the area increases from current 140 hectares up to two 210 hectares and thanks to expanded area the transport capacity increases to 52 200 skiers per hour. Thus equipped complex becomes comparable with some well-known medium sized European mountain tourism resorts. A wide range of additional services are offered in the Segment Mountains: ski schools, rentals, services, sport shops, dining to cover all needs of TMR clients. Very interesting is for e.g. Café Dedo, which offers besides the café and sightseeing terraces on the top of Lomnický štít also the possibility to experience an unforgettable night in the highest apartment in the central Europe.

■ VYSOKÉ TATRY (HIGH TATRAS)

Vysoké Tatry are the highest mountains of the Slovak Republic and at the same time the lowest mountain range in the world. Company operates in the area of High Tatras cable ways in Tatranská Lomnica and Starý Smokovec as well as ski resort Liptovská Teplička.

■ TATRANSKÁ LOMNICA

Tatranska Lomnica is well known for its longest slope in Slovakia with the highest elevation where it is possible to ski down from Lomnické sedlo (2 196 m above the sea level) on 6 km long slope to Tatranská Lomnica. Lomnické sedlo is the highest located slope in the Central Europe. The slopes in Tatranská Lomnica are attractive for all skiers, from experts, via intermediate skiers to beginners, who use the light blue trails in lower part of the resort. Tatranská Lom-

nica together with Starý Smokovec has something to offer also after skiing. An interesting après ski program is waiting for skiers every day. Before starting the winter season 2010/2011 the resort solved the problem with parking by new free of charge terraced ski in – ski out parking for 350 cars and 10 buses.

Tatranská Lomnica changes to an attractive tourism center of relax and entertainment for the whole family in the summer. In addition to cable cars trips up to Lomnický štít (2 634 m above the sea level), attractions as trampoline and archery, an original project for kids started in summer season 2010 – “Tatranská divočina”. It is an entertainment-educational trail around Skalnaté pleso with games and competitions and mini eco-park Svistia krajinka on Skalnaté pleso meant for children under 12 primarily.

■ TATRANSKÁ LOMNICA – SLOPES

Resort Tatranská Lomnica currently offers up to 35 hectares of slopes (where on 30 ha is possible to snow up the artificial snow thanks to 104 snow points, from which 67 have been added in winter season 2010/2011) with a total length of slopes 8,5 km. Skiers can choose from 1 difficult, 5 intermediate slopes and 2 slopes for beginners. Attractions, such as snow bike, ski fox and snow scoot will take care about the fun on the snow.

■ TATRANSKÁ LOMNICA – TRANSPORT FACILITIES

There is 1 hanging cable car, 1 cabin cable car, 3 seat -cable cars and 3 ski lifts available in the resort with total length of 9 072 m in the resort. Their maximum transport capacity is 8 815 skiers per hour. A 6-seat cable car in part Tatranska Lomnica - Start was constructed as the last one.

It is a new model from Doppelmayr – the new modern cable car has an orange shield named as bubble, heated seats and wind resistant system comparing to normal cable cars (system RPD). The transport capacity of the new cable car is 2 600 persons per hour, length 1 889 m, elevation 280 m, transport speed 5 m/s and transport time to a terminal station Start is 6,7 minutes.

All year round the most attractive of all is the hanging cable car to the top of Lomnický štít; this offers an unusual experience for the visitors as the transport time to the second highest peak of High Tatras takes only 8 minutes. Here is waiting besides the unforgettable views also stylish café, terrace, botanic garden or even the opportunity to spend an unforgettable night on the peak.



■ STARÝ SMOKOVEC

Resort Starý Smokovec is more focused on the alternative activities as snow tubing, sledding on the 2,6 km long trail and fun tools – ski fox, snow bike, snow scoot. During the summer there are mostly attractions as summer tubing, scooters and carts. A bike park with two trails – the red for advanced and blue for families was built in summer season 2010. Hrebienok the final station of a comfortable panoramic railway from Starý Smokovec is the most favorite starting point for hiking during the whole year.

■ STARÝ SMOKOVEC – SLOPES

Starý Smokovec is located seven kilometers south-west from Tatranská Lomnica. The slopes with a total length of 4 325 m are suitable for beginners. Four from five slopes are easy, slope Hrebienok Horná Lúka is mostly for better skiers.

■ STARÝ SMOKOVEC

– TRANSPORT FACILITIES

Besides the modern railway there are five ski lifts with a total capacity of 2 900 skiers per hour. Modern railway has these technical parameters: elevation 255 m, length of cable equipment 2 190 m, transport capacity 1 600 persons per hour, transport speed 5m/s. The passengers are transported to the top station (1 272 m above the sea level) from the lower station (1 025 m above the sea level) in 7 minutes. The railway from the marketing point of view is interesting by the fact that the British Queen Elizabeth II used it and the railway has glass ceiling, which increases the unique experience of traveling and panoramic views.

■ LIPTOVSKÁ TEPLIČKA – SLOPES

From the total area of 13,5 ha of slopes, almost 11 hectares are reachable by snow cannons. Besides the downhill slopes there are also cross-country trails in the resort.

■ LIPTOVSKÁ TEPLIČKA

– TRANSPORT FACILITIES

There are 3 ski lifts in the resort, with the maximum transport capacity of 2 100 skiers per hour. Total length of slopes is more than 3,5 km.

■ DINING VYSOKÉ TATRY

■ LOMNICKÝ ŠTÍT

A café Dedo with a sightseeing terrace is located on the second highest peak of High Tatras. The attractive package offers also the opportunity to experience an unforgettable night in a four-bed apartment at the highest inhabited place in Slovakia.

■ SKALNATÉ PLESO – RESTAURANT

This restaurant is another jewel in the TMR collection – delicious food, sun terrace with 250 seats and unforgettable panoramic view.

■ RESTAURANT PIZZA&PASTA – ŠTART

The restaurant was renovated only recently. It is located in the inter-station Štart (1 173 m above the sea level) in the half way to Skalnaté pleso next to the 4-seated cable car Čučoriedky and the exit of 6-seated cable car. The kitchen with a good selection of Italian and traditional dishes will

not disappoint any skier while skiing.

■ APRÈS SKI BAR, TATRANSKÁ LOMNICA

The skiers can refresh themselves while skiing or finish their ski day in this après ski bar close to the starting station of cable car in Tatranská Lomnica.

■ SNACK BAR HREBIENOK

It serves simple snacks when entering or exiting the railway.

■ BUFFET LIPTOVSKÁ TEPLIČKA

The buffet fulfills the offer in the resort and offers the skiers a place for relax during or after skiing.

■ SPORT SERVICES - VYSOKÉ TATRY

Additional services in the resort are located next to the starting station of cable car in Tatranská Lomnica. The resort cares also for the families with children by the special attitude and every day animations in ski school Maxiland. From winter season 2010/2011 these activities are together with attractions (funtools and other) covered by Taty Motion, which supports their synergy within the TMR and also allows being easier identified by the clients.

■ NÍZKE TATRY (LOW TATRAS)

Nízke Tatry are the mountains stretching over 80 km via the Central Slovakia. The second highest peak of Nízke Tatry is Chopok with height 2 024 m., while just below its peak is possible to get by a cable car. Also thanks to this fact became a most visited place in Nízke Tatry.

■ JASNÁ NÍZKE TATRY

Jasná Nízke Tatry is currently the biggest ski resort in Slovakia. Skiers have the opportunity to experience the ride on all types of slopes from blue to black, as well as the free ride zones in Snow Park. An interesting après ski program is waiting for them daily after skiing. The news of the winter season 2010/2011 is attraction as: skating rink in Biela Púť and Dinner of Experience with ride on the snow tracked vehicle.

The resort offers a wide range of sports activities in the summer – paragliding courses, mountain scooters, Tarzania, Nordic walking and a ride in the bike park on one of the four different difficult trails from Rovná hola. A fairy tale – educational trail with entertaining program is prepared for families with children on the northern and southern part of Chopok.

■ JASNÁ NÍZKE TATRY – CHOPOK SEVER

– SLOPES

Jasná Chopok Sever is located on almost 80 hectares, of which 46 hectares are ski areas. These areas are artificially snowed up (205 snow cannons). The total length of slopes overreaches 25 km, from which the half is covered by artificial snow. More than 3 km of ski slopes are lit.

■ JASNÁ NÍZKE TATRY – CHOPOK SEVER

– TRANSPORT FACILITIES

There are 10 ski lifts and 6 cable cars and one cabin car in the resort with transport capacity more than 17 640 skiers per hour. A 6-seated cable car in section Záhradky-Priehyba was built as the last one. Transport capacity of the new 6-seated cable car from Záhradky is 2 400 persons per hour, length 1 288 m, elevation 341 m, transport speed 5m/s

and transport time 4,7 minutes. The resort started to fulfill a dream of many skiers about comfortable connection between north and south by construction of the first part Záhradky-Priehyba. The new cable car is from two thirds with orange bubbles (shields) and from one third without bubbles, but with plumbs for greater stability in the windy days. It was opened at the beginning of winter season 2010/2011. It offers the clients a maximum comfort and increases the maximum capacity of the resort per hour.

Besides the prepared slopes for massive skiing the resort offers also possibilities for alternative winter sports thanks to 3 free ride zones and Snow Park with big air bag – news of winter 2010/2011. Equally attractive is the evening skiing, which is possible in Záhradky and on Biela Púť.

■ JASNÁ NÍZKE TATRY – CHOPOK JUH

– SLOPES

The second longest slope in Slovakia – Chopok – Krupová extends on the length of more than 3,6 km with a width up to 40 m. This resort is in perfect symbiosis with the nature. The resort has normally enough of natural snow and therefore the artificial snowing up is here at the minimum stage. The exceptions are only the lower parts. Resort is focused on free riders and those who prefer staying away from the crowd.

■ JASNÁ NÍZKE TATRY – CHOPOK JUH

– TRANSPORT FACILITIES

The transport facilities in ski resort Chopok Juh have capacity of 5 300 skiers per hour. The lower parts are accessible from Srdiečko (1 200 m above the sea level) and from Krupová (1 080 m above the sea level). Their combined capacity is almost 2 000 skiers per hour. 4-seated cable car Srdiečko is the entrance to the resort. The newest accrue-ment of TMR portfolio on the south side of Chopok is ski lift Zadné Dereše with the capacity of 900 skiers per hour and length of 1 600 m.

■ DINING NÍZKE TATRY

TMR operates ten dinings in the resort Jasná Nízke Tatry – Chopok Sever – Juh.

■ HAPPY END DISCO & RESTAURANT

Happy End was open only recently – in winter season 2010/2011. It offers a good quality restaurant with capacity of 500 people during the day, après ski entertainment after skiing and the biggest disco in the region with live concerts in the evening.

■ BERNARDINO BURGER RESTAURANT

Same as Happy End Bernardino is the newest accrue-ment in the dining portfolio under Chopok. The concept of fast food restaurant equipped in playful colors and the children's corner is suitable especially for families with children. Similarly strategically is located on the top station of a cable car Grand Jet where the blue slope starts.

■ RESTAURANT VON ROLL LUKOVA

Restaurant Von Roll was built in a historical building of a cable car station Luková. Historical structures and equipment are maintained after reconstruction and therefore give the "Museum Restaurant" an unusual atmosphere. The skiers can choose also self-service restaurant with a wide offer of delicious prepared foods and beverages in the same building.



■ APRÈS SKI BARS

Après ski bars in the lower stations Záhradky and Biela Pút are the entrance gates into the ski resorts.

Après ski Chopok Juh is located next to the lower station of 4-seated cable car. It welcomes the skiers after the long day spent on the slopes.

■ SNACK BAR ROVNÁ HOLA

This fast food has an excellent location with comfortable entrance for coming skiers using the 6-seated cable car from Záhradky.

■ RESTAURANT KOSODREVINA

Restaurant is popular due to its large sunny terrace.

■ SNOW BAR ZADNÉ DEREŠE

Snow bar is a place for refreshments at Chopok Juh.

■ SPORT SERVICES – NÍZKE TATRY

Supplementary services in the resorts are located close to the starting stations. They are excellently equipped by the modern technologies to meet needs of the most demanding clients. Same as in Vysoké Tatry all this activities are covered by Tatra Motion. In a logo of Tatra Motion the tangibility colors are dominating – red and black and it is possible to see them in Jasná resort several times – besides numerous sport shops and rentals also in ski school and kindergarten Maxiland with daily animations.

■ FASHION CAFÉ

Fashion café is another news of winter 2010/2011. It is a trend shop with the latest collection of luxury sports brands and a place where it is possible to relax with a cup of good coffee while shopping.

In the same period a new outlet shop with sport clothes with attractive discounts show up in Jasná Záhradky.

■ SKI SERVICE

New ski service operation is located right next to the Café Fashion and offers a possibility of servicing the skis by technologically advanced service machine without waiting.

■ HOTELS

TMR owns and operates portfolio of renowned hotels as the Grandhotel Praha, Grandhotel Starý Smokovec, Hotel FIS at Štrbské pleso, in Jasná Tri Studničky, Grand Jasná, Ski Záhradky & Bungalows and Chalets de Luxe. The offer is represented by 1 173 beds in 521 rooms. Hotels are able to satisfy the needs of wide range of customers, from individuals, families and older people to corporate clients. Hotel facilities offer also suitable rooms for conferences and business meetings that are able to effectively cover the period between the seasons. TMR owns also hotels Kosodrevina, Srdiečko and Liptov, which are currently rented.

■ TRI STUDNICKY ****

Its architectural and exterior and interior design layout creates a harmony with mountain surroundings and panorama of local mountains. It is located in a beautiful forest area

near a mountain stream. There are two new conference rooms with an attractive view on the mountain stream and renovated wellness center with the first mountain beach in Tatras from year 2010. These services fulfill the gap in the offer of this original boutique hotel.

■ GRAND JASNÁ ****

Mountain hotel is situated in Jasná center, in the altitude of 1 100 m, directly at the lower station of new 8-seated cable car Grand Jet Gondola. It is unique due to its location ski in- ski out and by the renewed wellness center – there are two new Jacuzzi, two Finish saunas and one infra sauna in the outdoor premises of the hotel directly below the luxury Grand Jet cable car from winter season 2010/2011.

■ SKI ZÁHRADKY **

Mountain hotel is situated in Záhradky center, in the altitude of 998 m. In the neighborhood is popular and internationally renowned downhill slope FIS and two 6-seated cable cars.

■ CHALETS JASNÁ DE LUXE ****

Luxury apartments in the French alpine style cottages were put into the operation only at the beginning of winter season 2010/2011. Strategic is their ski in-ski out location directly on the slope in Záhradky and offer of high standard services.

■ GRANDHOTEL PRAHA ****

It is situated in Tatranská Lomnica, at the foot of Lomnický štít, in the heart of High Tatras. Its history is written more than 100 years, from its grand opening in 1905.

■ GRANDHOTEL STARÝ SMOKOVEC ****

Grandhotel is from the historical view, location or architecture rightly regarded as one of the most prestige hotels not only in the High Tatras, but also in Slovakia.



■ HOTEL FIS ***

Mountain ski in-ski out hotel FIS is located directly under the slope FIS, in the center of sport complex in Štrbské pleso, the location is its main competitive advantage.

■ REAL ESTATE PROJECTS

The latest but not negligible activity of TMR is doing business in real estate segments, which aim is to lift up the mountains areas with expected growth already in the next year. The aim of the company is to use the unique position in the region of Vysoké and Nízke Tatry. The TMR strategy is mostly development, construction and sale of apartments and office premises. At the present time, TMR has prepared 5 lucrative projects for implementation in mountain resorts (Tatranská Lomnica center, Jasná center, Tatranská Lomnica – project 1 and 2 and Grand Residences). Together with the realization of these projects also the infrastructure needed for tourism development in this location is constructed – cableways, networks, paths, information signs and other. The company is gradually receiving zoning and building permits for the planned projects, while many decisions company already has. For e.g. there are already active ongoing construction works in Jasná and Tatranská Lomnica. TMR is not planning new projects on the “green field area” (in new areas untouched by the human activity). It focuses wholly on the traditional, already urbanized areas, where the sport and tourism have their history already for many decades.

■ TATRANSKÁ LOMNICA CENTER

TMR is owner of 36 200 m² in Tatranská Lomnica and has the intention to split this area into 31 separate real estate projects, which will be implemented by the third party investors. TMR will build the infrastructure and each parcel with building permits will be sold. The entire project will include 297 apartments of three and four-star standard, wellness, fitness, hairdressers and etc., 6 765 m² area for shops, services, restaurants, cafes, bars, pharmacy and services wanted by clients and residents of Vysoké Tatry. Thanks to close infrastructure network is this location suitable area for building the commercial and recreational properties. Their absence leads to potential of 30-40 % market share coverage. The attraction of Tatranská Lomnica is



mostly in the best slopes in the whole area of Vysoké Tatry and wide range of activities for winter and summer season as for e.g. cable car to Lomnický štít, sport and cultural facilities and etc.

From the total cost 4.9 million € are for purchasing the land, remaining 3.3 million € are for investments into the infrastructure (roads, engineering networks and etc). 23.3 % will be selling as a building land for particular projects; remaining 76.7 % will be use for infrastructure, roads, paths and green areas. This area positioning concept is based on the principle of optimal yield curve and will be controlled by TMR even it will be implemented by the third parties (31 individual projects).

The realization of this project will lead to the increase of number of visitors in Vysoké Tatry (High Tatras) and services development (lifts, ski lifts, dining, sport shops and etc...).

■ GRAND RESIDENCES

This project includes the reconstruction of not used annex building of Grandhotel Praha. TMR has the potential to reach a significant profit without negative impacts on the existing hotel despite of low reconstruction cost. The annex building project includes 17 apartments of four-star standard with a total area of 739 m². Total cost includes reconstruction and interior equipment. The apartments will be selling for 3 000 – 3 500 € pre m² + VAT.

TMR SERVICES

TMR Services (TMRS) includes three supporting divisions – accounting and finance, marketing and sales and general corporate services. The last division covers human resources, legal department, information technology, logistics and other.

Division of accounting and finance integrates all the tasks of financial management into one center serving all operations and supporting departments.

The department activities of information technologies include security measures, 24-hour monitoring, sales terminals and other payment systems.

Marketing and sales realize main activities in area of products, their promotion and sale on the target markets.





Ing. Bohuš Hlavatý

Chief Executive Officer,
Chairman of the TMR

At his management position he covers the most ideal combination of professional and personal characters. The job for himself is hobby, mountains for him represent both

home and sanctuary. He is fan of outdoor sport, active climber, skier, tourist and traveler, his hobby also includes windsurfing and squash.

Mr. Hlavatý held various management positions in hotel and resort business in Vysoké and Nízke Tatry from year 2006. He was working as General Manager Jasná Nízke Tatry, General Manager of Tatranské lanové dráhy and currently he holds the position of CEO Tatry mountain resorts, a.s. (TMR), where he signed under the successful synergy of leading companies, which pass under his leadership via successful revitalization and also managed a successful emission of TMR shares on the Stock Exchange in Bratislava.

Education:

University of transportation in Žilina

Previously he worked in senior management positions:

Seagram Slovakia – Sales Director
Wyborova SA (Pernod Ricard Poland),
Seagram Poland – sales director
Vodní sklo Brno – Vice chairman



Ing. Jozef Hodek

Chief Financial Officer,
TMR board member

He is a big fan of skiing, alpine skiing and summer sports in his private life and a big fan of billiards in the recent years. He is covering a position of CFO of TMR in recent years. He started

first as a financial director in Jasná Nízke Tatry, where he begun to cover financially and consolidate also the companies which are part of TMR today. The most significant achievement in TMR was to participate on issues to make TMR processes more effective, issuing new shares and accepting these shares by the Stock Exchange in Bratislava.

Education:

University of economics in Bratislava,
Accounting and audit.

Job experience:

PricewaterhouseCoopers Slovakia
– assistant of the auditor



Ing. Vladimír Čukan

Director of infrastructure
development

Implementation of intensive constructions and organizational projects in difficult mountain conditions are challenge for him. He has already implemented many successful

project in Kysuce in Vysoké and Nízke Tatry. He is currently only one in this area in Slovakia and Czech Republic and Poland, who implemented such project in so short time in total value of 50 million Euros. His comprehensive knowledge in engineering, metallurgy, construction and environmental issues and legislation are a guarantee that at the construction of lifts, snow making systems and other infrastructure works will be use modern, safe and financial acceptable technologies.

Education:

Collage of mines in Ostrava

Job experience:

SCR Velká Rača – executive director
and member of the Board
ZVL Kysucké Nové Mesto
Zlievareň firmy TOS Čelákovice



Ing. Dušan Slavkovský

Director of mountain resorts
and member of TMR Board

He can't imagine life without mountains, winter and snow. He is fan of skiing, ice hockey, mountain biking and his hobby includes photography.

He worked as director of cableways Vysoké Tatry and as a member of the Board in TMR the recent years. There have been fundamental changes of the resorts in Vysoké Tatry during his tenure. The resorts, which main activity was offering transport services mostly in summer months have been changed to tourism resorts offering comprehensive, quality services all around the year.

Education:

University of transport and Communications in Zilina,
Engineering technology

Job experience:

Odštepňý závod ŽSR Tatranské lanové dráhy
– director Tatranské lanové dráhy, a.s. – director



Ing. Michal Krolák

Director of hotels
and dinings

He is originally from Tatras and grew up in a hotel family. His hobby includes alpine skiing, hiking, sports aviation, nature and gastronomy.

He has been working for the company since March 2006, where he was involved in establishing the operation of 15 restaurants chains and dinings in Vysoké and Nízke Tatry. He is responsible also for coordination and development of 6 hotels from TMR group from year 2010. He actively cooperates with many alpine resorts and hotels which helps him to apply new innovation methods of particular segment in Tatras, which result is the increase of hotels' incomes and dinings.

Education:

Faculty of economics in Banskej Bystrici, tourism

Job experience:

Grandhotel Starý Smokovec – hotel manager
Hotel Slovan in Kosice - F&B manager
He participated in launching and developing the travel agency and ski school at Štrbské pleso during his studies at the university. He launched a travel agency in year 2005, which implemented a number of social-gastronomic events not only in Tatras.



František Šoltis

Marketing & Sales Director

He was born in area of Tatras, at the young age he actively focused on the sport – hiking and football, he likes skiing and playing squash

He is working as Sales and marketing director in companies belonging to the group since year 2007, which are currently covered by Tatry mountain resorts, a.s.. He signed under successful marketing promotions of Jasná Nízke Tatry and Vysoké Tatry – Tatranská Lomnica.

He was involved in the design and management project of residential packages in the winter season 2009/2010, into which joined almost 150 inhabitants of Vysoké and Nízke Tatry.

Education:

Secondary school of industry in Svit

Job experience:

Belvedere Slovensko - director
Seagram Slovakia - director



Ing. Matej Hulej

Director for sport services

He manages the sector of mountain sport services and commercial facilities under brand Tatry Motion from its position, which is ideal assembling his management skills

and area of interest. Mountains, mountain sports are his passion and mountain business area in which he may realize. His interest includes skiing – free riding, climbing and windsurfing. The services are achieving significant semi-annual revenues increase under his leadership. He achieved the results mainly by streamlining working processes, motivation of team work and emphasis on finding the customer's needs, of course at constantly increasing service quality.

Education:

University of economics in Bratislava,
information technologies

Job experience:

Flash Web spol. s r.o. – Sales director
Outdoor Bratislava – product and stock manager
SAFL – Director of Civic Association, under which he organize internationally known free ride skiing race already 9 years, one of the ten world events of Free ride World Qualification known as Jasna Adrenalin.



THE MAIN EVENTS OF THE FINANCIAL YEAR 1ST OF JANUARY 2009 – 31ST OF OCTOBER 2010

■ WINTER – SUCCESSES

■ RESIDENTIAL PACKAGES

Residential packages with skipasses recorded a big success in winter season 2009/2010. 25% of skiers used the skipasses via residential packages. This helped to make average stay longer and at the same time it lead to increase of multiple day ski passes sale in comparison to previous season. It is expected further increase of interest in winter season 2010/2011, since the demand curve of end customers for the packages has growing trend during the whole winter season. Thanks to well adjusted and soon enough communicated residential packages the TMR hotels occupancy was significantly better – the increase in Vysoké Tatry hotels was up to 68% and up to 20% in hotels in Jasná.

■ SUCCESS OF THE HOTELS

An increased demand for accommodation in the resort hotels was recorded in resort Jasná Nízke Tatry – mostly in Hotel Grand, which thanks to new gondola became ski in – ski out hotel and this has dramatically increased the interest for accommodation in the hotel. This overhang actively supported the occupation not only in Hotel Grand but also in Hotel Tri Studničky thanks to movement of the guest to this hotel and the occupancy of this hotel was increased as well.

■ UNIQUE GRAND JET GONDOLA

The new Grand Jet gondola is unique in the world. The orange color glass was used first time in the world; this color is used successfully in the world on the cable cars with the shield, in Slovakia called as a bubble. This attractive and unique cable car from Doppelmayr confirms the leadership position of the resort, because it is the best what is currently available on the market. Investor and operator of the cable car, company WEBIS spol, s.r.o. confirmed that its interactivity was appreciated by skiers as well. There have been operating two operators since the last winter season – TMR and WEBIS. It is a new kind of cooperation, not typical for the Slovak business environment. The basic philosophy of this new model is that two business subjects are coope-

rating closely without relative financial and shareholders interface in one business area; operation of the ski resort Jasná Nízke Tatry.

■ RECORD FEBRUARY, RETURN OF POLISH PEOPLE

The main winter season vacation month February was very successful. It was caused mainly by polish clients return and effective marketing campaign in Slovakia. The positive outcome of this month, also contributed to positive development of the Polish Zloty exchange rate. At the beginning of winter season, December 2008, polish exchange rate due to financial crisis in relation to Euro grown from 3.5 up to 4.75 in February 2009 (last year winter season). This caused in winter 2008/2009 fallout of polish clients. Exchange rate has slowly strengthen in this season from 4.2 in December 2009 up to 3.9 in March 2010, thereby strengthen purchasing power of polish citizens abroad and encourage them for winter holiday stay in Euro zone. At the same time strong marketing campaign meant that Slovakia became a number one of winter season. Quality offer, access points and good price was competitive with the Alpine and also domestic Polish resorts. For the first time in the history our resorts were massive published in Poland by over 1000 pieces of billboards, TV spots 190, regional radio campaign, a great product campaign in the fitness center and sports stores, advertising insertion and product brochures to 400,000 pieces of magazines distributed nationwide. Web campaigns in polish search and the creation of special landing site www.nartyslowacja.pl created based on the analysis of the Polish skier.

The exchange rate development of currency pair PLN/EUR in last 3 years



Source: <http://openiazoch.zoznam.sk/produkty/me/cross.asp?tid=MEEUR&CID=MEPLN&period=7>

■ RETURN OF RUSSIAN SPEAKING CLIENTS

Active cooperation with tour organizers, info trips and aimed PR helped to return of clients from Russian speaking countries. These clients are not coming for the whole winter season, but mostly in period around New Year and beginning of January. But they are filling a period, which other clients use less. This applies especially to the New Year period according to Gregorian calendar. For this reason the return of these clients is very important for resorts and hotel occupancy.

■ LIPTOV REGION CARD – COOPERATION IN LIPTOV

Clients have been interested also about Discount card product – Liptov Region Card, which we have invented and launched within Liptov region. In addition, it successfully started and fulfills cooperation in region in residential packages, as it was mentioned at the beginning, contributed to the increase of multiple days ski passes sale, same as increase of average number of overnight stays in accommodation facilities.

■ WEB PAGES RECORDS

The growing interest in our resorts is also reflected in web sites attendance, which has reached historical records. Daily visit rate has risen up to more than 9000 unique visitors, with the highly daily attendance this winter was up to 22 903 visitors. Percentage increase of average daily attendance in the winter 2009/2010 compared to winter of 2008/2009 was more than 50%. Skiers were looking through the resorts webpage for accommodation, a form facilitating a quickly find of a residence or exact accommo-

modation package, effectively located in the upper right web site corner.

■ ACHIEVED GROWTH IN SKI SCHOOL AND GASTRO

Supplementary services in the resorts were working more effective and better comparing to the last years. Historically we reached this winter season in dining (gastro facilities) and sport service facilities (ski school, rental, service and sport shops) better results. Clients in the resort have chosen better quality services operated under resort mark. For example incomes in sport shop in Jasná increased by 52% between the years, incomes in the ski school in Vysoké Tatry we recorded increase by 43% between the years. Plain is also clear turn-over increase for a guest, what did 25% in Jasná and 16% in Vysoké Tatry.

■ WINTER – OUTSTANDING EXPECTATIONS

■ LATE WINTER START

Late winter start negatively influenced beginning of winter season. Mostly rain during Christmas holiday and New Year, which is strong holiday period by default, caused visit rate fallout and lower incomes comparing to the same month in past periods. Due to this reason incomes haven't reached expected level.

■ LACK OF NATURAL SNOW

Winter season starts regularly in November and so as non-standard the season started only 18th of December, so weather complicated also end of the season. Sharp warming resulted in rapid loss of snow, especially natural one. In



INVESTMENTS OF THE ACCOUNTING YEAR

FROM THE 1ST OF JANUARY 2009 TO THE 31ST OF OCTOBER 2010

■ JASNÁ NÍZKE TATRY

The construction of 6-seated cable car and another snow making system, children's restaurant as well as the complementary entertainment services, teaching skiing was running during the whole summer in Jasná until the opening (the 18th of December 2010). The transport capacity of the new 6-seated cable car from Záhradky is 2 400 person per hour, length 1 288 m, elevation 341 m, transport speed 5/s and transport time is 4,7 minutes. The resort started to fulfill a dream of many skiers about comfortable connection between north and south by the construction of the first part Záhradky-Priehyba. The new cable car is from two thirds with orange bubbles (shields) and from one third without bubbles, but with plumbs for greater stability in the windy days. There are 2 400 m of light snowed up slopes in the resort, totally Jasná overreach the limit of 17 km of artificially snowed up slopes. This fact strengthens the poison of complex resort with slopes of all categories. Children's restaurant in Otupeň fulfilled the interesting offer for families with children – a restaurant was built in the building of 8-seated Grand Jet gondola top station at Brhliská. The expanded areal Maxiland , place for learning skiing at Biela Púť is attractive for children. Another new object is a multifunctional facility Happy End – a restaurant during the day and après ski bar and disco in the evening hours. Those who are looking for experience gastronomy on the slope are able to try the attractive après ski program from winter season 2010/2011, the news "Tatras dinner of experience" with a ride on snow track mobile vehicle called "ratrak" and dinner in Von Roll Restaurant Luková in the altitude 1 670 m above the sea level, as the resort bought "ratrak" with the possibility of transporting people.

A new detention parking Lúčky was built in the resort as well with the capacity of another 400 cars.

■ VYSOKÉ TATRY

The increase of transport capacity by 2 600 person per hour for the winter season 2010/2011 was ensured by the new 6-seated cable car, which construction started already during the summer season. New loading station of the cable car is approximately 250 m lower from the current loading station of gondola Tatranská Lomnica – Skalnaté pleso, which is ensuring a connection to the future Tatranská Lomnica center. The cable car is interesting mainly by the heated seats besides the orange bubbles and wind resistant system. The increase of resort capacity is related with the construction of the new cable car. This fact was also the reason for building first ski in-ski out parking with a capacity of 350 cars and 10 buses. The slope from lower part of Lomnické sedlo to Čučoriedky is currently snowed up in the resort – there are aprox. 50 new snow up points in this section of the slope from winter season 2010/2011, from these 41 are fixed snow canons. This part of the slope was influenced in the past by lack of natural snow, therefore thanks to this investment the resort is now able to guarantee a quality skiing. Snow making system was added also under the station Start in the length of 1000 m with other 17 snow up points. A new system resulted also to reconstruction of old high-voltage lines from Start to Skalnaté pleso, which was already 43 years old. This was an investment in value of 2,9 million Euros. All together there have been launched almost 30 ha of artificially snowed up slopes in Tatranská Lomnica.



some locations depending on natural snow skiing was not possible almost whole winter. In Vysoké Tatry, Tatranská Lomnica, in location Lomnické Sedlo the season started only in February and the best snow conditions were there paradoxically until spring, in April, at the end of the season. The skiing in section Skalnaté Pleso - Čučoriedky was not possible due to the lack of natural snow and same it was in Starý Smokovec at Hrebienok. In resort Chopok South, that is known for its great conditions for free ride skiing, lack of natural snow have also caused loss of revenue.

■ COMPETITION

In Vysoké Tatry region the competition used the low prices strategy, what however didn't bring more tourists into the region, it just distributed them among various resorts.

■ WINDY WEATHER

We recorded high number of windy days in February, what is traditionally the strongest month in the season. Part of the cable cars was not able to operate during these windy days. Despite of this the revenues have been higher than last year, what supports the idea to built wind resistant transport facilities.

■ NEED TO CLUSTER

Also this season was for Vysoke Tatry characterized by absence, or difficult cooperation with providers of accommodation. Comparing with Jasná Nízke Tatry we noticed lower number of packages sold. Although from this implies the need for bonding – for e.g. create Cluster Tatry, join the regional tourism associations and associations with competing resorts, create attractive package with more ski slopes kilometers.

■ SUMMER – SUCCESSES

■ REGION VYSOKÉ TATRY WITH AN INCREASING VISIT RATE

Vysoké Tatry as a region recorded an increase in visit rate, as confirmed by many statistics, as well as the actual tax collection from temporary housing in whole region of Tatras. The season in Vysoké Tatry should be divided into two parts. The incomes are very stable in July and August, but May and June recorded a fall due to weather. Vysoké Tatry is the most visited attraction of its kind in Slovakia and at the same time the most visited attraction at all after the two aqua parks. The visit rate of Vysoké Tatry was in average 5 000 people per day. Incomes and visit rate are rated as stable.

■ JASNÁ – HIGHER VISIT RATE THAN LAST YEAR

Already the last winter season confirmed the return of Poles. This trend continued in the summer as well. Poland is an important market for Tatras in terms of geographical proximity of strong population settlements. Especially resort Jasná Nízke Tatry is more sensitive on Poles and the increase is in this case markedly in this resort. Resort Jasná Nízke Tatry recorded an increase of visit rate and incomes comparing to last year. The number of visitors grew up by 4% and semi-annual increase of incomes was almost 14%. The rise in cable car prices was not recorded; these remained at the same level as in the last year. These results show the stabilization in visit rate and well set up price strategy.

■ STABILIZATION OF INCOMES IN BOTH RESORTS

Both resorts recorded slight decrease in visit rate and incomes overall. This was caused mainly by unstable weather.

However comparing to the last year, when the weather was more grateful to the mountains showed that the visit rate was very good in terms of the season.

■ "TATRANSKÁ DIVOČINA" – HIT OF THE SEASON

Big share on the success and interest have not only traditional attractions but mainly entertainment and educational trails in Jasná Nízke Tatry, in Tatranská Lomnica and also in Starý Smokovec. They have been able to dedicate the children the secrets of nature, to teach them many useful things or just make their program in the mountains by the attractive form. The greatest success noticed "Tatranská divočina" and project of mini eco-park Svišťa krajinka at Skalnaté pleso. This educational-entertainment trail with jungle gyms and other attractions for children managed to attract many families. This is also proofed by the fact that they spent more time in the resort comparing to past. Over 27 000 pcs of brochures have been distributed to the children under 12 years in Tatras, named as guides for "Tatranská divočina" which helped them to recognize the mysteries of Tatras. The tourists also appreciated the reconstructed educational trail around Štrbské pleso.

"Karkulka" a fairy tale character and at the same time educational trail in Jasná, was the attraction, which markedly increased the visit rate of resort Nízke Tatry. The Liptov region is strong from the point of family clients, who uses the close thermal parks. An excellent complement for staying in Liptov is a cable car trip under Chopok. If it is connected with the program, or visiting the highest located Museum of Nature in Slovakia, which is part of the "Karkulka" wandering so the demand for mountain tourism is growing. This fact confirmed also this year's increase of visit rate. The segment cable car set up the pricing policy very well, was able to offer an attractive product, brought news and therefore stabilized visit rate and incomes in time of ongoing crisis in tourism.

To the positive image of Tatras contributed also attractive event "Medvedie dni", which attracted over 15 000 tourists to Tatras and Hrebienok in one weekend. For comparison, the visit average per one day is around 5 000 clients for whole Vysoké Tatry comparing to what was mentioned above.

■ SUMMER - OUTSTANDING EXPECTATIONS

■ WEATHER OSCILLATION – RAIN, FLOODS, UNSTABLE WEATHER

Resorts recorded a fall in May incomes as the weather was rainy and not suitable for tourism. First two May holidays days are a great period for Tatras, when the winter is connected with the summer season and it is possible to enjoy spring skiing and hiking in the same day. Fallout of the May holiday days, floods and strong rain singed under visit rate decrease in this period and caused a 38% drop. The rest of the season, July and August, showed only 1% decrease of one-day clients.

The most lucrative attraction in Vysoké Tatry – a cable car trip to Lomnický štít noticed a decrease of 6%. This decrease was caused mainly due to weather and it's suddenly changes in afternoon hours. This fact absolutely eliminated the opportunity to use the cable car and get to the peak. Weather monitoring during two vacation months showed that cable cars were not operating 10 days due to bad weather. It is about 50% more than it was last year.

COMPANY STRATEGY



■ VISION

The vision of the TMR is the revitalization of Tatras from investment, sport-cultural and social perspective.

■ MISSION

The mission of the TMR is offering services in tourism by business activities divided into three key segments – mountains, hotels and real estate. The Segment Mountains cover operation of mountain resorts and supplementary services during the whole year. Company would like to insure this mission by the way that will lead to complex satisfaction of clients and shareholders.

■ STRATEGIC GOALS

■ STRATEGIC GOALS AT THE CORPORATE LEVEL

1. To become an establish leader in tourism area in the Central Europe with the ability to identify trends in this segment
2. Improvement of offered services quality in Tatras
3. Efficient management of company's portfolio
4. Be an investment leader, who will allow the revival of Tatras from investment, sport-cultural and social perspective

■ GOALS OF BUSINESS STRATEGY

1. LEADERSHIP IN TOURISM

Leadership in the field of tourisms give the TMR the opportunity to set trends and standards in this area. At the same time it leads the company to strategy of differentiation. Therefore the company is trying to offer premium services as a result, which is able to sell for premium prices. The widths of the spectrum and offer quality are the key for the company directions. To reach this goal on corporate level, the management of the company set up the following goals of business strategy:

■ SUPPORT AND RAISING THE STATUS OF TATRAS IN SLOVAKIA AND EUROPE

This goal is aimed on clear communication of the fact that Tatras are the top destination of the region. There is also effort on positioning of each resort portfolio into different market segment. This is the reason why Vysoké Tatry are building on the former glory and prestige and with help of the planned but also already implemented investments are trying to restore its status of a luxury destination with whole year attractiveness. On the other hand, Nízke Tatry are endowed with an excellent terrains and sufficient altitude gives them a position of top resort for winter sports in Central and Eastern Europe.

■ SEGMENTATION OF CLIENTS AND MARKETING COMMUNICATION CONCENTRATION

The client's base of TMR is besides the Slovaks also from the neighborhood countries, such as Poland, Czech Republic, Ukraine, Russia and Baltic states. Internet and low-cost airlines reduced the distance in the recent years; destination proximity still plays an important role in clients' decisions. Therefore a natural market for the company is the clients' base from regions within 200 km with 7,5 million inhabitants. This distance includes cities as Krakow and Katowice in Poland as well as Czech cities as Ostrava and Olomouc. Other important markets with limited access to the mountains from the geographical view are Great Britain, Ireland, Russia (Moscow, St.Petersburg), Ukraine and Baltic States.



Clients are coming by car or by bus while the others are using the air transport. The company split the potential target groups in the following categories: bonite clients, mainstream and low-end clients.

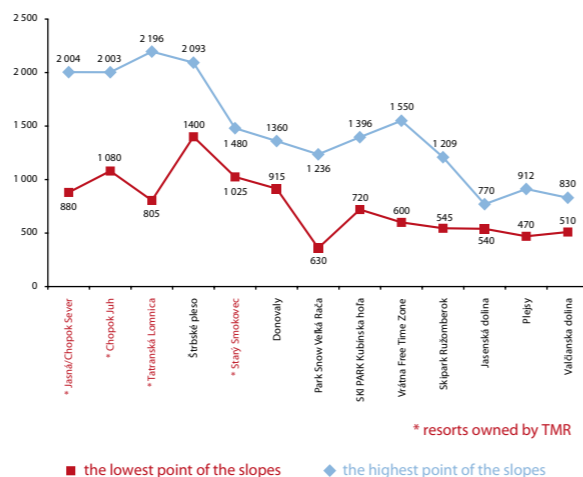
■ **COMMERCIAL TARGETING ON THE SELECTED SERVICES AND COOPERATION WITH OTHER TOURISM SUBJECTS**

TMR has revised the business strategy for the own selected activities and also provides some services and outsourcing others to reach an excellent quality. This way a transport infrastructure, adjustment of ski slopes, activities in the resorts during the whole year, accommodation and rental of ski equipment have been indentify as key success areas. TMR is involved moreover on the marketing led by government agencies as Slovak tourism agency (SACR) and Cluster Liptov. It also cooperates with resort PARK SNOW. Communication with the distance markets is ensured via foreign tourism agencies.

The unique geographical location gives the TMR centers a top destination position in tourism. Besides the active mountain environment the most important potential factors of growth are:

- The population over 7,5 million within a radius of 200 km around the Tatras, it is mainly the client's base with long tradition visiting Tatras.
- Airport Poprad provides easy air access from major European cities, which are located outside the mountain range: London, Copenhagen, Amsterdam, Moscow and St.Petersburg.
- Ski resorts with small services offer located on the east from Tatras (Ukraine, Baltic States).
- High altitude of the resort provides the TMR a competitive advantage comparing to rival resorts as it significantly reduces the risk of bad weather due to global warming.

The lowest and the highest points (altitude in m a.s.l.) of the slovak ski resort



2. IMPROVING THE QUALITY OF OFFERED SERVICES IN TATRAS

Improving the quality of services offered in Tatras is a multifaceted strategy primary involving three components: attractions, accommodation and events. Winter will play the most important role in the resort's occupation, therefore it is up to TMR to focus on improving artificial snowing up system to increase adequate snow cover. At the same time TMR is focusing on increasing the transport capacity and its impact – elimination of waiting queues and effects of bad weather, especially windy conditions.

Among the other activities TMR extends the range of offered attractions and improves the quality of ski school, rental of ski equipment and dining on the slopes. It improves continuously the offer of après ski offers, tries to optimize the transport facilities into the resorts and cooperates with local business subjects. Instead of cooperating with them, TMR wants to build their success and attract the visitors to the mountain surroundings with easy access and wide range offer of attractions as attractions for children, adrenaline sports for young (for e.g. bike parks), rest zones with bikes, golf and trips for seniors clients.

Regarding the accommodation, the company prefers the quality over the quantity. It focuses mostly on 4 star hotels (even the hotels of lower category are in their portfolio – TMR owns Hotel Ski Záhradky** and operates Hotel FIS**), where it is possible to concentrate on catering, wellness expansion opportunities and offer the high standard services in case of apartments sold to individual clients.

Events' offer is a gap in presentation of Tatras. In the period of world wars and in the seventies Tatras were an important place for social and sport events. Since then the region has suffered by a lack of investments and state support. The society tries to repair this and get the Tatras in position of known destination for social, sport and cultural events.

3. EFFECTIVE PORTFOLIO MANAGEMENT

Two areas of responsibility fall under the management of TMR – "operations" and "services" (TMRS). Operations are divided into 3 segments – mountains, hotels and real estates. These are directed by the CEO even each segment has own manager. Segment Mountains includes mountain resorts, dining and sport services (ski school, rental, service, attractions) and shops.

4. INVESTMENT LEADERSHIP

■ TMR wants to ensure the investment leadership by investment activities when it goes about the winter season:

- snow guarantee with wider range of snow making system,
- minimize the weather effects (wind-resistant transport capacities),
- usage of natural predisposition of Tatras (free-ride, natural snow),
- improving of transportation and parking capacities.

■ **Summer:** the company sees a big potential for development in area of increasing variability in summer activities and allowing the access to the second highest point in Vysoké Tatry – Chopok by the cable cars from north and south.

■ Via **development activities** (real estates) the company plans to create currently not existing infrastructure (leisure centers, shopping arcades with full amenities), which allow to use social, cultural and sport live in mountain resorts whole year round. Besides the synergic effect arising from the increase of resort's visit rate, it is expected also an income as profit from sale as well as incomes from the rental and operation of these facilities from real estates.



TMR MARKETING

The main marketing goals is positioning of the brand at the market by the clients' segmentation and focusing on specific marketing strategies on these specific segments, what should help to reach a maximum synergy of all brands covered by the TMR group (hotels, mountain resorts, dining, sport services, real estate). The company also foresees a change in client's structure towards to bonite clients bringing the highest incomes and focusing on products and services with the highest added value.

COMMUNICATION OF STRONG TMR BRAND

Priority goals of TMR marketing are also building TMR brand awareness by continual image communication, unification of product communication with the TMR brand; strengthen positive and directed PR and attractive adventure tourism called as event management. To build awareness and strong brand helps the fact that it is a public traded company listed on the stock exchange, the most powerful entity doing business in tourism in Slovakia, complexity of the resort or destination able to provide a high-standard of services in all region of Vysoké Tatry.

MARKETING ACTIVITIES

Year 2010 was a breakdown for TMR due to massive marketing communication, when the company presented in all main types of media – internet, television, radios and prints, outdoor advertising in many forms – big boards in big cities (Bratislava, Žilina, Nitra, Martin, Poprad, Prešov, Košice) and on the main road routes, city lights in Bratislava and also stickers on buses in Bratislava and Košice.

A television campaign was launched in Slovakia (TV JOJ and TA3) and Czech Republic (TV Prima, Z1) containing 9 different spots (3 x Jasná, 3 x Vysoké Tatry, 1 x hotels, 1 x for-sale and 1 x image spot), which together recorded 2 000 broadcast in breakdown of years 2010/2011. The for-sale and resorts spots were broadcasted in the radios: Radio Expres and Fun Radio. Company published in this print media: Pravda, in weekly magazines Plus 7 days, Star, Týden (Czech weekly magazine) and in magazine Gold Man, Miau and Six stars. PR articles have been published in others

magazines and into the weekly magazine Plus 7 dni were entered together 400 thousands coupons for skipasses to resorts Tatranská Lomnica and Jasná. Also information materials have been used and entered into the magazines in Slovakia, Poland and Czech republic in total number of 670 000 pcs.

Besides the mentioned advertising promotions, the TMR marketing develops also other equally important activities such as active participation on trade fairs, cooperation with regional subjects (cluster – cluster Liptov and launching cluster Tatry), creation of attractive residential packages in cooperation with accommodation facilities in the region, distribution of free of charge information materials with a map into the most of the hotels and guest houses in the catchment area, Google adwords promotions, e-mailing and web portal promotion and other.

USAGE OF INFORMATION TECHNOLOGIES AND INNOVATIONS

TMR does not forget to use innovations and constantly improving the communication thanks to information technologies. New web pages of hotels Grandhotel Praha, Tatranská Lomnica (www.ghpraha.sk) Grandhotel Starý Smokovec (www.grandhotel.sk), Tri Studničky (www.tri-studnicky.sk) and Hotel Grand Jasná (www.grandJasná.sk) were launched at the turn of the years 2010 and 2011.

Company is using social networks on a daily basis, which main goals are to inform and entertain at the same time. On



company's key markets (SK, PL, CR) Facebook is a leader in a social networks, what is the reason of TMR impact on building a wide fans base. There are currently managed three resorts profile (fan groups) – Jasná Nízke Tatry (7 200 fans, what is more than most of the resorts in Alps), SKI RESORT Tatranská Lomnica (2 300 fans), Liptovská Teplička (from December 2010 – 130 fans) and three profiles of separate projects – Tatranská divočina (800 fans), Happy End (first month – 400 fans) and Slovakia Super Skipass (800 fans).

Company's marketing is improving the quality of live video streams and online information from each resort on the internet, thanks to which the clients have better idea of real conditions in the resort. Changes in the snow conditions and resort operation are published online on the own and external web portals.

Process of software innovation services installation for skiers Skiline.cc (statistic of skied miles during the season) was run as the last one and is in operation from the February 2011.

EVENT MANAGEMENT

Tatras are becoming a place, where always is something going on also thanks to opening new après ski centers and night life entertainment – Humno Music Pub in Tatranská Lomnica (does not belong to TMR portfolio) and Happy End in Jasná, everyday offer of après ski program and animations and other events during the whole year. The most important of them are the Big test days (testing of skis with race for public), BMW speed track (ski race for public), Grand Happy End opening (ski race for public with attendance of ski legend Bojan Krizaj as a day event and concert of Dara Rolins and Flight club party as evening event), Corporate Communication Games TMR and Plus 7 dni (sports



competitions of known Slovak companies). From the high-tatras events there are Snow Dogs (big winter event for families with children in Tatranská Lomnica) and Medvedie dni (great summer event for families with children in Starý Smokovec).

MARKETING ACTIVITIES ON THE POLISH MARKET

The polish market is for TMR one of the most important if not the most important market and this is the reason that a special attentions also from marketing strategy and communication is paid. A key visual was created in year 2010 "O Yeti" and again actively used polish web site www.nartyslowacia.pl. Company is also using information tools as Youtube and Facebook, Google adwords promotions noticed 19 millions of views in December, and information newsletters filled the gab by e-mailing of 24 thousands addresses, number of promotions on the web portals have been launched, programs for music TV VIVA have been produced and broadcasted, which have reached 1,2 million of potential clients in December. Success was noticed also by "sponsoring" the weather forecast – TVN Meteo (9 million of viewers in December), by the original marketing activities belongs a promotion with cinema spots in multiplexes (500 thousands people). Information materials in sport shops have been successfully distributed, Decathlon, publishing 5 million pcs of Tesco leaflets. Moreover in commercial chains of Tesco HM (59 stores) attractive competitions have been prepared for the shoppers. The advertising was aimed on the print media and PR promotion.

MEASURING OF MARKETING ACTIVITIES SUCCESS

The success of promotions is evaluated by the company and with cooperation of agency GFK (Slovakia) and agency Wizard (Poland).

At the same time continuously ongoing questionnaire aimed on client's profile (geographical and social classification, reasons of choosing the resort), on satisfaction with offered services, the attributes of stay (length of stay, interest to use additional services) and reaction on advertising promotions is running in resorts Tatranská Lomnica and Jasná Nízke Tatry.

A total budget which was used on marketing activities was 4,34 million €.

HUMAN RESOURCES

TMR is one of the most important employers in tourism area in Slovakia. Human resources management is based on the honesty, personal responsibility, confidence and mainly positive motivation principles. An important measure of employee's performance is feedback from resort's and hotel's visitors. A good service is one of the main reasons for the guests returning into the mountain resort and hotel. Satisfied guest are returning and providing the best reference to their relatives, friends to visit the resort. This is the main reason why TMR mostly aim on employee's behavior against external environment and the most funds are spent into the human resources management development.

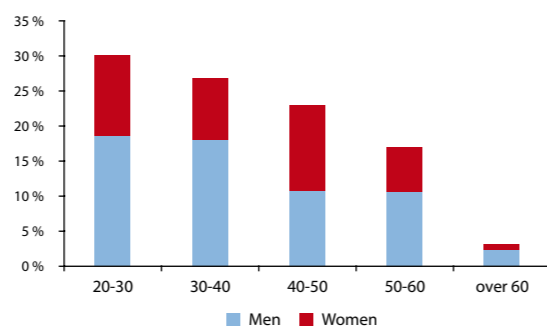
INFORMATION ABOUT THE EMPLOYEES

TMR has 614 of permanent employees in average and 192 of seasonal employees in year 2010. All together 305 of interviews have been realized in 2010 by HR (including internal, external and repeatedly announced interviews). The employees have been taken from the external sources only when the vacant job was not booked internally. Selection interviews according to the recruitment plan are taking place before each season, which are the key to ensure occupation of all seasonal jobs. An important indicator for recruitment is a positive match of candidate personal values with the values of TMR.

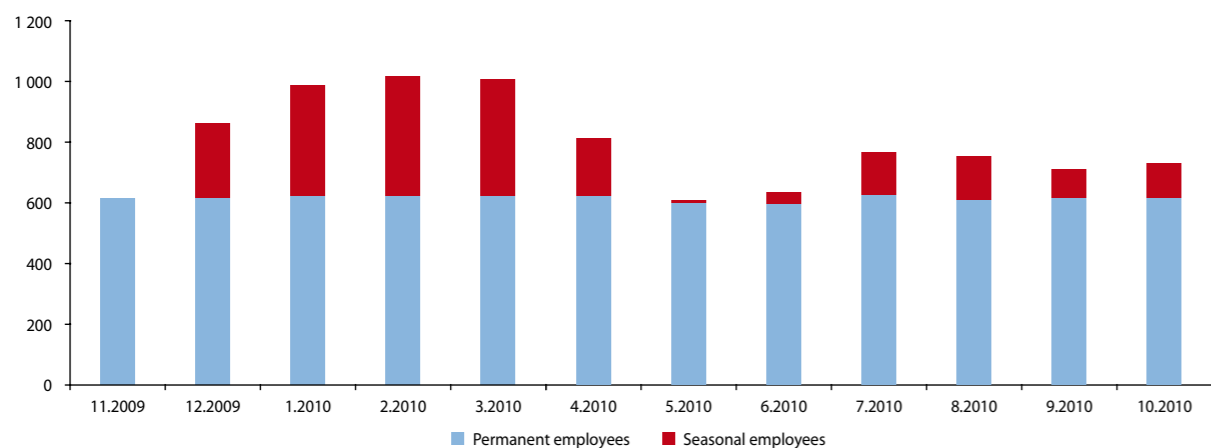
Distribution of permanent employees by position*



Age structure of the employees*



Development of the number of permanent and seasonal employees*:



*data of Tatry mountain resorts,a.s., Tatranské lanové dráhy, a.s., GRANDHOTEL PRAHA a.s., Interhouse Tatry s.r.o. and Tatry mountain resorts services, a.s for the period from the 1st of January 2009 to 31st of October 2010

EDUCATION

Human resources management department successfully implemented a project irrefragable financial grant from the European social fund. The project aim is to support of TMR society adaptability via employee's education. In the period from June 2010 to December 2011 was implemented an education project "Employment and Social inclusion" from the operational EU program. The entire project will be implemented during a period of 19 months and there will be implemented 18 educational activities for 293 employees. The contribution of education is the increase of qualification, improving skills in communication with clients also inside the company that gets more satisfaction and stability of ski resort visitors and spreading a good name of the company. Educated employees will be a competitive advantage for the company.



Educational activities completed by staff of the first contact: cable cars and ski lifts service staff, cashiers and info-center staff, receptionists, dining staff, the hotel staff (waiters, bar-men, chair maids, other attendants) – basics of communication and solving conflict situations, learning languages (English, Polish and Russian), hotel standards, additional sale. These educational activities were presented by lecture methods, model situations solutions, playing roles, paraphrasing and solving team tasks. Other educational activities are for executive and middle management – communication, team leading, self-mar-

keting, time management, quality management, and performance management. Activities for middle and executive management are focused on improving efficiency and quality of control work and especially good personal examples. SMART EDU system is installed for e-learning education, which creates e-learning tools for large-scale education for all educational cycle phases. The installation of technology tools via which will be e-learning participants connected via live audio-studio, in which the lecture will be in confection with the participants of labor law and legislation education are part of this delivery. Verification of knowledge will be via test form.

The advantage of offering education via SMART EDU is time saving, this means a possibility of participation on lectures at a distance, saving presentations for later watching and studying of manuals, contracts samples and discussion with colleagues.

Professional IT staff is educated in the area of the latest technology in operating systems, server management and server applications, pc networks security, databases, new system management of on-line and e-learning applications.

Educated employees will be using learnt knowledge in TMR resorts with the aim to be a TOP in tourism of the whole Slovakia after completion of the project.

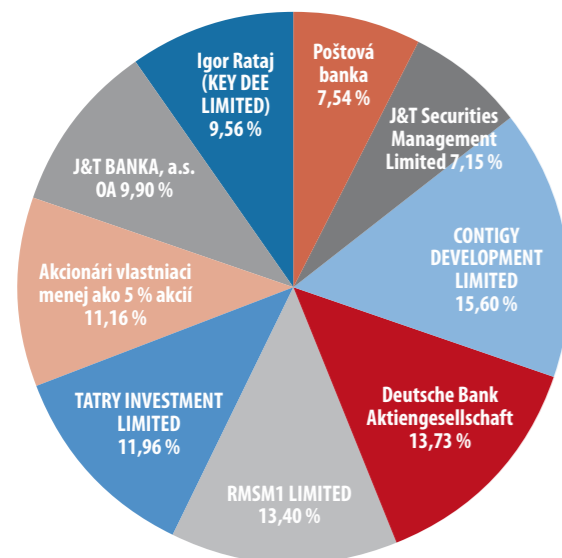
Training materials will be available for employees after the project realizations, who have not attended the training (new employees). Tenability of project results will be ensured for the top and middle management by effective management practice operation – "good practice" will teach also other employees, who may become perspective new managers.

TMR goal is to continue in the outgoing education of employees within the EU programs and own sources also after the ending the project realization and so to ensure a dynamic and new trends in human resources.



OWNERSHIP STRUCTURE

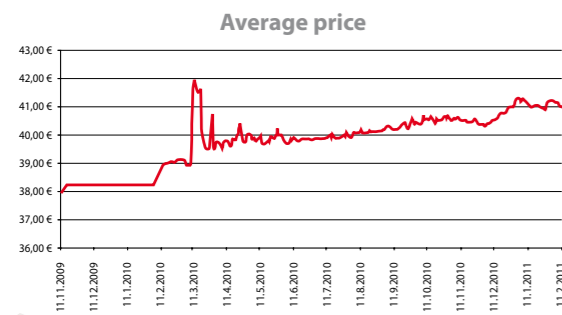
Tatry mountain resorts shares are tradable on the listed market of Stock Exchange in Bratislava from the 30th of October 2009. Each shareholder, whose share overreaches/falls below the set up statutory percentage line per share on the share capital is mandatory to inform company about this fact according to the best knowledge of the Board is ownership structure to the 31st of October 2010 following:



SHARE CAPITAL INFORMATION

Authorized, issued and fully paid-up share capital as on 30th April 2010 consists of 6,707,198 ordinary shares in nominal value of EUR 33 per share. Shareholders are entitled to the payment of dividends and share value on the voice general meeting of the Company shall be determined as the ratio of value per share to the total capital. Events are routine, computerized bearer. Issue number is SK 1120010287. Shares are listed on parallel listed market of Bratislava Stock Exchange, with no restrictions on the transferability. Securities' owners have no special control rights. TMR has not issued employee shares and there are no voting rights restrictions connected with shares. TMR does not have information on agreements between shareholders which could lead to restrictions on transferability shares and voting rights. The Board has no specific jurisdiction to decide to issue or to buy back the shares.

SHARE PRICE DEVELOPMENT



The graph illustrates development of average price of TMR share traded on Stock Exchange in Bratislava. In April 2010 all issues have been merged into one traded issue with number SK 1120010287

SHAREHOLDER'S CLUB

In connection with the sale of TMR shares at the beginning of year 2010 the company decided to launch a shareholder's club. This brought together TMR and individual shareholders to close a partnership built on trust, with the goal to contribute on the process and achievements, creating loyalty with special offers in the most successful Slovakian mountain resorts and increasing the number of registered shareholders. A shareholder's club member can become subjects which own 25 and more TMR shares. A right for the benefit arises when reaching a cross line over the 25 shares once per year till the 31st of October 2010, all these based on the shareholder's list from Central Securities Depository (CSD) or a confirmation from the company which bought the shares for shareholder, called as custodian. The rights for the benefit for the TMR shareholder arise also in the future periods, in case that based on the list of the shareholder from CSD or company's confirmation, which bought the shares for the shareholder (custodian) shows that the requested number of TMR shares did not fall below the specified number in terms of shareholders' benefits table, based on which the benefit arises. The table of shareholders' benefits for 2010 is as follows:

NUMBER OF SHARES	BENEFIT
25	4 DAYS SKIPASS IN PRICELIST PRICE 112 €
40	7 DAYS SKIPASS IN PRICELIST PRICE 179 €
80	2 X 7 DAYS SKIPASS
130	SEASONAL SKIPPASS ISSUED ON THE NAME
250	2 X SEASONAL SKIPASS ISSUED ON THE NAME
500	MEMBERSHIP AND ADVANTAGES OF VIP CLUB

Including the TMR benefits the shareholders are able to skiing in resorts – Jasná Nízke Tatry – Chopok Sever a Chopok Juh, Vysoké Tatry – Tatranská Lomnica, Starý Smokovec a Liptovská Teplička.

For the most demanding clients who bought 500 pcs and more of shares a product VIP Card Tatry is determined, this includes exclusive and high-standard advantages as whole season skipass for the shareholder + guest and a lot of additional services.

To be a member of the shareholder's club has a lot of advantages, more than something else this club is a place of privileged meetings and attractive offers. More information you can find on internet page www.tmr.sk.

INFORMATION FOR THE INVESTORS

THE BOARD OF DIRECTORS

The Board is a corporate body of Tatry mountain resorts, a.s.. It directs the activities and decides about all matters of the company, unless they are restricted to the sphere of activity of General Meeting or Supervisory Board by means of legal regulations or provisions. The Board of Directors introduces to the Supervisory Board the financial and investment plan for approval and is responsible for its fulfillment. The Board of directors introduces to the Supervisory Board the Articles of the company for approval. The Board of directors convenes the General Meeting at least once a year.

The two members of the Board are allowed to act behalf of the company in all matters. The Board members are elected and dismissed by the Supervisory Board. The term of office for a member of the Board is five years and the re-election is possible. The Supervisory board also determines who from the members of the Board a chairman becomes.

The Board has not its own status and has no commissions. The Board is calling the meeting according to the needs but at least once every two months. The Board is quorum if an absolute majority of all Board members are presented on the meeting. The decision of the Board is accepted if more than half of all Board members voted.

To the 31st of October the Board has these 4 members:

- Bohuš Hlavatý – chairman
- Jozef Hodek – member
- Andrej Devečka – member
- Dušan Slavkovský – member

THE SUPERVISORY BOARD

The Supervisory Board is a review body of the Tatry mountain resorts, a.s. It supervises on the Board of Directors execution and business activities of the company. The Supervisory Board approves financial plans and an important investment for the current economic year presented by the Board, approves the remuneration rules of members of the Board and presents inspection's results to the General Meeting.

The Supervisory Board has 3 members. The term of office of the Supervisory Board members is five years and re-election is possible. The Supervisory Board members are elected and dismissed by the General Meeting. If the company has more than 50 full-time employees in the time of election, two thirds of the Supervisory Board members are elected and determined by the General Meeting and the one third is elected and determined by the employees.

To the 31st of October 2010 the Supervisory Board has these 3 members, from who the two have been elected by the General Meeting and one by the employees of the company:

- Igor Rattaj – chairman,
- Patrik Reisel – member,
- Jozef Slabý – member, elected by the employees.

AUDIT COMMITTEE

The company has established the audit committee. The committee monitors the preparation of financial statements and recommends the auditor for auditing of the account statement. Other responsibilities are defined by the law of the Articles of the Company. The committee has two members, who are elected and determined by the General Meeting based on the Board of directors or shareholders proposal.

To the 31st of October 2010 the Committee has two members:

- Jozef Hodek
- Viera Prokopová

INFORMATION ABOUT THE ACTIVITIES OF THE GENERAL MEETING, ITS RIGHTS, SHAREHOLDER'S RIGHTS DESCRIPTION AND THEIR IMPLEMENTATION PROCESS

The General Meeting is the supreme body of the company. Duties of the General Meeting are defined by the Act no. 513/1991 Coll. of Commercial Code as amended and the Articles of the Company.

The General Meeting is convened by the Board of Directors unless the law stipulates otherwise. The General Meeting is convened by the Board of Directors in a way to meet at least once a year within 6 months period after the end of the previous accounting year. The General Meeting may hold at any time if the interest of the society or law requests this.

The Board of directors convened the General Meeting by the notice publication of the meeting taking place. The announcement about the General Meeting taking place has to be published in periodical press at least 30 days before the meeting. The company publishes an announcement about the General Meeting taking place also in the formulations that enable the dissemination about the meeting in all contracting states of European Economic Area Agreement in period at least 30 days before the meeting. The announcement of the meeting has to contain all the statements provided by the law.

The General Meeting consists of all shareholders present, the Board members, Supervisory board or third parties or those shareholders, who called the General Meeting. The shareholder is entitled to participate on the General Meeting, vote, request information and explanations about the company or persons controlled by, which are related to the negotiation subject and submit his/her suggestions. Shareholders may carry out their rights at the General Meeting also via authorized representatives, who present by the power of attorney containing a range of empowerment. The shareholder's voting achievement is not limited. The number of shareholder's votes is determined by the nominal value of his/her shares to the capital value.

The Annual General Meeting is not accessible for the public.

The Annual General Meeting usually held at the headquarters but can also take place at any place designated by the Board when calling on a General meeting.

The Annual General Meeting decides by an absolute majority of votes of presented shareholders. In the matters relating to its status, the increase or decrease of the capital, the Board authorization to increase the capital, issue of priority bonds or convertible bonds, company cancellation or changing the legal form a two thirds majority of votes of presented shareholders is requested and a notarial deed has to be made. Two thirds majority of votes of presented shareholders is required for the Annual General Meeting decision approval about ending the trade on the Stock exchange and for election and determination of the Supervisory Board, the Annual General Meeting decision that the company ceases to be a public trade company and becomes a joint stock company. A three-fifths majority of votes of all shareholders is required for the Articles of company changes with the introduction of the postal vote possibility and the change associated with introduction and establishment of attending conditions on the Annual General Meeting and a shareholder's voting at the Annual General Meeting by the electronic equipments.

The general meeting has been arranged in a period from the 1st of November 2009 to the 30th of April 2010:

- 15th March 2010 **Extraordinary General Meeting** was arranged in order to negotiate and approve decreasing of share capital of issues to value EUR 33, where nominal value of the share was EUR 33.193919
- 22nd April 2010 **Duly General Meeting** was arranged in order to negotiate and approve:
 - Statement of finances and annual report
 - Approve the company's auditor
 - Profit and loss dealing
 - Decision about fusion with Tatranske lanove drahy, a.s.

■ PROFIT DISTRIBUTION PROPOSAL

TMR group reached a consolidated profit in value of 5.758.589 € to year ending on the 31st of October 2010. The profit of the parent financial entity is in value of 9.454.110 €. Only the net profit (dividend) can be divided to the shareholders according to Slovak legislation, this is the profit reduced by the mandatory allocations into the reserve fund and by paid losses from the previous years. For purposes to pay a net profit (dividend) according to Slovak legislation a profit of parent financial entity is paid. Based on this the Board will propose the distribution as follows:

1. 10% from the profit, this is 945.411,-€ will be used to replenish the reserve fund
2. profit margin in the amount of 679.553,-€ will be used to cover losses of previous periods
3. profit margin in the amount of 5.499.902,-€ will be used to pay dividends to shareholders (0,82 € per share)
4. profit balance in the amount of 2.329.244,-€ will be transferred on the account of not divided profit of the last periods

■ CODE OF CORPORATE GOVERNANCE

TMR is fully aware of the importance to maintain the principals of Corporate governance. The Board announced to respect the principles of the Corporate Governance Code in Slovakia the day of 3rd November 2010. The announcement includes complex information about the management methods in the company as well as the information about the deviations from the Corporate Governance Code. All these information are published on the internet page www.tmr.sk.

■ OTHER COMPLEMENTARY DATA

TMR and companies included in the consolidation of R&D area have not exerted any costs in financial year 2009/2010. TMR group has no organization brand abroad and does not use any financial derivatives to run the financial risks. The group is managing financial and credits risks by the diversified funding. Cash flows and liquidity parameters are monitored in regular intervals. Price risk has no significant effect on the activity of the whole group. The internal control is provided by a regular monitoring of financial plan and whole financial situation. The main information about administration and management methods are included in the Articles of Corporation, the Organization paper and in management act files (directives) which are published in the Company's headquarters. The employees are fully familiar with them. The business diversification into the different segments allowed significantly reduces the business risks and uncertainties, which arising from the seasonality and so the stability of the whole company is ensured. Part of the company assets is located in a protected area and all interferences with the nature are always accompanied by the cooperation with state authorities that the environmental impact was minimal.

FINANCIAL PART

EVALUATION OF THE ECONOMIC RESULTS

TMR drew up a consolidated financial statement for the first time in year 2010 according to international accounting standards for the entire year. Into the consolidation belongs 12 months accounting period of Tatro mountain resorts, a.s. (TMR), Tatranské lanové dráhy a.s.(TLD) až do obdobia zlúčenia s TMR, GRANDHOTEL PRAHA, a.s (100% shares) for the period from the 28th of December to the 31st of October 2010 (10 months), Interhouse Tatro, s.r.o. (50% podiel) a Tatro mountain resorts services, a.s. (TMRS) for the period from 11th of October 2010 to 31st of October 2010 (20 days).

The company achieved a consolidated profit of 5.745 thousands Euros. The Parent company achieved in the own individual financial statement a profit in value of 9.454 thousands Euros. The biggest differences are caused because

the TMR individual financial statement is conducted under IFRS (International Accounting Reports Standards) and the consolidation includes all daughter companies. The assets are revalued to real value in the consolidated financial statement, which revaluation was done by reputable companies. Due to revaluation the depreciations are higher in the consolidated financial statement and therefore the economic income is decreased. Higher book value of assets led from the revaluated assets comparing to the property value of the parent company (TMR) maintained in historical costs has a significant influence on the deferred tax calculation and therefore there are considerable differences. There is a property loss in consolidated financial statement which was not accounted in the individual financial statement of the parent company.

BREAKDOWN OF RESULTS FOR INDIVIDUAL SEGMENTS

Incomes in thousands Euros	Year end on the 31 st of October				
	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010
MOUNTAINS	14 593	14 287	15 588	15 239	17 409
Mountain resorts	13 828	13 025	13 740	12 819	14 934
Dining	482	852	1 227	1 605	1 562
Sport services	283	410	621	815	913
TOTAL, HOTELS	4 242	7 395	7 351	6 160	8 329
Hotels (100% ownership) ⁽¹⁾	4 242	6 182	5 967	5 122	6 633
Grandhotel Praha (1.10.1009-28.12.2009) ⁽²⁾					253
Grandhotel Starý Smokovec (50% ownership) ⁽³⁾	0	1 213	1 384	1 038	1 443
REAL ESTATE					296
INCOMES, TOTAL	18 835	21 682	22 939	21 399	26 034
EBITDA in thousands EUROS					
MOUNTAINS	5 153	3 990	4 703	3 571	4 951
Mountain resorts	5 586	4 756	5 041	3 789	4 799
Dining	-364	-511	-312	-61	127
Sport services	-69	-255	-26	-157	25
TOTAL, HOTELS	845	1 235	677	14	1 557
Hotels (100% ownership) ⁽¹⁾	845	1 111	602	49	1 508
Grandhotel Praha (1.10.1009-28.12.2009) ⁽²⁾					-39
Grandhotel Starý Smokovec (50% ownership) ⁽³⁾	-	124	75	-35	88
REAL ESTATE					174
EBITDA TOTAL	5 998	5 225	5 380	3 585	6 682
	Pro-forma ⁽⁴⁾	Pro-forma ⁽⁴⁾	Pro-forma ⁽⁴⁾	Pro-forma ⁽⁴⁾	IFRS ⁽⁵⁾

(1) hotels are including Hotely Grand JASNA, SKI Záhradky, Tri Studničky a Grandhotel Praha Tatranská Lomnica (10 months). Results for year ending the 31st of October 2006 are not including results of Grandhotel Praha Tatranská Lomnica. In year ending on the 31st of October 2010 are results of the companies GRANDHOTEL PRAHA, a.s for period from 28th of December 2009 to 31st of October 2010 (10 months)

(2) Results for the period from the 1st of November 2009 to the 28th of December 2009 (2 months) were not included into IFRS consolidated financial statements. It is a pro-forma adjustment.

(3) Interhouse Tatro, s.r.o. is consolidated by a share method on the equity. In this view is showed a 100% revenue and 100% of EBITDA of the company what is not displayed in IFRS consolidated financial statement. It is a pro-forma adjustment.

(4) Pro-forma results were not audited., they have been audited at the level of individual companies. They have been prepared according to Slovak accounting rules.

(5) Except points (2) a (3) all the other are fully in accordance with IFRS consolidated statement

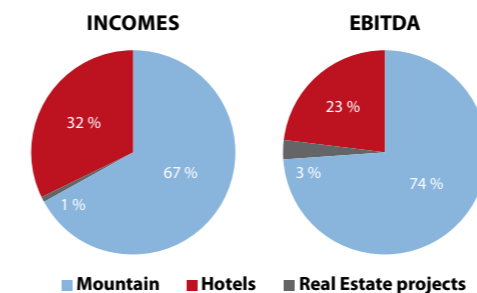
Year 2005/2006 was especially favorable thanks to the weather and extremely high visit rate. Relatively high incomes in the amount of 18.8 million € in this year contributed to a high operation efficiency of mountain resorts, what was noticed also on EBITDA in value of 6 million €. The company started to operate dining and expand the ski school services in this year. It was a starting year, where first bigger investments into these segments took place, what has a negative impact on their results.

The years 2006/2007 and 2007/2008 can be characterized as a period of "acquisitions and investments" where first big investments in resorts and acquisitions of high-tatras Grandhotels were implemented. These investment activities creates a real base for future organic growth of TMR and their positive influence on incomes volume and operating profit.

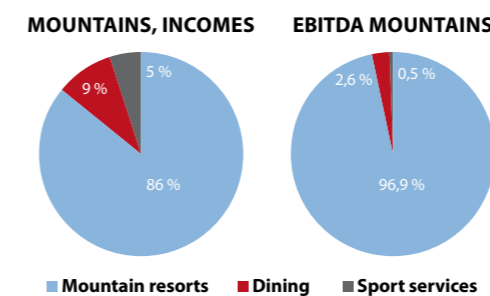
A year 2008/2009 was marked as in the other sectors sensitive on purchasing power in the global economic recession. TMR recorded a huge drop of skier from Poland in terms of visit rate caused by the exchange rate development of polish zloty against the euro. This happened in the strongest months of the winter season. Despite of these negative macroeconomic facts company was able to maintain the stability of incomes (in value of 21.4 million €) and reached a positive operating economic profit in value of more than 3.5 millions.

Year 2009/2010 was a key due to reversal of the global economic crisis. We are reaching positive results in segments dining and sport services for the first time. A strong growth was noticed in segment Mountains. More information you will find in the above section "Main events of the year from the 1st of October 2009 to 31st of October 2010".

Contribution of each segment to overall results

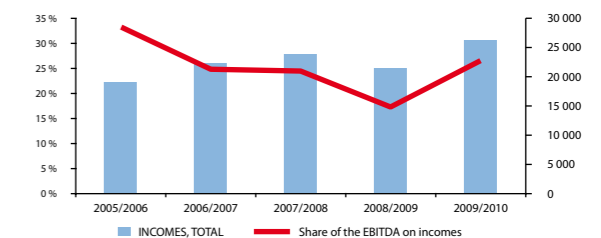


The segment Mountains has the most important share on TMR incomes and achieves the highest efficiency. The company plans to be Segment Mountains the strongest share. There is a highest potential of growth in segment real estates, where the preparation phases of implementation already started.



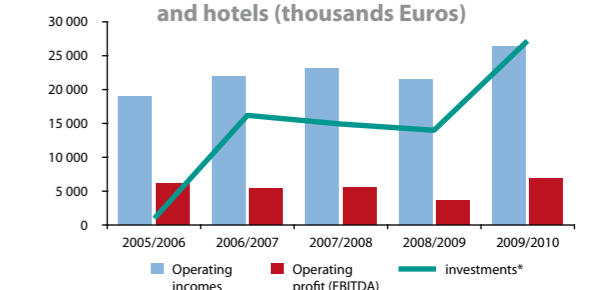
Mountain resorts, dining and sport services are part of the segment Mountains. The share of segments dining and sport services is increasing every year. This trend continues and we are planning to have 25-30% share of these segments on the whole resort.

Development of effectiveness (in thousands EUROS)



The EBITDA margin markedly decreased in year 2008. This was caused by the global economic crisis. There is noticed an increase from the pre-crisis period in year 2009/2010 and trends are showing that it will go higher. The increasing efficiency in segments dining, sport services and mountains improved the EBITDA margin.

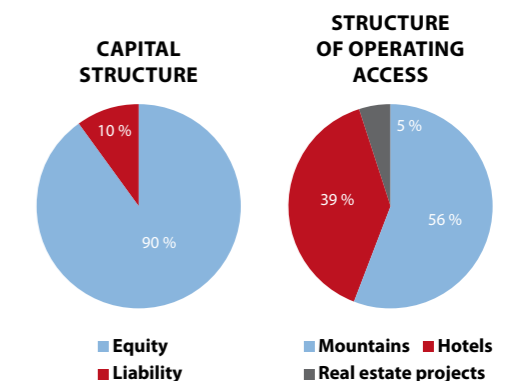
Development of incomes and EBITDA and investments into the resorts and hotels (thousands Euros)



* the amount of investments are representing the investments spent in resorts and hotels. The investments are not in time according to financial year, as more of them is finalized in November and December and therefore they are covering on the year turn. Investments are shown on a time basis with which relates, not on the base of cash flows when they have been made.

There have been invested over 70 millions € in the resorts and hotels in the last 5 years (6 new cable cars, new slopes, snow making system, new snow track mobile vehicles, parking places, hotels' renovations, restaurants and etc.). A greater capacity and mostly increasing quality of offered services were provided the investments in the first years. The entire growth was slowed down due to increase of the economy crisis and launching the Euro in Slovakia in year 2008/2009. Despite of these adverse developments the investments helped to ensure the stability of incomes and profitability.

COMPANY'S PROPERTY



The company has only 10% indebtedness, which gives her a great stability to the future space for possible future debt. The largest increase in operating access structure is planned in Segment Mountains, where the large investments are scheduled for the coming years.

**Tatry mountain resorts, a.s.
and its subsidiaries**
Consolidated financial statements
for the period of 1st of November 2009 until 31st of October 2010

compiled under
International Financial Reporting
Standards ("IFRS") approved by EU

Tatry mountain resorts, a.s. and its subsidiaries

Profit or loss consolidated statements

Euros are in thousands

	Note	1.11.2009 – 31.10.2010	1.1.2009 – 31.10.2009
		<i>(12 months)</i>	<i>(10 months)</i>
Revenues	4	22 936	9 815
Other operation income	5	1 402	579
Total income		24 338	10 394
Material and goods consumption	6	-3 560	-1 612
Purchased services	7	-8 459	-4 127
Staff costs	8	-5 404	-2 480
Other operational costs	9	-271	-310
Profit on assets sale		66	642
Addition and release of adjusting items		-77	11
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)*		6 633	2 518
Depreciation and amortization	13,14	-6 831	-3 834
Asset value decrease	13	-505	-4 025
Goodwill value decrease	14	-	-651
Loss before Interest and Tax (EBIT)		-703	-5 992
Yields of interest	10	8 296	178
Interest costs	10	-543	-461
Financial instruments costs, nett	11	-1 642	-
Associate company loss	16	-46	-
Negative goodwill		122	-
Profit/(loss) before tax		5 484	- 6 275
Income tax	12	275	682
Profit/(loss)		5 759	-5 593
-owners of the Group		5 759	-5 593
-uncontrollable share		-	-
Profit/(loss)		5 759	-5 593
Other parts of the profit or loss			
Revaluation of financial instruments into real value		-14	-
Total profit or loss		5 745	-5 593
- owners of the Group		5 745	-5 593
- uncontrollable share		-	-
Total profit or loss per share (in Euros)	25	0,857	-1,699

*EBITDA is Earnings Before Tax, Interest, Amortization and Depreciation and adjusted of other revenues and costs stated under the EBITDA.

Notes on pages 5 to 49 represent inseparable part of consolidated financial statement.

Overview of profit and loss statements according to individual segments is stated in section 2 - Segment Information.

Tatry mountain resorts, a.s. and its subsidiaries

Financial position consolidated statement

Euros are in thousands

	Note	31.10.2010	31.10.2009
Assets			
Goodwill and intangible assets	14	3 897	560
Property, plant and equipment	13	115 174	87 633
Investments in real estate	15	3 714	3 714
Trade receivables	20	1 220	36
Granted credits	19	5 116	-
Other receivables	21	206	-
Investments in associate company	16	6 882	-
Deferred tax receivable	17	369	-
Total long-term assets		136 578	91 943
Inventory	18	676	622
Trade receivables	20	6 273	3 739
Granted credit	19	48 272	4 726
Other receivables	21	104 498	191 138
Securities available for sale	23	85	-
Cash and equivalents	24	2 769	1 862
Other assets	22	1 396	631
Total current assets		163 969	202 718
Total assets		300 547	294 661
Equity			
Total share capital	25	221 338	221 534
Share premium		30 430	30 483
Retained profit and other funds		17 241	11 496
Equity fallen to persons with participation in subsidiary's equity		269 009	263 513
Uncotrollable share		-	-
Total share capital		269 009	263 513
Liabilities			
Credit and loans	26	11 924	10 286
Trade liabilities	27	73	42
Reserves	28	20	13
Other long-term liabilities	29	879	1 899
Deferred tax liability	17	9 029	5 497
Total long-term liabilities		21 925	17 737
Credit and loans	26	2 255	6 116
Trade liabilities	27	2 798	1 829
Reserves	28	310	274
Tax due liability		52	-
Other current liabilities	29	4 198	5 192
Total current liabilities		9 613	13 411
Total liabilities		31 538	31 148
Total liabilities and stockholders' equity		300 547	294 661

Notes on pages 5 to 49 represent inseparable part of consolidated statement.

Tatry mountain resorts, a.s. and its subsidiaries
Consolidated statement of changes in equity

	Equity fallen to persons with participation in subsidiary's equity	Share capital	Share premium	Indivisible fund	Revaluation fund	Retained profit	Uncontrollable share	Total
Balance at 1 January 2009	-	33 652	2 016	1 410	-	15 679	-	52 757
Loss of current accounting period	-	-	-	-	-	-5 593	-	-5 593
Total shown profit/(loss)	-	-	-	-	-	-5 593	-	-5 593
Share capital increase	187 882	-	28 467	-	-	-	-	216 349
Allocation to statutory reserve fund	-	-	-	26	-	-26	-	-
Balance at 31 October 2009	221 534	30 483	1 436	10 060	263 513	-	-	263 513
Balance at 1 November 2009	221 534	30 483	1 436	10 060	263 513	5 759	-	263 513
Profit of current accounting period	-	-	-	-	-	5 759	-	5 759
Other parts of consolidated statements								
Revaluation of financial instruments into real value	-	-	-	-14	-	-	-14	-14
Total shown profit/(loss)	-	-	-	-14	-	5 759	-	5 745
Share capital decrease	-196	-53	-	-	-	-	-	-249
Balance at 31 October 2010	221 338	30 430	1 436	15 819	269 009	-	-	269 009

Notes on pages 5 to 49 are integral part of these consolidated statements.

Tatry mountain resorts, a.s. and its subsidiaries

Cash flow consolidated statement

Euros are in thousands

	Note	1.11.2009 – 31.10.2010 (12 months)	1.1.2009 – 31.10.2009 (10 months)
OPERATING ACTIVITY			
Profit/(loss)		5 759	-5 593
Adjustments concerned about:			
(Profit) from property, plant and equipment sale, investments in real estate and immovables		-66	-642
Depreciation and amortization	13,14	6 831	3 834
Addition and release of adjusting items		77	-11
Loss due to decrease of goodwill	14	-	651
Decrease of tangible assets and financial instruments	11,13	2 153	4 025
Income/(cost) from associate company	16	46	-
Yields (of interest)/costs, nett	10	-7 753	283
Negative goodwill	3	-122	-
Change of reserves		-20	103
Tax		-275	-682
Change in trade receivables, other receivables and other assets		-8 971	-1 526
Change in inventory		64	226
Change in trade payables and other payables		-999	-2 567
Cash flow from operating activity before income tax		-3 276	-1 899
Paid income tax		-	-
Operating activity cash flow		-3 276	-1 899
INVESTING ACTIVITY			
Acquired property, plant and equipment, investments in real estate and immovables		-18 164	-880
Income from sale of property, plant and equipment, investments in real estate and immovables		285	2 089
Costs to acquire shares in other accounting entities without the gained cash		-25 700	-4 660
Costs to acquire securities available for sale		-99	-
Paid interests		2	192
Financial activity cash flow		-43 676	-3 259
FINANCIAL ACTIVITY			
Equity reduction		-249	-
Income from paid-up bills		110 657	25 211
New bills		-12 184	-
Granted credits		-50 562	-19 253
Granted credits payments		4 275	2 247
Financial lease payments of payables		-1 214	-1 145
Payments of credits and loans		-2 248	- 1 097
New credits and loans		-73	-
Paid interests		-543	-551
Financial activity cash flow		47 859	5 412
Nett increase of cash and cash equivalents		907	254
Cash and cash equivalents at beginning of the year	24	1 862	1 608
Influence of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents atm end of the year	24	2 769	1 862

Notes on pages 5 to 49 are integral part of these consolidated statements.

Tatry mountain resorts, a.s. and its subsidiaries

Notes for the Consolidated Financial Statements for the period of 1st November 2009 to 31st October 2010

Tatry mountain resorts, a.s. (hereafter "subsidiary" or "Company") is a joint-stock company with headquarter and registered office at Demänovskej Dolina 72, Liptovský Mikuláš 031 01. The company was established on 20 March 1992 and incorporated in a business register on 1 April 1992. Organization identification number is 31 560 636 and tax registration number is 2020428036.

The Company is not general partner in any other accounting entity.

Company's shares have been registered on the stock market in Bratislava since 19 November 1993.

In 2009 the company decided to change the accounting period from calendar year business year from 1 November to 31 October. The change was to make the period real, as the Company was subject to seasonal variation.

Structure of shareholders' in the Company on 31 October 2010 and on 31 October 2009 was as follows:

31 October 2010	Equity share		Right to vote
	In thousand Euros	%	%
CONTIGY DEVELOPMENT LIMITED	34 527	15,60%	15,60%
Deutsche Bank Aktiengesellschaft	30 395	13,73%	13,73%
RMSM1 LIMITED (TIPRA)	29 662	13,40%	13,40%
TATRY INVESTMENT LTD	26 471	11,96%	11,96%
J & T BANKA, a.s. (J & T Bank, Inc.)	21 915	9,90%	9,90%
KEY DEE LIMITED	21 151	9,56%	9,56%
Poštová banka, a.s. (Postal Bank, Inc.)	16 691	7,54%	7,54%
J&T SECURITIES MANAGEMENT LIMITED	15 828	7,15%	7,15%
Minor shareholders	24 698	11,16%	11,16%
Total	221 338	100%	100%
31 October 2009			
	Equity share		Right to vote
	In thousand Euros	%	%
TINSEL ENTERPRISES LIMITED	40 809	18,42%	18,42%
CONTIGY DEVELOPMENT LIMITED	39 947	18,03%	18,03%
Tatry mountain resorts services, a.s. (former Tatry mountain resorts, a.s.)	29 536	13,33%	13,33%
BAXON REAL ESTATE LIMITED	26 574	12,00%	12,00%
J & T BANKA, a.s.	22 131	9,99%	9,99%
J&T GLOBAL SERVICES LIMITED	22 131	9,99%	9,99%
Poštová banka, a.s.	20 658	9,32%	9,32%
DIAMOND HOTELS CYPRUS LIMITED	15 632	7,06%	7,06%
Minor shareholders	4 116	1,86%	1,86%
Total	221 534	100%	100%

Company's consolidated statement for the period ending on 31 October 2010 includes accounting statement of a parent company and its daughter companies (called the "Group") and Group's share in an affiliated company.

The Group's main activities include cableway and sky lifts operation, restaurant facilities and gastro activity, operation of sky and snowboard school and hotel business.

Average number of Group's employees during the period from 1 November 2009 to 31 October 2010 was 459 out of which 12 were TOP management (in 2009 was 390 out of which 14 were TOP management).

Tatry mountain resorts, a.s. and its subsidiaries
Notes for the Consolidated Financial Statements for the period of 1st November 2009 to 31st October 2010

Company's authorities are:

Board of directors:

Ing. Andrej Devečka, member (from 14.12.2006)
Ing. Bohuš Hlavatý, chairperson (from 29.6.2009)
Ing. Jozef Hodek, member (from 29.6.2009)
Ing. Dušan Slavkovský, member (from 1.5.2010)

Supervisory board:

Jozef Slabý (from 29.11.1996)
Ing. Patrik Reisel (from 27.6.2008)
Ing. Igor Rattaj (from 29.6.2009)

Significant accounting principles

(a) Statement of compliance

Consolidated financial statements (hereinafter the "Consolidated Financial Statements") have been compiled in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with the National Council of the Slovak Republic (NR SR) Act No. 431/2002 on the Accounting. Consolidated financial statements is for the period of 1 November 2009 to 31 October 2010. Consolidated financial statements on 31 October 2009 is used as a comparable period which due to transition to financial year ending on 31 October covers only 10 months (1 January 2009 - 31 October 2009).

Consolidated Financial Statements were approved by the Board of Directors on 15 February 2011.

(b) Preparation of the balance sheet

Consolidated Financial Statements have been compiled on the basis of acquiring costs, where real estate investments and securities available for sale have been revaluated to their real value.

Consolidated Financial Statements of the Company have been compiled during the period of its continual activities.

Consolidated Financial Statements have been compiled in thousands Euros. Accounting methods within the Company's Group have been consistently applied in accordance with previous accounting period.

The preparation of financial statements in accordance with International Financial Reporting Standards as adopted by the EU requires the use of different judgments, assumptions and estimates. These affect the reported amounts of assets, liabilities, revenues and costs. Actual results, however, are likely to differ from these estimates. Critical accounting estimates and judgments made by management, which carry a significant risk of causing a material adjustment in the next financial year are described in Section 1 - Critical accounting estimates and assumptions.

The estimates and underlying assumptions are continually reviewed. If the review of accounting estimates applies only to one accounting period, it is reported in this period; if the revision affects current and future accounting periods, it is reported in the period when such review was performed, as well as in the future periods.

Tatry mountain resorts, a.s. and its subsidiaries
Notes for the Consolidated Financial Statements for the period of 1st November 2009 to 31st October 2010

The following International norms of a financial reporting, amendments and interpretations for norms approved by EU are effective for the accounting period beginning on 1 November 2009 and were applied by the Group in the process of Consolidated Financial Statements preparation:

Below stated application of standards does not have any significant impact on the financial statements of the Group.

Audited **IFRS 3 Business Combinations**, effective for the accounting period beginning on 1 July 2009 or later, establishes principles and rules concerned how the alienee in business combination should show and value various parts related to the accounting method of an acquisition transaction in their account book.

Amended **IAS 27 Consolidated and Separate Financial Statements** is effective for annual accounting periods beginning 1 July 2009 or later. The changes and amendments in IAS 27 specify the conditions under which the entity shall prepare consolidated financial statements, the procedure how parent entities shall enter changes in their ownership shares in subsidiaries and allocate losses of subsidiary between controlling and non-controlling interest.

Amended **IAS 28 Investments in Associate companies** effective for annual accounting period beginning 1 July 2009 and later. The amendment relates to the changes of IAS 27. After the loss of significant impact on the associated company, the investor appreciates any investment in real value that he keeps in the previous associated company, profit and loss is shown directly in the profit and loss statement.

Amended **IAS 38 Intangible assets** effective for annual accounting period beginning 1 July 2009 and later clarifies real value of intangible assets gained in business combination and it allows to show a group of additional intangible assets provided that individual assets in the group have similar usable life.

Issued International Financial Reporting Standards, which are not yet effective

At 31 October 2010 were issued and subsequently adopted by the EU following International Financial Reporting Standards, amendments and interpretations to standards that are not yet in force and have not been applied by the Group in preparation of these financial statements:

Amendment **IFRS 8 Operating Segments** to show information about segment assets, effective for accounting period beginning on 1 January 2010 or later. Group evaluates the influence of such amendment for their financial statements.

Amendment **IAS 1 Presentation of financial statements** effective for annual periods beginning 1 January 2010 or later. According to the current version the liability is considered to be current / circulating if (unless stated otherwise) the entity has the right to defer payment excluding 12 months from the balance sheet date. The problem arose in the case of convertible debt instruments, where the holder has the right to convert the debt shares into share instruments at any time (e.g. based on options). Due to the fact that division into current and long-term liabilities is to inform financial statements users about the possible decrease of sources (e.g. in the form of money or other assets) but not about changes in equity, the IASB decided that the right to change convertible debt instruments for share ones shall not be taken into consideration in dividing the liabilities, even though this change represents one method of their payment. Group does not anticipate any influence of the standard on the financial statements.

Amendment **IAS 17 Leases** effective for annual periods beginning 1 January 2010 or later, should be applied retrospectively, hence the existing rent from the time of hiring, however only on condition that the information requested is available. The essence of the standard amendment is to specify accounting and reporting of lease of land. The original version of the standard land lease for an indefinite period was classified as operative leases. According to amended standard, the lease of land will be classified as either operative or financial in accordance with the principles of amended standard. The group has been currently assessing the influence of this amendment on its financial statements.

Tatry mountain resorts, a.s. and its subsidiaries
Notes for the Consolidated Financial Statements for the period of 1st November 2009 to 31st October 2010

Amendment **IAS 36 Impairment** of assets effective for annual periods beginning 1 January 2010 or later regarding assignment of goodwill to the cash generating unit for the purpose of determining its possible depreciation. The amended standard states that such a unit should be within the range of operative segment determined in IFRS 8. The group currently assesses the influence of this amendment on its financial statements.

Amendment **IAS 39 Financial instruments: Recognition and Measurements** effective for annual periods beginning 1 January 2010 or later, brings clarification of aspects of hedge accounting and the exclusion of forward contracts the result of which is in a business combination from the scope of this standard. The Group currently assesses the potential impact of this amendment on its financial statements.

Amendment **IAS 24 Related Party Disclosures** effective for annual periods beginning 1 January 2011 or later, provides a definition of related parties and easier recognition of related parties for government organizations. The group is currently analyzing the impact of amended standard on its financial statements.

Amendment **IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction** effective for annual periods beginning 1 January 2011 with the option of earlier approval corrects unintended consequences of the former IFRIC 14. Without the amendments, companies would be not permitted to recognize as an asset some voluntary prepayments for minimum funding contribution, which was not intended when IFRIC 14 was issued, and the amendments correct this. Amendment shall be applied retroactively to the earliest comparative period presented. Interpretation does not affect the current business activities and transactions of the Group.

Other standards with amendments and interpretations that are not yet effective and applicable for a Group include IFRS 5, IFRS 2, IAS 32, IFRIC 19, IFRS 1.

Other International Financial Reporting Standards

The group did not use any other International Financial Reporting Standards approved by the EU, where their application to the date on which the financial statements is due, was not required. In the event that the transitional provisions give companies the opportunity to choose whether to apply the new standards prospectively or retrospectively, the group decided to apply these standards prospectively from the date of transition to IFRS.

(c) Basis of consolidation

(i) Subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company is authorized, directly or indirectly, to govern the financial and operational management of a company to obtain benefits from its activities. The existence and effect of potential rights to vote that are currently exercisable or convertible are taken into account when assessing whether the Group has control over another company. The consolidated financial statements include the Group's interest in other companies according to the right to control these companies regardless of whether the control is exercised or not. Financial statements of subsidiaries are included in the consolidated financial statements from the date of control start to the day of its termination.

(ii) Associate companies

Associates are those companies in which the Company has significant influence but not control over financial and operational management. It is assumed that the company has significant influence in another company once it disposes of 20 to 50 percent of voting rights. The consolidated financial statements include the Group's share of reported profits and losses of associates using the equity method from the date of the significant influence start until its termination. Investment is initially shown in acquired cost. When the Group's share of losses exceeds the book value of the associate, the book value of such company is reduced to nil and recognition of further losses is terminated, except the case when the Group incurred possible liabilities with the associates.

(iii) The scope of consolidation

At 31 October 2010, the consolidation included four companies. Each consolidated companies prepared their own financial statements at 31 October 2010. The list of companies is stated in section 38.

Tatry mountain resorts, a.s. and its subsidiaries
Notes for the Consolidated Financial Statements for the period of 1st November 2009 to 31st October 2010

(iv) Eliminated transactions in consolidation

Reciprocal balance of accounts and transaction within the Group, as well as any other profits arising from the transactions within the group that were not conducted, are eliminated from the consolidation statements.

(v) Acquisition method

The acquisition method is used in accountancy to book the purchase of subsidiaries. Performance within the business combination is evaluated by fair value calculated as a sum of fair value, which the property has on the date acquired by the acquirer, liabilities which the acquirer incurred towards former owners of acquired subject and equity interest issued by the acquirer.

Costs related to acquisition are accounted directly to the profit and loss statement.

Identifiable assets acquired and liabilities of the acquired subject assumed that meet the conditions under IFRS 3 are recognized at their fair value at the date of acquisition.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree (if that is the case) over the difference between identifiable net assets and liabilities acquired at the date of acquisition is recorded as goodwill. Otherwise, the difference is reviewed and the remaining part is recognized directly as an income in the profit and loss statement.

Any non-controlling interest in the acquiree is recognized by proportionate share of the acquiree's net assets.

(vi) Consolidation of accounting methods

Accounting methods applied by consolidation companies in their consolidated statements have been consolidated and are in accordance with the principles of a mother company.

(d) Foreign currency

(i) Foreign currency transactions

Items of every company within the Group are reported in the functional currency. Consolidated financial statements is presented in thousands Euros which are both the functional currency and issuing currency of the Company. Foreign currency transactions are exchanged into Euros according to the actual exchange rate on the date of performed transaction. Monetary assets and liabilities in foreign currency are converted into Euros at the date of financial statements preparation using the exchange rate of Central Bank of Europe prevailing at the dates when the fair value was allocated.

(e) Financial instruments

(i) Classification

Loans and deposits for customers and banks are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not classified as securities available for sale, retained until due or recognized at fair value in the profit and loss statements.

Securities available for sale are non-derivative financial assets, which are excluded from financial assets recognized at fair value in the profit and loss statements, loans and deposits for customers and banks or financial assets retained until due.

(ii) Recognition

Loans and deposits for customers and banks are recognized on the date on which the Group commits the purchase.

Tatry mountain resorts, a.s. and its subsidiaries
Notes for the Consolidated Financial Statements for the period of 1st November 2009 to 31st October 2010

Securities for the purpose of selling are recognized on the date on which the Group is bound to their purchase.

(iii) Valuation

Securities available for sale are initially recognized at their fair value. In case the securities are not valued at fair value through profit and loss statements, this valuation is increased by the cost of acquisition or issue of securities. The securities available for sale after the initial recognition are subsequently valued at fair value.

Loans and deposits to customers and banks are valued at amortised cost. After the initial recognition, financial liabilities are valued at amortised cost. In valuation at amortised cost, the difference between acquired costs and nominal value is recognized in profit and loss statement over the term of assets or liability using the effective interest method.

(iv) Principles of valuation at fair value

The fair value of financial instruments is based on their quoted market value at the date on which the financial statements are prepared, without any reduction of related costs. In case the quoted market value is not available, fair value of the instrument is estimated using management techniques of valuation models or discounted future cash flows.

When using a discounted cash flow method the estimate of future cash flows based on best estimates of management and the discount rate represents the market rate at the date on which the financial statements are prepared for the instrument with similar terms. When using valuation models, inputs for these models are based on market factors at the date on which the financial statements is prepared.

(v) Profits and losses on subsequent revaluation

Profits and losses arising from changes of fair value are for the securities recognized directly in equity. Change in fair value of securities available for sale is derecognized from equity to the profit and loss statements at the time of sale.

(vi) Derecognition

Financial assets are derecognized when the Group loses control over the contract terms included in the assets. This happens when the rights are exercised, terminated or the Group waives it. Financial liability is derecognized in case when the liability specified in the contract expires, is exercised or terminated.

Available for sale assets, which are sold, are derecognized and the claim against the buyer for payment are recorded on the day when the Group commits the sale of the assets.

Loans and deposits to customers are derecognized on the date the Group paid it up.

(f) Cash and cash equivalents

Cash and cash equivalents include cash in hand and banks and current highly liquid investments with original maturities of three months or less.

(g) Inventory

Inventories are stated at cost or net realization value, whichever is lower. Net realization value is the estimated selling price in the ordinary course of business, decreased by the estimated costs for completion and sale.

Purchased inventory are valued at cost, which includes the purchase price and other directly attributable costs associated with the purchase of supplies and their storage in the existing location and condition.

(h) Offsetting

Financial assets and liabilities are offset and the net amount is recognized in the balance sheet when the Group has a legally enforceable right to offset the recognized amounts and there is an intention to settle the transactions on a basis of their net difference.

Tatry mountain resorts, a.s. and its subsidiaries
Notes for the Consolidated Financial Statements for the period of 1st November 2009 to 31st October 2010

(i) Impairment

The book value of the Group's assets other than inventories (see accounting policy g), real estate investment (see accounting policy l) and deferred tax liability (see accounting policy p) is re-evaluated at each date on which the financial statements is prepared to determine whether there is an objective evidence of impairment. If such evidence exists, the recoverable value of the asset is estimated. Intangible assets with indefinite life are not subject to amortization. Impairment of these assets are checked annually as part of cash-generating unit to which the asset belongs.

The impairment of assets is recognized when the book value of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the profit and loss statement.

Loans and advances are recognized after the deduction of the item for loan losses. Adjustments are determined by the state of loan and the debtor's action and it takes into account the value of all securities and guarantees of third parties.

The recoverable amount of receivables carried at amortized cost is determined as the present value of estimated future cash flows discounted at original effective interest rate (i.e. the effective interest rate calculated at initial recognition of financial assets). Current receivables are not discounted.

Impairment loss related to investments in subsidiaries and associates reported as held for sale shall not be terminated or reduced through profit and loss statements. If fair value of the debt instrument available for sale increases and if this increase can be objectively attributed to events that occurred after reducing its value recognized in profit or loss. This impairment loss is eliminated or reduced . This elimination or reduction is recognized in profit or loss.

The recoverable amount of other assets is the value that is higher than its fair value reduced by costs for sale and utility value (Engl. value in use). In determining the utility value the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and risks specific for the asset. The assets that do not generate largely independent cash flows, the recoverable amount is determined for a group of cash-generating units to which the asset belongs.

Impairment losses on receivables recognized at amortized cost are accounted if the increase of recoverable amount can objectively be attributed to the event that occurred after the reduction of their value in the bookkeeping.

In the case of goodwill, an impairment loss cannot be subsequently reduced.

For other assets, the impairment loss is eliminated or reduced if there is an indication that the impairment is no longer justified and there is a change of assumptions used in determining the recoverable amount.

The limits for elimination or reduction of impairment loss are not to exceed the book value that would have been determined after consideration of depreciation and amortization, if the impairment loss would not be recognized.

(j)Property, plant and equipment

(i) Equity

Individual items of assets are valued at acquisition price reduced by accumulated depreciation (see below) and impairment losses of their value (see accounting policy i).

Acquisition price includes all costs directly attributable to the acquisition of assets. Value of assets produced internally includes the cost of materials, direct labour costs, other costs directly related to the putting of the asset into use and the costs to remove and dismantle the equipment and the site where it is located bring back to its original state.

In the event that the individual items of long-term tangible fixed assets have different lifetime period, these components of long-term assets are accounted as separate items (major components) of long-term tangible assets.

Tatry mountain resorts, a.s. and its subsidiaries

Notes for the Consolidated Financial Statements for the period of 1st November 2009 to 31st October 2010

(ii) Leasing

Contract of property lease where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Lease assets are recognized at a value reduced by the following values: the fair value or current minimum value of lease payments at the beginning of a lease, reduced by accumulated depreciation (see below) and taking into account the impairment of assets (see accounting policy i).

(iii) Subsequent expenses

Subsequent expenses are activated only if it is likely that the Group will have future economic benefits included in the relevant item of long-term assets and the cost can be reliably measured. All other expenses, including routine maintenance of long-term assets are charged to the profit and loss account in the period to which they relate.

(iv) Depreciation

Depreciation is accounted into the profit and loss statements on straight-line basis over the estimated useful life of each of these assets. Land is not depreciated. Estimated useful lives are as follows:

▪ Buildings	30 - 40 years
▪ Cableways and ski lifts	12 - 20 years
▪ Equipments	5 - 12 years
▪ Inventory and others	5 - 10 years

Depreciation methods, estimated life and residual values are reviewed each year to the date on which the financial statements are prepared.

(v) Capitalised financing costs

Based on the revised IAS 23 the Group activates financial costs related to assets that require significant period of time to be put into condition necessary for its use or sale, as part of the cost of property. The revised standard is effective prospectively for financial costs in connection with property meeting the requirements, beginning of activation on 1 January 2009 and later.

(k) Intangible assets

(i) Goodwill and intangible assets gained in business combination

Goodwill represents the excess sum of the total performance, amount of any non-controlling share of the acquired subject and fair value of the previously owned share held by the acquirer in subject's equity on the date of acquisition (if any) over the difference between the values of the identifiable assets and liabilities assumed at the acquisition date. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates and jointly controlled associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Profits and losses on disposal of a company include the carrying amount of goodwill related to the entity sold.

Negative goodwill arising on acquisition is reviewed and any balance of negative goodwill after the review is directly accounted to the profit and loss statements.

Intangible assets acquired in business combination are recognized at fair value at the acquisition date, if such intangible asset is separable or arises from contractual or other rights. Intangible assets with indefinite useful life are not amortized and recognised at cost less any impairment loss. Intangible assets with finite useful lives are amortized over the useful life and recognised at acquisition price less accumulated depreciation and impairment losses.

(ii) Soft and other intangible assets

Software and other intangible assets acquired by the Group are recognised at acquisition price less accumulated depreciation (see below) and impairment losses in its value (see accounting policy). The useful life of these assets is regularly reviewed.

Tatry mountain resorts, a.s. and its subsidiaries

Notes for the Consolidated Financial Statements for the period of 1st November 2009 to 31st October 2010

(iii) Amortization

Amortisation is accounted into the profit and loss statements on straight-line basis over the estimated useful life of intangible assets from the date allocated for their use. Estimated useful lives are as follows:

▪ Software	4 – 5 years
▪ Other intangible assets	4 – 5 years

(l) Real estate investments

Real estate investments represent assets held by the Group in order to gain lease interest or capital valuation, or both.

Real estate investments are recognised at fair value, which is determined by an independent expert appointed by the court or management. Fair value is based on current prices of similar assets on active market in the same locality and under the same conditions, or if these are not available, the generally applicable pricing models, such as the yield method, shall be used. Any profit or loss resulting from the changes of fair value is recognised in the profit and loss statements.

Assets that are built or developed for future use as real estate investments are valued at fair value provided that these can be reliably determined.

Details of the real estate investments valuation are further specifies in section 1(b) of this financial statement.

Income from rent of real estate investments are accounted as described in accounting policy (o).

(m) Reserves

Group shall include the reserve in the balance sheet if there is a legal or contractual obligation as a result of a past event and it is likely that there will be loss of economic benefit in the settlement of this obligation and this loss can be reliably estimated.

(iv) Long-term employees benefit

Commitment to the Group resulting from long-term employee benefits other than pension plans represent the estimated future value of benefits that employees deserved for work performed in the current and prior periods. Liability is calculated using the projected unit credit discounted to its present value. The discount rate used to calculate the current value is derived from the yield curve of high-quality bonds with maturities close to the conditions of the Group's liabilities at the date of the financial statements preparation.

(v) Current employees benefits

Liabilities arising from current employees benefits are reflected on an undiscounted basis and are recognized as expenses at the time of the employees' performance of work. In the event that the Group has a legal or contractual liability as a result of past work performed by employees and the amount of the liability can be reliably estimated, a reserve of the estimated current cash bonuses or the planned share of the profits.

(n) Yields of interest and costs

Yields of interest and interest costs are accounted in the profit and loss statement in the period they relate to. Total costs for credits and loans are recognized in profit and loss statement.

(o) Lease income

Income from real estate investments is recognized over the term of lease on a straight-line basis in the profit and loss statement.

(p) Income tax

Income tax accounting period comprises current and deferred tax.

Current tax is the expected tax payable on taxable income of the current financial year, using tax rates that were applicable on the date on which the financial statements and any adjustment to tax payable in respect of previous accounting periods.

Tatry mountain resorts, a.s. and its subsidiaries

Notes for the Consolidated Financial Statements for the period of 1st November 2009 to 31st October 2010

Deferred tax is accounted for using the balance sheet method and is calculated on all temporary differences between the book values of assets and liabilities provided for financial reporting purposes and the amounts used for tax purposes. The following temporary differences are not taken into account: the initial recognition of assets and liabilities that affect neither accounting nor taxable profit and differences related to investments in subsidiaries for which is likely not to be cancelled in the near future. At initial recognition of goodwill the temporary differences are not recognized. The amount of deferred tax is based on the expected pattern of implementation or settlement of the carrying amount of assets and liabilities, using tax rates prevailing at the date on which the financial statements is prepared, or approved at that date.

Income tax is accounted directly in the profit and loss statement except the part that relates to the items recognized directly in equity. In that case, the income tax is accounted in equity.

Deferred tax assets and liabilities are set off when there is a legally enforceable right to offset current tax liability and asset and they concern the same tax authority and the same taxpayer.

The limits of deferred tax assets are recognized up to the probable future taxable profits against which the unused tax losses and credits could be included. Deferred tax assets are reduced by the value for which it is probable that the related tax benefit will not be feasible in the future.

(q) Operation and finance lease payments

Operation and financial lease payments are recognized in the profit and loss statement on a straight-line basis over the lease term.

Minimum finance lease payments are divided into interest and principal payment. Interest is allocated to each period during the lease term so as to give constant interest rate for the period applied to the unpaid part of principal.

(r) Income from services provided

The Group recognizes four basic types of income from services provided:

- Income from cableways and income from sport services and shops which differ according to the time of year when the service was provided
- Income from hotel services and restaurant facilities recognized in profit and loss statement after the service was provided.

Income from services exclude the value added tax. They are also reduced by special offer prices and deductions (rebate, bonuses, discounts, credit notes, etc.)

(s) Trade liabilities and other liabilities

Trade liabilities and other liabilities are recognized at amortised value.

(t) Dividends

Dividends are recognized in the equity change statement as well as payables at the time of approval.

(u) Long-term assets and group assets held for sale

If the value of long-term assets (or assets and liabilities in a group of assets held for sale) is expected to be realized mainly through its sales and not its use, the property is classified as held for sale. Before the asset transformation into the asset held for sale, it is evaluated in accordance with International Financial Reporting Standards as approved by EU. Subsequently, on initial recognition as held for sale the asset and a group of assets held for sale are recognized at net book value or fair value less costs to sell, whichever is lower.

Any impairment losses on a group of assets held for sale are initially assigned to goodwill and then pro rata to other assets and liabilities, other than inventories, financial assets, deferred tax liability and real estate investments, which are still expressed in accordance with the accounting principles of the Group.

Impairment losses at initial recognition as held for sale are recognized in the profit and loss statement even if the revaluation reserve was created. The same applies to profits and losses at subsequent valuation. Recognized profits shall not exceed the cumulative impairment loss.

Tatry mountain resorts, a.s. and its subsidiaries

Notes for the Consolidated Financial Statements for the period of 1st November 2009 to 31st October 2010

In case that after the asset assignment into the group of assets held for sale, value is realized mainly through its use and not sale, the assets shall be accounted into the group Property, plant and equipment with the recognition in the period when such change of assets arose.

(v) Segment reporting

Operating segments are part of company that is able to generate income and costs with available financial information, which are regularly evaluated by persons with decision-making competence to decide the allocation of resources and determine performance. Management follows the 6 main segments, which are the ski lifts (cableways), hotels, restaurant facilities, sports services and shops, real estate projects and other.

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Notes for the Consolidated Financial Statements for the period of 1st November 2009 to 31st October 2010

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1. Significant accounting estimates and assumptions

The preparation of financial statements in accordance with International Financial Reporting Standards as approved by the EU requires the use of certain fundamental accounting estimates. It also requires management to use own judgments in the process of applying accounting principles of the company. These accounting estimates will therefore rarely conform to actual results. Estimates and assumptions that carry significant risk of causing a significant adjustment to the carrying value of assets and liabilities within the next financial year are described below. Estimates and assumptions are continually revaluated. If the revaluation of accounting estimates applies only to one accounting period, it is reported in that period and when the revaluation will affect current and future accounting periods, it is reported in the period of revaluation and also in future periods.

(a) Business combination and purchase price allocation

Identifiable assets, liabilities and contingent liabilities of the contract to the company are recognized and measured at their fair value at the date of acquisition. The allocation of the total acquisition price for each item of acquired net assets for purposes of financial reporting is realized with the help of professional advisers.

Analysis of the valuation is based on historical information and anticipated facts which are available at the date the business combination. Any expected facts, which may affect the fair value of acquired assets are based on management's expectations concerning the development of the competitive and economic environment that existed at that time.

The results of the valuation analysis are used also to determine the period of depreciation and amortization values assigned to specific items of intangible and tangible assets.

Fair value adjustments arising from business combinations that occurred at 28 December 2009 are listed in the table below:

<i>in thousands Euros</i>	Other receivables	Deferred tax liability	Total net affect on the balance sheet
Mother company (group level adjustments only)			
EBITDA contract – purchase of GRANDHOTEL PRAHA a.s.	1 844	-350	1 494
EBITDA contract – purchase of Interhouse Tatry s.r.o.	738	-140	598

The above mentioned part Other receivables is the initial valuation of purchase contracts into shares in companies GRANDHOTEL PRAHA a.s. and Interhouse Tatry s.r.o (hereinafter referred to as EBITDA contract) which show a penalty for a seller in the absence of a certain degree of profitability (see also Section 5 - Other operating income). The amount is adjusted for deferred tax liability.

<i>in thousands Euros</i>	Property, plant and equipments	Deferred tax liability	Total net affect on the balance sheet
Subsidiary			
GRANDHOTEL PRAHA a.s. (100%)	15 369	-2 920	12 449

On 28 December 2009 the Group gained 100% share in GRANDHOTEL PRAHA a.s. Business share was obtained for 18 759 thousands Euros.

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1. Significant accounting estimates and assumptions (continued)

in thousands Euros

	Property, plant and equipments	Deferred tax liability	Total net affect on the balance sheet
Associate company			
Interhouse Tatry s.r.o. (50%)	13 451	-2 556	10 895

On 28 December 2009 the Group acquired 50% share in Interhouse Tatry s.r.o. Business share was obtained for 7526 thousands Euros.

On 11 October 2010 the Group acquired 100% share in subsidiary Tatry mountain resorts services, a.s. The price for company's share was 37 thousand Euros. Group's management evaluated individual items of assets and liabilities of the acquired company and came to conclusion that fair value at the date of Tatry mountain resorts services, a.s. acquisition does not differ from its accounting value.

(b) Real estate investments valuation

Real estate investments are recognized at fair value. The fair value of real estate investments is determined either by an independent court expert or property is valued by management (see Significant accounting policy, section I), in both cases the valuation is based on current market values and conditions. Market value represents the estimated value for which a property on the day of valuation could be exchanged between potential sellers and potential buyers in the form of transaction based on independent parties after a reasonable marketing, in which each party acts in an informed manner, prudently and without compulsion.

In the absence of actual market prices, the valuation takes into account the estimated net cash flow from property lease and from income capitalization, which reflects the specific risks inherent to a given market and also to the cash flows arising from the property. Valuation reflects (if relevant) type of lessees using property or who are responsible for meeting lease commitments or potential users in case of leaving the property unrented, the general market perception of the lessees' credibility, the layout of the responsibilities associated with maintenance and insurance of property between the Group and lessees and the remaining life of the asset.

Out of the total value of property investment, 1 435 thousands Euros apply to hotels Srdiečko, Liptov and Kosodrevina which are leased to third parties, 2 279 thousands Euros represent land in the High Tatras. Hotels value was determined by the hotel's management estimates, as described above. Land value was determined by an expert at market price and the final value is based on an estimated market value per square meter depending on the type of land and market transactions for similar character of land.

If the fair value of investment property, which was based on management's estimates, differed from management's estimates by 10%, book value of investment property would be 143 thousands Euros higher or lower in comparison to amount recognized at 31 October 2010 (2009: 143 thousand Euros).

Tatry mountain resorts, a.s. and its subsidiaries
Notes for the Consolidated Financial Statements for the period of 1st November 2009 to 31st October 2010

1. Significant accounting estimates and assumptions (continued)

(c) Goodwill and value decrease test

In accordance with IAS 36 the Group annually tests goodwill recognized in business combination during the current accounting period and goodwill already recognized in prior periods for possible impairments at 31 October, it means on a date of annual financial statements.

On the day of acquisition the acquired goodwill is assigned to each cash generating units (Engl. cash-generating unit, CGU) for which it is expected to have benefit from synergies arising in business combinations.

In the accounting period of 01.11.2009 - 31.10.2010 during the acquisition of GRANDHOTEL PRAHA a.s. the goodwill raised to 3 473 thousands Euros and the company Interhouse Tatry s.r.o., see section 3 - Subsidiaries and associates investments.

On 31 October 2010 was carried out an impairment test of goodwill. The test results did not indicate goodwill impairment. In 2009 the loss of goodwill impairment represented the loss of 651 thousand Euros.

Impairment is determined by assessing the recoverable amount of CGU which goodwill relates to on the basis of value in use (engl. value in use). This value was derived from the estimated future cash flow estimated by the management. Discount rate used in fair value valuation was 8,5% (after considering income tax).

Fair value was derived from the business plan prepared by management. A key assumption, which was at the same time the most sensitive factor in determining the recoverable amount were the expected income evaluated by management, profitability and cost of capital used as a discount factor for future net cash flows. Expected income and profitability are based on changes in target groups of customers, stronger marketing and increased quality of service.

Projecting of cash flows used in determining the fair value covers the medium-term period of five years with subsequent extrapolation for the next period. On the basis of such standardized level of cash flow terminal value was calculated with the assumption of cash flow growth at 2% per year. The discount rates used in the projecting of cash flows were calculated as a weighted average cost of capital (Engl. weighted cost of capital).

If the projected EBITDA, which is part of the projected cash flows, was lower by 5% compared with management's estimates, the value from the use in the case of Grandhotel Sary Smokovec would drop by 0.72 mil. Euros and for Grandhotel Tatranska Lomnica would be lower by 0.83 mil. Euros. In the case of cash-generating unit, which covers hotels in High Tatras, it would not lead to accounting for the impairment of goodwill.

(d) Assets impairment test

The date on which the financial statement is prepared, the Group assesses whether there is impairment of the Group or not. IAS 36 reviews impairment testing of assets if there are internal or external indicators suggesting that the possibility of impairment.

The group performs two main activities: (i) the operation of ski resorts and (ii) accommodation in two locations, Jasna (Low Tatras) and in the High Tatras. Each location was assessed as an independent management unit generating cash (Engl. cash-generating unit, CGU). In both resorts the Group further distinguishes two individual cash generating units, that is a ski resort and hotels. The Group monitors the performance and creates separate budgets for both cash-generating units. Group's assets have been assigned according to the individual cash generating units.

Potential impairment is determined by comparing the recoverable amount and the carrying value of cash-generating unit. The recoverable amount was determined according to the value from the use (in case of hotels) and fair value less costs for sale (in case of ski resort in 2009). Fair value was derived from the value of future cash flows adjusted for present discounted value. The discount rate used for testing the impairment of assets was 8.5% (after income tax consideration). The discount rate was calculated using the weighted average cost of capital (Engl. weighted average cost of capital). The fair value of all assets in the group was determined according to projected cash flows resulted from long-term financial plans prepared by management. The financial plan was prepared for five years.

Tatry mountain resorts, a.s. and its subsidiaries
Notes for the Consolidated Financial Statements for the period of 1st November 2009 to 31st October 2010

1. Significant accounting estimates and assumptions (continued)

Projected cash flows for the following period were derived from the financial plan by extrapolation. It is also assumed that during this extended period the ski resort shall reach such operational and financial performance which the management considers as the long-term usable. On the basis of such standardized levels of cash flow terminal value was calculated, providing the cash flow growth annually at 2%.

The most influential key assumptions that affect the fair value of the ski resort are in addition to the discount rate particularly planned investment in the ski resort development and increasing number of visitors and sales prices. In estimating future number of visitors and prices the management considered mainly the feasibility study prepared by an external consultant and the results arising from own research ski resorts in the Alps.

Fair value of hotels in the Low and High Tatras which are individual cash generating units, was determined according to the projected cash flows arising from long-term financial management plans prepared for individual hotels. Financial plans have been prepared for the next five years. Projected cash flows for the following period were derived from these financial plans by extrapolation. During the extended period it is expected to achieve a sufficient operational and financial performance which management considers to be long-term usable. On the basis of such standardized levels of cash flow the terminal value was calculated with annual cash flow grow assumption at 2%.

The impairment was suspected after the assessment at 31 October 2010. Risk of impairment resulted from the Hotel Grand Jasna, Tri Studnický, Grandhotel Praha Tatraska Lomnica and Grandhotel Sary Smokovec. The assets impairment test was performed for these values.

The result of testing at 31 October 2010 was recognized impairment loss of remaining value of Hotela GRAND JASNÁ in the amount of 505 thousand Euros.

The most influential key assumptions that affect the fair value of hotels, in addition to the discount rate are mainly planned prices for hotel rooms and hotel booking. Most assumptions are based on historical experience with the operation of hotels. If estimates of future prices of hotel rooms the management took into consideration also the prices of comparable hotels in the Alps, taking into account differences in the target group of clients in Jasna and alpine resorts.

In case the projected EBITDA, which is part of projected cash flow, was lower by 5% compared with the estimate of management, the value of use for the Hotel Grand Jasna would drop by 1.2 mil. Euros and in the case of Tri Studničky hotel it would be lower by 0.17 mil. Euros. In the case of cash-generating unit, which covers hotels in Jasna, the impairment loss of assets would be higher by these amounts. If the projected EBITDA in 2009, which is part of the projected cash flow, was lower by 5% compared with management's estimates, the fair value of the ski resort Jasna would drop by 5.2 mil. Euros and in the case of hotels by 2.2 mil. Euros. In the case of cash-generating unit, which covers hotels in Jasna, the asset impairment loss would be higher by this amount.

Tatry mountain resorts, a.s. and its subsidiaries
Notes for the Consolidated Financial Statements for the period of 1st November 2009 to 31st October 2010

1. Significant accounting estimates and assumptions (continued)

(e) Securities available for sale

The fair value of securities available for sale is stated according to:

Level 1: quoted prices (not adjusted) on active market for assets and liabilities
Level 2: other than quoted prices included in level 1, identified directly (as prices), or indirectly (derived from prices)
Level 3: valuation based on identifiable market data

When the quoted market price is not available, fair value of instrument is estimated with the help of valuation techniques. When using valuation model the management uses estimates and assumptions consistent with available information on the estimates and assumption, which the market participants would use in price recognition of a particular financial instrument.

	31.10.2010				31.10.2009			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Securities								
Securities available for sale	85	-	-	85	-	-	-	-

On 17 March 2010 the Group purchased 3 850 shares of Compagnie des Alpes (SA). Their values at 31 October 2010 was 85 thousand Euros.

Tatry mountain resorts, a.s. and its subsidiaries
Consolidated group closing notes for the period from 1st November 2009 to 31st October 2010

2. Segment information
Business segments information – Profit or loss consolidated statements

in thousand Euros	Cableways		Hotel services		Restaurant facilities		Sport services and shops		Real estate projects		Other		Inter-segment elimination		TOTAL	
	31.10.2010 (12 months)	31.10.2009 (10 months)	31.10.2010 (12 months)	31.10.2009 (10 months)	31.10.2010 (12 months)	31.10.2009 (10 months)	31.10.2010 (12 months)	31.10.2009 (10 months)	31.10.2010 (12 months)	31.10.2009 (10 months)	31.10.2010 (12 months)	31.10.2009 (10 months)	31.10.2010 (12 months)	31.10.2009 (10 months)	31.10.2010 (12 months)	
Income	14 660	5 917	5 505	2 713	1 562	624	913	421	296	140	-	-	-	-	22 936	9 815
Other operating income	274	339	1 128	190	-	31	-	22	-	-	-	-	-	-3	1 402	579
Material and goods usage	-1 036	-643	-1 601	-607	-530	-227	-354	-125	-39	-10	-	-	-	-	-3 560	-1 612
Purchased services	-6 443	-2 574	-1 518	-1 194	-285	-188	-210	-171	-3	-	-	-	-	-	-8 459	-4 127
Staff costs	-2 560	-1 054	-1 915	-1 021	-609	-252	-319	-153	-1	-	-	-	-	-	-5 404	-2 480
Other operating income	-162	-242	-14	-60	-11	-6	-5	-5	-79	-	-	-	3	-	-271	-310
Property sale profit	66	124	-	514	-	2	-	2	-	-	-	-	-	-	66	642
Addition and release of adjusting items	-	11	-77	-	-	-	-	-	-	-	-	-	-	-	-77	11
Depreciation and amortization	-5 000	-2 392	-1 262	-1 014	-241	-223	-186	-205	-142	-	-	-	-	-	-6 831	-3 834
Decrease of assets value	-	-	-505	-4 025	-	-	-	-	-	-	-	-	-	-	-505	-4 025
Goodwill value decrease	-	-651	-	-	-	-	-	-	-	-	-	-	-	-	-	-651
Yields of interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	178
Interests costs	-476	-428	-34	-32	-22	-20	-11	-10	-	-	-	-	29	-	-543	-461
Financial instruments costs, net	-	-	-1 648	-	-	-	-	-	-	-	6	-	-	-	-1 642	-
Associate company costs	-	-	-46	-	-	-	-	-	-	-	-	-	-	-	-46	-
Negative goodwill	-	-	-	-	-	-	-	-	-	-	122	-	-	-	122	-
Profit/(loss) of segment before tax	-677	-1 593	-1 987	-4 536	-136	-259	-172	-224	32	130	8 424	178	0	29	5 484	-6 275
Income tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	275	682
Consolidated profit/(loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5 759	-5 593

The Group generates income in the Slovak Republic. The total income share of 10% exceeded one company with total turnover 3 983 thousand Euros in the segment Cableways.

Tatry mountain resorts, a.s. and its subsidiaries
Consolidated group closing notes for the period from 1st November 2009 to 31st October 2010

2. Segment information (continued)
Business segments information – Profit or loss consolidated statements

in thousand Euros	Cableways		Hotel services		Restaurant facilities		Sport services and shops		Real estate projects		Other		Inter-segment elimination		Total	
	31.10.2010 (12 months)	31.10.2009 (10 months)	31.10.2010 (12 months)	31.10.2009 (10 months)	31.10.2010 (12 months)	31.10.2009 (10 months)	31.10.2010 (12 months)	31.10.2009 (10 months)	31.10.2010 (12 months)	31.10.2009 (10 months)	31.10.2010 (12 months)	31.10.2009 (10 months)	31.10.2010 (12 months)	31.10.2009 (10 months)	31.10.2010 (12 months)	
Goodwill and assets	-	17	3 897	538	-	2	16	-	-	-	-	-	-	-13	3 897	560
Property, plant and equipment	67 205	57 871	39 200	23 720	1 276	1 189	1 423	1 453	6 070	3 400	-	-	-	-	115 174	87 633
Investments in immovable	2 279	2 279	-	-	-	-	-	-	1 435	1 435	-	-	-	-	3 714	3 714
Inventory	250	201	211	135	108	126	103	154	-	-	4	6	-	-	676	622
Trade receivables	4 027	1 501	3 431	2 076	12	17	23	9	-	-	177	-	-5	-	7 493	3 775
Investments in associate company	-	-	6 882	-	-	-	-	-	-	-	-	-	-	-	6 882	-
Other receivables	-	-	-	-	-	-	-	-	-	-	104 704	191 138	-	-	104 704	191 138
Securities available for sale	-	-	-	-	-	-	-	-	-	-	85	-	-	-	85	-
Other assets	216	163	351	-	-	-	-	-	-	-	829	468	-	-	1 396	631
Granted loans	-	-	-	-	-	-	-	-	-	-	53 388	5 137	-	-411	53 388	4 726
Cash and cash equivalents	1 881	-	728	-	-	-	-	-	-	-	160	1 862	-	-	2 769	1 862
Deferred tax receivable	-	-	-	-	-	-	-	-	-	-	369	-	-	-	369	-
Total assets	75 858	62 032	54 700	26 469	1 396	1 334	1 549	1 632	7 505	4 835	159 539	198 788	-	-429	300 547	294 661
Long-term loans and credits	10 183	8 347	899	995	566	629	276	315	-	-	-	-	-	-	11 924	10 286
Long-term trade liabilities	73	42	-	-	-	-	-	-	-	-	-	-	-	-	73	42
Other long-term liabilities	879	1 857	-	-	-	31	-	11	-	-	-	-	-	-	879	1 899
Current loans and credits	2 255	6 116	-	-	-	-	-	-	-	-	-	-	-411	-	2 255	6 116
Current trade liabilities	2 102	1 275	99	77	33	34	34	43	-	-	530	405	-5	-	2 798	1 829
Other current liabilities	4 073	5 091	-	-	104	85	21	29	-	-	-	-	-13	-	4 198	5 192
Reserves	-	-	83	-	-	-	-	-	-	-	247	287	-	-	330	287
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	9 029	5497	-	-	9 029	5497
Liabilities from the tax due	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	19 565	22 728	1 081	1 072	703	779	331	398	-	9 858	6 600	-	-429	-	31 538	31 148

Prices used between segments are based on the market prices for similar services and financing.

Tatry mountain resorts, a.s. and its subsidiaries
Consolidated group closing notes for the period from 1st November 2009 to 31st October 2010

3. Investments in subsidiaries and associates

The Group acquired 100% share at 28 December 2009 in subsidiary GRANDHOTEL PRAHA a.s. and 50% share in associate Interhouse Tatry s.r.o. (Interhouse Tatry, Limited) The price for a share of GRANDHOTEL PRAHA a.s. was 18 759 thousand Euros and for Interhouse Tatry s.r.o. 7 526 thousand Euros.

GRANDHOTEL PRAHA a.s. is a company which deals with providing accommodation and gastro services, runs 4-star hotel in Tatranska Lomnica.

Interhouse Tatry s.r.o. is a company which deals with providing accommodation and gastro services, runs 4-star hotel in Stary Smokovec (Grandhotel Stary Smokovec)

The Group acquired 100% share at 11 October 2010 in subsidiary Tatry mountain resorts services, a.s. The price for a share was 37 thousand Euros.

Tatry mountain resorts services, a.s is a company which deals with providing services in accounting, financial consulting, personnel and salary services, marketing and investment consulting. The majority of its services is provided for companies within the Group.

At 30 April 2010 the companies Tatry mountain resorts, a.s. (TMR) and Tatranské lanové dráhy, a.s. (TLD) merged. The company TLD ceased after the merge and the commencing company was TMR.

Acquisition

	Acquisition date	Acquisition price	Cash expense	Acquired share%	Group's share after acquisition%
Subsidiaries					
GRANDHOTEL PRAHA a.s.	28.12.2009	18 759	-18 759	100	100
Tatry mountain resorts services, a.s.	11.10.2010	37	-37	100	100
Associate company					
Interhouse Tatry s.r.o.	28.12.2009	7 526	-7 526	50	50

Investment in subsidiaries had the following impact on assets and Group's liabilities:

<i>in thousand Euros</i>	Amount before revaluation	Revaluation at fair value	Revaluation difference
Assets			
Intangible assets	18	22	4
Property, plant and equipment	1 246	16 611	15 365
Inventory	118	118	-
Trade liabilities	488	488	-
Other assets	210	210	-
Cash and cash equivalents	622	622	-
	2 702	18 071	15 369
Liabilities			
Trade liabilities	-602	-602	-
Other liabilities	-450	-454	-4
Deferred tax	-85	-3 001	-2 916
Reserves	-63	-63	-
Asset and liabilities nett	1 502	13 951	12 449

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3. Investments in subsidiaries and associates (continued)

<i>in thousand Euros</i>	Amount before revaluation	Revaluation at fair value	Revaluation difference
Adjustments in mother company			
Other receivables - EBITDA contract		1 844	1 844
Deferred tax liability		-350	-350
Assets and liabilities net		1 494	1 494

in thousand Euros

Goodwill from acquisition	3 473
Negative goodwill from acquisition	-122
Acquisition price	18 796
Paid reward, paid in cash at 31 October 2010	-18 796
Cash acquired by acquisition	622
Nett cash expense	-18 174
Loss from the date of acquisition	-110
Profit (loss) for the period of 1 November 2009 to 31 October	-5 754
Income for the period of 1 November 2009 to 31 October 2010	3 751

4. Income

<i>In thousand Euros</i>	1.11.2009 – 31.10.2010 (12 months)	1.1.2009 – 31.10.2009 (10 months)
Transport of persons - cableways	14 660	5 917
Hotel services	5 505	2 713
Restaurant facilities	1 562	624
Sport services and shops	913	421
Real estate projects	296	140
Total	22 936	9 815

5. Other operating income

<i>in thousand Euros</i>	1.11.2009 – 31.10.2010 (12 months)	1.1.2009 – 31.10.2009 (10 months)
Contractual penalties	1 130	345
Compensation from insurance	52	79
Exchange rate profit	-	1
Other operating income	220	154
Total	1 402	579

Conventional fine of 1 130 thousand euro arise from purchase contract of shares in GRANDHOTEL PRAHA a.s. and Interhouse Tatry s.r.o. Upon the purchase of these companies, the Group acquired guarantee that the assets in these companies will yield an agreed profit in next four years. If the profit fails to be yielded, the former owners have guaranteed to pay back the difference from the agreed profit for the period of four years. The payments are planned to be used mainly for reconstruction work of those assets they relate to.

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6. Material and goods usage

<i>in thousand Euros</i>	1.11.2009 – 31.10.2010 (12 months)	1.1.2009 – 31.10.2009 (10 months)
Goods	-1 020	-124
Hotel resorts	-875	-617
Fuel	-431	-233
Material for repair and maintenance	-12	-77
Material and goods - other	-1 222	-561
Total	-3 560	-1 612

7. Purchased services

<i>in thousand Euros</i>	1.11.2009 – 31.10.2010 (12 months)	1.1.2009 – 31.10.2009 (10 months)
Energy consumption	-2 150	-1 032
Marketing costs	-1 990	-200
Costs on rent (premises) and other	-1 135	-636
Costs on accountancy, operation, marketing and audit	-967	-732
Transport, accommodation, travel expenses	-722	-276
Costs on repair and maintenance	-404	-194
Costs on other services of non material character	-224	-376
Services related to owned premises	-97	-73
Other administration costs	-357	-221
Other purchased services	-413	-387
Total	-8 459	-4 127

Costs for accounting services, operation, marketing and audit include costs related to accounting operation of the Group.

Costs to certify consolidated financial statements by audit company KPMG Slovakia, s. r.o. make 126 thousand Euros for the period ending on 31 October 2010 (from 1.1.2009 to 31.10.2009: 70 thousand Euros), at the same time the Group used audit company STRAKA & Partners, s. r. o. to certify individual financial statements make 34 thousand Euros (from 1.1.2009 to 31.10.2009: 12 thousand Euros).

8. Staff costs

<i>in thousand Euros</i>	1.11.2009 – 31.10.2010 (12 months)	1.1.2009 – 31.10.2009 (10 months)
Labour costs	-3 823	-1 737
Social security costs (mandatory)	-1 235	-582
Rewards for members of statutory bodies and TOP management	-155	-59
Other social costs	-191	-102
Total	-5 404	-2 480

Average number of the Group's employees during the period from 1 November 2009 to 31 October 2010 was 459, out of which 12 were managerial staff (from 1.1.2009 to 31.10.2009 was 390, out of which 14 were managerial staff), the number of employees on agreement was 219 (from 1.1.2009 to 31.10.2009: 250).

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9. Other operating costs

<i>in thousand Euros</i>	1.11.2009 – 31.10.2010 (12 months)	1.1.2009 – 31.10.2009 (10 months)
Fees and commissions costs	-165	-105
Deficits and losses	-34	-165
Property insurance	-32	-3
Exchange rate loss	-1	-1
Other operating costs	-39	-36
Total	-271	-310

10. Yields of interest and interest costs

<i>in thousand Euros</i>	1.11.2009 – 31.10.2010 (12 months)	1.1.2009 – 31.10.2009 (10 months)
Yields of interest	8 296	178
Interest costs	-543	-461
Total	7 753	-283

The bill receivables are included in the Group's assets. These receivables have fixed pay interest at 6,8%. Bill receivables are due on display.

The Group makes use of 3 credits from Tatra banka, joint-stock company and interest rate is further depends on 1-month and 3-month EURIBOR. Loans were provided to finance investments and fund loan from another bank. The Group has signed also leasing contract to finance 6-seats lift in Jasna, cars, snow track vehicles, snow scooters, etc.

11. Financial instruments costs, net

<i>in thousand Euros</i>	1.11.2009 – 31.10.2010 (12 months)	1.1.2009 – 31.10.2009 (10 months)
Revaluation of receivable resulting from EBIDTA contract	-1 310	-
Other nett	-332	-
Total	-1 642	-

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12. Incometax and deferred tax

<i>in thousand Euros</i>	1.11.2009 – 31.10.2010 <i>(12 months)</i>	1.1.2009 – 31.10.2009 <i>(10 months)</i>
Tax due:		
Current accounting period tax	-52	-
Adjustment related to past periods	-	-
Interest advance payment	-	-
	-52	-
Deferred tax (costs):		
Charge and charge of temporary adjustments	327	682
Total income tax	275	682

Income deferred tax are calculated with the use of legitimised tax rates of which maturity date is assumed in the period when the receivable and payable are settled.

Agree the effective tax rate

<i>in thousand Euros</i>	1.11.2009 – 31.10.2010 <i>(12 months)</i>		1.1.2009 – 31.10.2009 <i>(10 months)</i>	
	%		%	
Profit/(loss) before tax		5 484		-6 275
Theoretical tax 19% (2009: 19%)	19,00%	1 042	19,00%	-1 192
Costs not deductible for tax purposes	20,35%	1 116	-6,36%	399
Income not subject to tax	-32,00%	-1 755	3,28%	-206
Change of temporary adjustments without assigned deferred tax receivable	-	-	-5,05%	317
Recognition of previously unrecognized tax losses	-12,36%	-678	-	-
Total	-5,01%	-275	10,87%	-682

Income tax recognized in other items of consolidated statements

<i>in thousand Euros</i>	1 November 2009 to 31 October 2010		
	Before tax	Tax	After tax
Revaluation of financial instruments at fair value	14	-	14
Other parts of consolidated statements	14	-	14

See also section 17 - Deferred tax receivable, deferred tax liability.

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13. Property, plant and equipment

<i>in thousand Euros</i>	Land and buildings	Individual movables and set of movables	Unfinished property	Total
Acquired price				
Initial balance at 1.1.2009	42 921	19 213	1 721	63 855
Increase	1 442	436	2 049	3 927
Increase after business combination	14 237	15 065	1 251	30 553
Decrease	-1 460	-60	-1 498	-3 018
Reallocation from assets held for sale	5 492	151	-	5 643
Balance at 31.10.2009	62 632	34 805	3 523	100 960
Initial balance at 1.11.2009	62 632	34 805	3 523	100 960
Increase	-	-	18 138	18 138
Increase after business combination	15 718	534	359	16 611
Decrease	-8	-211	-	-219
Reallocation within the assets	3 639	1 184	-4 823	-
Balance at 31.10.2010	81 981	36 312	17 197	135 490
Accumulated depreciation and loss				
Balance at 1.1.2009	-4 450	-500	-597	-5 547
Depreciation of current accounting period	-1 658	-2 155	-	-3 813
Decrease	13	45	-	58
Assets depreciation loss	-4 025	-	-	-4 025
Balance at 31.10.2009	-10 120	-2 610	-597	-13 327
Balance at 1.1.2009	-10 120	-2 610	-597	-13 327
Depreciation of current accounting period	-2 841	-3 806	-	-6 647
Decrease	-	163	-	163
Assets depreciation loss	-505	-	-	-505
Balance at 31.10.2009	-13 466	-6 253	-597	-20 316
Residual value				
at 1.1.2009	38 471	18 713	1 124	58 308
at 31.10.2009	52 512	32 195	2 926	87 633
at 1.11.2009	52 512	32 195	2 926	87 633
at 31.10.2010	68 515	30 059	16 600	115 174

After the acquisition of GRANDHOTEL PRAHA a.s. the Group acquired 4-star hotel with the accounting value of 16 184 thousand Euros at 31 October 2010.

During the period from 1 November 2009 to 31 October 2010 the mother company acquired land the value of which was 5 006 thousand Euros recognized in Unfinished assets.

Residual value of Unfinished assets in the amount of 16 600 thousand Euros includes unfinished investments shares (unfinished construction of cableways, car parks, snow systems and acquired building sites).

Unused assets

The Group owns partially built construction of a building with 100% adjustment in the amount of 596 thousand Euros which the Group does not use.

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13. Property, plant and equipment (continued)

Rented land, buildings and equipments

The Group rented cableway on the basis of agreement to sell and back finance rent with ČSOB Leasing, a.s. in total net amount of 905 thousand Euros (more in section 32 – Finance leasing). Liabilities resulting from finance rent are secured by rented assets, SKI and former telecommunication building.

Depreciation loss

For the period ending on 31 October 2010 the Group identified depreciation loss in the amount of 505 thousand Euros. In 2009 the result of testing was the depreciation loss in the amount of 4 025 thousand Euros.

Insurance of assets

The Group insured the property against natural disasters, theft, and vandalism and against general machinery risks. The Group is insured also against liability for damages. Total amount of insured value of assets in case of natural disaster is 128 700 thousand Euros. The insurance against general equipment risks is 1775 thousand Euros and 2303 thousand Euros in case of liability for damages.

Guarantee

See section 26 – Loans and credits and section 31 – Finance leasing.

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14. Goodwill and intangible assets

in thousand Euros

	Goodwill	Other intangible assets	Total
<i>Acquired price</i>			
Initial state at 1.1.2009	-	475	475
Increase	-	175	175
Increase due to business combination	651	56	707
Reallocation from the group of assets held for sale	-	3	3
Balance at 31.10.2009	<u>651</u>	<u>709</u>	<u>1 360</u>
Initial state at 1.1.2009	651	709	1 360
Increase	-	26	26
Increase due to business combination	3 473	22	3 495
Balance at 31.10.2009	4 124	757	4 881
<i>Accumulated depreciation and loss</i>			
Initial state at 1.1.2009	-	-144	-144
Depreciation of current accounting period	-	-21	-21
Decrease	-	16	16
Loss from assets value decrease	-651	-	-651
Balance at 31.10.2009	<u>-651</u>	<u>-149</u>	<u>-800</u>
Initial state at 1.1.2009	-651	-149	-800
Depreciation of current accounting period	-	-184	-184
Balance at 31.10.2009	-651	-333	-984
<i>Residual value</i>			
at 1.1.2009	<u>-</u>	<u>331</u>	<u>331</u>
at 31.10.2009	<u>-</u>	<u>560</u>	<u>560</u>
at 1.11.2009	<u>-</u>	<u>560</u>	<u>560</u>
at 31.10.2010	3 473	424	3 897

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15. Real estate investments

<i>in thousand Euros</i>	31.10.2010	31.10.2009
Acquired price		
Initial state at 1.11.2009/1.1.2009	3 714	1 435
Increase after business combination	-	2 279
Balance at 31.10.2010/31.10.2009	3 714	3 714

Real estate investments form hotels (Srdiečko, Liptov a Kosodrevina), which are rented to third parties and they operate them together with forest sites and lands acquired by acquisition in 2009.

In period from 1.11.2009 to 31.10.2010 the income from real estate investments create 98 thousand Euros and direct operating costs related to the investments in real estates were in the amount of 78 thousand Euros (1.1.2009 to 31.10.2009: income from real estate investments create 140 thousand Euros and direct operating costs related to the investments in real estates were insignificant).

real estate investments are valued at fair value (see section 1b).

Guarantee

To secure bank loans at 31 October 2010 were used all the real estate investments in the amount of 3714 thousand Euros (at 31 October 2009: in the amount of 3 714 thousand Euros)

16. Investments in associate company

The Group has one associate company, Interhouse Tatry s.r.o.

Associate company	Country	Group's share	
		31.10.2010	31.10.2009
		%	%
Interhouse Tatry s.r.o.	Slovakia	50	-

<i>in thousand Euros</i>	Value of investment	
	31.10.2010	31.10.2009
Acquired price of the associate company	7 526	-
EBITDA contract adjustment	-598	-
Company's share on the associate company loss	-46	-
Total	6 882	-

Consolidated financial information of Tatry s.r.o., recognized in total amount (100%) at 31 October 2010:

<i>in thousand Euros</i>	Income	Loss	Current assets	Long-term assets	Current liabilities	Long-term liabilities	Equity
Interhouse Tatry s.r.o.	1 226	-92	509	15 142	812	3 292	11 547

Income and loss of the company represent income and loss for the period of 28 December 2009 to 31 October 2010 (period since when the Group consolidates this company) and not for the complete accounting period of the Group (1.11.2009 – 31.10.2010).

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17. Deferred tax receivable, deferred tax payable

Deferred tax receivable (payable) was charged to the following items:

<i>in thousand Euros</i>	31.10.2010	31.10.2009
Temporary tax difference related to:		
Property, plant and equipment	-8 787	-5 500
Property, plant and equipment	89	-
Intangible assets	-	-9
Adjustments of fair value of real estate investments	7	7
Tax losses	205	-
Other deferred tax receivables	68	5
Other deferred tax payables	-242	-
Total	-8 660	-5 497

Deferred tax receivable was not charged to the following items:

<i>in thousand Euros</i>	31.10.2010	31.10.2009
Tax losses	7 285	6 221
Total	7 285	6 221

Deferred tax receivable from the previous losses that are not amortized is accounted up to the amount at which it will be probably amortized against future tax profits. Majority of unamortized deferred tax losses at 31 October 2009 were amortized in income tax statement for the year ending on 31 October 2010. Tax losses for which no deferred tax receivable was accounted at 31 October 2010 it was gained by acquisition of subsidiaries during the accounting period. Anticipated last periods to amortize deferred tax losses are as follows:

<i>in thousand Euros</i>	2011	2012	2013	2014	po 2014
Tax losses	-	-	208	1 159	6 997

Maximum term to amortize the deferred tax losses is 5 years (losses after 1 January 2010 have amortization term of 7 years).

18. Inventory

<i>in thousand Euros</i>	31.10.2010	31.10.2009
Material	435	422
Goods	241	200
Total	676	622

To secure bank loans at 31 October 2010 was used inventory in the amount of 154 thousand Euros (at 31 October 2009: in the amount of 159 thousand Euros)

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19. Granted loans

<i>in thousand Euros</i>	31.10.2010	31.10.2009
Current	48 272	4 726
Long-term	5 116	-
Total	53 388	4 726

Current loans include mainly loan to J&T Bank Switzerland Ltd. in the amount of 48 142 thousand Euros. A loan is with fixed interest rate at 7,5%. The unpaid accumulated interest from this amount is at 31 October 2010 2201 thousand Euros.

20. Trade receivables

<i>in thousand Euros</i>	31.10.2010	31.10.2009
Trade receivables	7 922	3 788
Adjustments to receivables	-429	-13
Total	7 493	3 775
Current	6 273	3 739
Long-term	1 220	36
Total	7 493	3 775

Receivables of 7 922 thousand Euros include mainly receivables from the sale of Boarding house Energetik (1 739 thousand Euros), contract with partner (3 596 thousand Euros), which has purchased transport and accommodation loads (receivable was paid up in November 2010), contract penalty in the amount of 1 117 thousand Euros (section 5 - Other operating income), the rest includes current operating receivables.

Adjustment item -429 thousand Euros includes discounted long-term receivables for the Boarding house Energetik in the amount of 338 thousand Euros, the rest includes adjustment items to current operating receivables.

Dividing receivables according to the due date is as follows:

<i>in thousand Euros</i>	31.10.2010			31.10.2009		
	Gross	Adjustment item	Nett	Gross	Adjustment item	Nett
due date met	7 215	-338	6 877	2 365	-	2 365
after the due date of 30 days	470	-	470	39	-	39
after the due date from 30 days to 90 days	99	-	99	28	-	28
after the due date from 90 days to 180 days	14	-	14	71	-	71
after the due date from 180 days to 365 days	21	-	21	1 224	-1	1 223
after the due date more than days	103	-91	12	61	-12	49
Total	7 922	-429	7 493	3 788	-13	3 775

Development of adjustment item in the course of accounting period is shown in the table below:

<i>in thousand Euros</i>	31.10.2010	31.10.2009
Balance at 1.11.2009/1.1.2009	13	159
Adding/release of adjustment item	416	-146
Balance at 31.10.2010/31.10.2009	429	13

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21. Other receivables

<i>in thousand Euros</i>	31.10.2010	31.10.2009
Bill receivables	98 662	191 138
Provided advance on assets	4 769	-
EBITDA contract	1 273	-
Total	104 704	191 138
Current	104 498	191 138
Long-term	206	-
Total	104 704	191 138

Increased equity together with the share premium in period of 1.1.2009 to 31.10.2009 was paid up by the bill receivable the amount of 216 349 thousand Euros. Bills receivable was against the company J & T Private Equity BV. The bill was later partially repaid by other bills. The total value of outstanding bills at 31.10.2010 is 98 662 thousand Euros (at 31.10.2009: 191 138 thousand Euros). Bills are due on display and have an interest rate of 6.8%. According to the portfolio management contract with J & T Bank Switzerland Ltd. the bills are deposited. There is also an agreement on payment with J & T FINANCE GROUP (hereinafter JTFG) where JTFG guarantees to pay arisen loss in case of decrease of the principal value.

EBITDA contract results from purchase of shares in GRANDHOTEL PRAHA a.s. and Interhouse Tatry s.r.o. Purchase of the Group companies guarantees that the assets of these companies will deliver agreed profitability (EBITDA) in the next four years. If the desired profitability would fail to be reached, the former owner guaranteed to pay the difference of agreed profitability in the period of four years. These payments are planned to be used mainly to reconstruct assets they relate to.

Advance payments for assets relate to unfinished business investment (construction of lifts, snowmaking, ski slopes and other operations).

22. Other assets

<i>in thousand Euros</i>	31.10.2010	31.10.2009
Provided advance payments	216	257
Future period costs and future period income	351	199
Other tax liabilities	280	122
Other liabilities	549	53
Total	1 396	631
Current	1 396	631
Long-term	-	-
Total	1 396	631

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23. Securities available for sale

On 17 March 2010 the Group bought 3 850 shares of the Company des Alpes (SA), French company trading on French stock, operating in the field of ski resort and summer funfairs. The Group bought these shares as a financial investment. Shares are available for sale and are revaluated at fair value to equity capital according to current stock prices, its balance is at 31 October 2010 85 thousand Euros.

24. Cash and cash equivalents

<i>in thousand Euros</i>	31.10.2010	31.10.2009
Cash	148	82
Insured letters	29	27
Current accounts in banks	2 592	1 753
Total	2 769	1 862

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25. Equity

Share capital and share premium

Approved, subscribed and fully paid share capital at 31 October 2010 included 6 707 198 ordinary shares at par value of 33 Euros per a share (share capital at 31 October 2009 included 1 013 798 ordinary shares at par value of 33,193919 Euros per share and 5 693 400 ordinary shares at par value of 33 Euros per a share).

On 12 April 2010 issue of shares with description ISIN: CS0009011952, series 01,02 , ISIN: SK1120002110, series 01, ISIN: SK1120005527, series 01, ISIN: SK1120006061, series 01, ISIN: SK1120009156, series 01 and consolidated into one issue ISIN-u SK1120010287.

Shareholders are entitled to dividends and the share value at Annual General Meeting is assigned as a ratio of a share value to total share capital. The table below shows shareholders of the Company with total shares, portion of ownership and right of vote.

31 October 2010	Total shares	Portion of ownership in %	Right of vote in %
CONTIGY DEVELOPMENT LIMITED	1 046 281	15,60%	15,60%
Deutsche Bank Aktiengesellschaft	921 051	13,73%	13,73%
RMSMI LIMITED (TIPPRA)	898 863	13,40%	13,40%
TATRY INVESTMENT LTD	802 142	11,96%	11,96%
J & T BANKA, a.s.	664 091	9,90%	9,90%
KEY DEE LIMITED	640 937	9,56%	9,56%
Poštová banka, a.s.	505 782	7,54%	7,54%
J&T SECURITIES MANAGEMENT LIMITED	479 644	7,15%	7,15%
minor shareholders	748 407	11,16%	11,16%
Total	6 707 198	100%	100%

31 October 2009	Total shares	Portion of ownership in %	Right of vote in %
TINSEL ENTERPRISES LIMITED	1 236 639	18,42%	18,42%
CONTIGY DEVELOPMENT LIMITED	1 210 526	18,03%	18,03%
Tatry mountain resorts services, a.s. (Former Tatry mountain resort, a.s.)	889 812	13,33%	13,33%
BAXON REAL ESTATE LIMITED	805 263	12,00%	12,00%
J & T BANKA, a.s.	670 644	9,99%	9,99%
J&T GLOBAL SERVICES LIMITED (JTFS)	670 644	9,99%	9,99%
Poštová banka, a.s.	626 000	9,32%	9,32%
DIAMOND HOTELS CYPRUS LIMITED	473 684	7,06%	7,06%
minor shareholders	123 986	1,86%	1,86%
Total	6 707 198	100%	100%

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25. Equity (continued)

Balance sheet per a share

	31.10.2010	31.10.2009
Balance sheet in thousand Euros	5 745	-5 593
Weighted average number of ordinary shares	6 707 198	3 291 158
Balance sheet per a share in Euros	0,857	-1,699

Indivisible funds

Indivisible funds included in indivisible profit comprise of statutory reserve fund in the amount of 1436 thousand Euros (at 31 October 2009: 1436 thousand Euros). According to the Slovak Republic legislation the statutory reserve fund is mandatory at minimum 10% of nett profit and minimum 20% of subscribed total share capital (cumulatively). Statutory reserve fund may be used only to settle a loss of a company and shall not be used to pay dividends. The calculation of a reserve fund is in accordance with Slovak legal regulations.

Total share capital decrease

Extraordinary General Meeting held on 15 March 2010 approved total share capital decrease of a Company from the amount of 221 534 128,694362 Euros to 221 337 534 Euros. The reason for total share capital decrease was that the total shares of the company reached one nominal value that is the value of 33 Euros per a share.

26. Loans and credits

<i>in thousand Euros</i>	31.10.2010	31.10.2009
<i>Current</i>	2 255	6 116
<i>Long-term</i>	11 924	10 286
Total	14 179	16 402

Creditor	Type of interest rate	Due date	Unpaid amount at 31.10.2010 <i>in thousand Euros</i>
Tatra banka, joint-stock company	1M EURIBOR+1,5 %	30.9.2017	5 174
Tatra banka, joint-stock company	1M EURIBOR+2,0 %	31.12.2018	3 869
Tatra banka, joint-stock company	3M EURIBOR+1,7 %	30.9.2017	5 112
Tatra banka, joint-stock company	3M EURIBOR+3,0 %	30.9.2013	24

In the period of 1 November 2009 to 31 October 2010 weighted arithmetic mean of interest rates on loans and credits from banks was 2,78% (from 1.1.2009 to 31.10.2009 2,46%). Loans are paid on monthly basis. For more information, see section 10 - Yields of interest and interest costs.

Security

Following property and equipments were used to secure bank loans: land, water sites, technology and operation buildings of mountain lift equipments: ski lifts, seat cableways, land cableways, hanging cableways, cabin cableways, trafostations, farm buildings and buildings: Hotel Srdiečko, Hotel Kosodrevina, Hotel Liptov, Hotel Grand, Hotel SKI, former telecommunication building, Bungalows. In case of securing with Hotel SKI and former telecommunication building, Tatra banka, the joint-stock company is the second in order (see also section 31 – Financial leasing). Total tangible assets are advanced.

Tatry mountain resorts, a.s. and its subsidiaries
Consolidated group closing notes for the period from 1st November 2009 to 31st October 2010

27. Trade liabilities

<i>in thousand Euros</i>	31.10.2010	31.10.2009
Trade liabilities	2 299	1 480
Delivery not invoiced	572	391
Total	2 871	1 871
<i>Current</i>	2 798	1 829
<i>Long-term</i>	73	42
Total	2 871	1 871

Liabilities comprise from partially built liabilities and current operational purchases. At 31.10.2010 the liabilities after the due date were in the amount of 222 thousand Euros.

28. Reserves

<i>in thousand Euros</i>	Remaining days of annual leave	Other	Total
Initial balance at 1.11.2009	268	19	287
Growth after the business combination	63	-	63
Reserve creation during the year	183	7	190
Reserve release during the year	-46	-	-46
Reserve usage during the year	-158	-6	-164
Balance at 31.10.2010	310	20	330

<i>Current</i>			310
<i>Long-term</i>			20

<i>in thousand Euros</i>	Remaining days of annual leave	Other	Total
Initial balance at 1.11.2009	113	25	138
Growth after the business combination	46	-	46
Reserve creation during the year	109	12	121
Reserve release during the year	-	-18	-18
Balance at 31.10.2009	268	19	287

<i>Current</i>			274
<i>Long-term</i>			13

Tatry mountain resorts, a.s. and its subsidiaries
Consolidated group closing notes for the period from 1st November 2009 to 31st October 2010

29. Other liabilities

<i>in thousand Euros</i>	31.10.2010	31.10.2009
Financial leasing liabilities	1 976	2 986
Other liabilities against employees and partners	293	297
Income from future periods	865	552
Received advances	285	87
Employment loans	34	25
Liabilities from acquisition of subsidiaries	-	2 135
Other liabilities	1 624	1 009
Total	5 077	7 091
<i>Current</i>	4 198	5 192
<i>Long-term</i>	879	1 899
Total	5 077	7 091

At 31 October 2010 other liabilities include also liabilities from social fund in the amount of 13 thousand Euros (at 31 October 2009: 16 thousand Euros). In accordance with the Law on Social fund, the part of the social fund is obligatory against costs and another part may be created from the profit. Social fund in accordance with the Law on Social fund is used to social, medical, recreational and other needs of employees.

The amount of income from future periods creates mostly 438 thousand euro grant on Education project (ZASI), 103 thousand euro grant on hotel Tri Studničky, 242 thousand Euros income from due leasing of 6 - seat cableway in Jasna.

The amount of other liabilities represent mainly 150 thousand Euros liabilities from Social Security, 428 thousand Euros liabilities from revitalization, 252 thousand Euros liabilities from VAT of paid advances and 409 thousand Euros liabilities resulting from valued rights of Slovak Ski Association.

Creation and use of Social fund during the accounting period are shown in the table below:

<i>in thousand Euros</i>	31.10.2010	31.10.2009
Balance at 1.11.2009/1.1.2009	16	17
Growth due to acquisition	1	-
Creation against costs	7	9
Use	-11	-10
Balance at 31.10.2010/31.10.2009	13	16

Tatry mountain resorts, a.s. and its subsidiaries
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30. Detail about fair value

The following table shows details about book value and fair value of financial assets and liabilities of the Company which are not shown at fair value in accountancy.

<i>in thousand Euros</i>	Book value		Fair value	
	31.10.2010	31.10.2009	31.10.2010	31.10.2009
Financial assets				
Cash and cash equivalents	2 769	1 862	2 769	1 862
Granted loans	53 388	4 726	53 550	4 749
Trade receivables	7 493	3 775	7 155	3 775
Other receivables	104 704	191 138	104 704	191 138
Securities available for sale	85	-	85	-
Other assets	1 396	631	1 396	631
Financial liabilities				
Loans and credits	14 179	16 402	14 783	18 006
Trade payables	2 871	1 871	2 871	1 871
Other payables	5 077	7 091	5 077	7 091

Fair value estimates

The following paragraphs describe main methods and assumptions used to estimate fair values of financial assets and liabilities shown in the table below:

Loans and advances provided: Fair value was calculated on the basis of estimated future discounted income from repayments of principal and interest. In the process of estimation, future expected cash flows were considered also the risks of default and the facts that may indicate impairment. The estimated fair values of loans reflect changes in loan valuation from the moment they were provided, as well as changes in interest rates for loans with fixed interest rate.

Other receivables include, inter alia, bill receivables in the amount of 98 662 thousand Euros (2009: 191 138 thousand Euros) which are payable on demand and therefore their book value does not significantly differ from their fair value.

Trade payables/receivables, other receivables and other assets/payables: For receivables/payables with a remaining maturity of less than one year is assumed that their nominal value represents also fair value. Other receivables/payables are discounted to value fair value.

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31. Operating leasing

Lease on the lessee's side

The Group rents land with ski slopes and cableways and rents some vehicles according to the basis of operating leasing agreement. The most significant agreements are made for the period of 30 years with the prolonged option for another 10 years. The most significant agreement have 1-year notice period.

Operating leasing costs for the period ending on 31 October 2010 recognized in profit or loss statements present 562 thousand Euros (for the period ending on 31 October 2009: 644 thousand Euros).

Unless termination of agreement, the rent is as follows:

<i>in thousand Euros</i>	31.10.2010	31.10.2009
Less than 1 year	2	318
From 1 to 5 years	362	2 184
More than 5 years	10 417	10 488
Undefined due date	149	129
Total	10 930	13 119

32. Financial leasing

Maturity of financial leasing liabilities at 31 October 2010 was as follows:

<i>in thousand Euros</i>	Principal	Interest	Payments
Less than 1 year	1 500	83	1 583
1 to 5 years	476	21	497
More than 5 years	-	-	-
Total	1 976	104	2 080

Security

The following assets and equipments were used to secure financial leasing liabilities: seat cableway (subject of leasing) and buildings: Hotel SKI and former telecommunication building (see also section 26 – Loans and credits).

33. Risk management information

This section provides details about risks the Group faces and the way how to deal with them.

The Group faces risks in the following areas:

- loan risk
- liquidity risk
- market risk
- operating risk

Management has the complete responsibility to define and control the Group's risks.

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33. Risk management information (continued)

Loan risk

The group is primarily liable to risk with trade receivables, receivables from leasing, other receivables, advances and loans. The capacity of this risk is expressed in the assets book value on the balance sheet. Book value of receivables, advances and loans express the highest possible accounting loss that would have to be accounted for in the event that a counterparty will fail to fully meet their contractual obligations and all guarantees and warranties would have nil value. Therefore, this value significantly exceeds the expected losses, which are contained in the reserve for irrevocable receivables.

At 31 October 2010 the Group faced following loan risk:

<i>in thousand Euros</i>	Legal persons	Financial institutions	Other	Total
Assets				
Cash and cash equivalents	-	2 593	176	2 769
Trade receivables	7 493	-	-	7 493
Granted loans	5 246	48 142	-	53 388
Other receivables	104 704	-	-	104 704
Securities available for sale	85	-	-	85
Other assets	1 112	2	282	1 396
	118 640	50 737	458	169 835

At 31 October 2010 the Group faced following loan risk:

<i>in thousand Euros</i>	Legal persons	Financial institutions	Other	Total
Assets				
Cash and cash equivalents	-	1 753	109	1 862
Trade receivables	3 767	8	-	3 775
Granted loans	3	4 723	-	4 726
Other receivables	141 592	49 546	-	191 138
Other assets	509	-	122	631
	145 871	56 030	231	202 132

The bill also includes signed agreement on payment of loss with the company J & T FINANCE GROUP (hereinafter JTFG), where JTFG guarantees to pay up loss in case the principle value of the bills decreases. See also section 21 Other receivables.

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33. Risk management information (continued)

Liquidity risk

Liquidity risk arises in the general financing of the Group's activities and financial positions. It includes the risk of being unable to finance asset at an agreed maturity and interest rate risk and inability to realize assets at a reasonable price in a reasonable timeframe. Individual companies in the Group use different methods of managing liquidity risk. Group's Management focuses on managing and monitoring liquidity of each company.

Due to management of liquidity, management changed the accounting year for the financial year ending on 31 October. In the first half of its financial year the Group has the winter season representing 55% of the Group's income. According to the development in the first half-year, the Group is able to affect income and expenses well in advance, to keep sufficient liquidity. The seasonality in the High Tatras' resort is balanced also by high summer season and it provides more stable liquidity throughout the year. With ownership of bills payable at sight (more in section 21 - Other receivables) the Group has sufficiently secured liquidity.

The following table provides an analysis of financial assets and liabilities of the Group grouped according to maturity. This analysis represents the most careful variant residual maturity excluding interest. Therefore, in the case of liabilities is recognized earliest possible repayment and in case of assets the furthest possible repayment. Assets and liabilities without fixed maturity are shown together in the category of "undefined".

At 31 October 2010 the Group faced following liquidity risk:
in thousand Euros

	Up to 3 months	3 months up to 1 year	1 year up to 5 years	More than 5 years	Undefined	Total
Assets						
Cash and cash equivalents	2 769	-	-	-	-	2 769
Trade receivables	3 649	2 624	1 220	-	-	7 493
Granted loans	48 272	-	-	5 116	-	53 388
Other receivables	98 662	5 836	206	-	-	104 704
Securities available for sale	-	-	-	-	85	85
Other assets	223	1 173	-	-	-	1 396
	153 575	9 633	1 426	5 116	85	169 835
Liabilities						
Trade liabilities	82	2 716	73	-	-	2 871
Loans and credits	381	1 874	10 018	1 906	-	14 179
Other liabilities	206	3 992	579	300	-	5 077
	669	8 582	10 670	2 206	-	22 127

At 31 October 2009 the Group faced following liquidity risk:
in thousand Euros

	Up to 3 months	3 months up to 1 year	1 year up to 5 years	More nad 5 years	Undefined	Total
Assets						
Cash and cash equivalents	1 862	-	-	-	-	1 862
Trade receivables	649	1 302	31	5	1 788	3 775
Granted loans	3	4 723	-	-	-	4 726
Other receivables	-	191 138	-	-	-	191 138
Other assets	164	467	-	-	-	631
	2 678	197 630	31	5	1 788	202 132
Liabilities						
Trade liabilities	1 259	570	42	-	-	1 871
Loans and credits	178	5 938	5 648	4 638	-	16 402
Other liabilities	819	4 373	1 874	25	-	7 091
	2 256	10 881	7 564	4 663	-	25 364

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33. Risk management information (continued)

Currency risk

The Group face risk due to exchange rate changes, because almost all the transactions are in Euros.

Interest risk

Operations of the Group are exposed to the risk of interest rates changes. The capacity of this risk is equal to the amount of interest-bearing assets and interest-bearing liabilities where the interest rate at maturity or at the time of change is different from the current exchange rate. The period of fixed rate for the financial instrument therefore reflects the risk for changes in interest rates. Table below shows exposure of the Group for the changes in interest rates on the basis of contractual maturity of financial instruments.

At 31 October 2010 and at 31 October 2009 the Group has the following assets and liabilities relating to the interest rate:

in thousand Euros

	31.10.2010	31.10.2009
Fixed interest rate		
Assets	152 050	-
Liabilities	-	-
	152 050	-
Variable interest rate		
Assets	-	4 726
Liabilities	-14 179	-16 402
	-14 179	-11 676

Analysis of sensitivity for instruments with variable interest rate

Change of 100 basis points in interest rates would have the following affect for income statement:

in thousand Euros

	Profit (loss)	
	100 bp increase	100 bp decrease
31 October 2010		
Instruments with variable interest rate	-142	142
Cash flow sensitivity	-142	142

in thousand Euros

	Profit (loss)	
	100 bp increase	100 bp increase
31 October 2009		
Instruments with variable interest rate	-117	117
Cash flow sensitivity	-117	117

Group's interest-bearing liabilities use mainly variable interest rate referring to the EURIBOR. Group considers the variable interest rate to be self-managing of interest rate risk. In case of economic expansion the EURIBOR grows, but at the same time grows also the economic performance of population and the company has better income and profits. In case of the economic recession, it is exact opposite.

Tatry mountain resorts, a.s. and its subsidiaries
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33. Risk management information (continued)

Operating risk

Operating risk is the risk of loss resulting from embezzlement, unauthorized activities, errors, mistakes, inefficiency or system failures. This risk arises from all activities of the Group and all companies within the Group face it. Operating risk includes also the risk of lawsuit.

Group's aim is to manage operating risk to avoid financial losses and harm to the reputation of the Group within the efficiency of costs incurred to meet this objective and avoid precautions preventing from initiative and creativity.

The Group's management has the main responsibility for implementation of controls related to the management of operating risk. This responsibility is supported by development of standards for the management of operating risk common for the whole Group. Operating risk is managed by the system of directives, meeting minutes and control mechanisms. The Group has a controlling department where we try to eliminate all operating risks by regular checks.

The Group is also exposed to risks of adverse weather-related conditions. The number of visitors depend on amount and period of snowfall. Adverse conditions have negative impact on number of skiers and income or profit. Warm weather may extremely increase the cost on production of artificial snow and reduce the scope of skiing area. Historically Low Tatras area has had an average 80 cm of snow during the winter season and the High Tatras 85 cm. Start of winter season and snow conditions affect the perception of the entire season by skiers. Group can in no way reliably predict snow conditions at the beginning of winter seasonal. Snow conditions during the winter season are stable each year.

Tatry mountain resorts, a.s. and its subsidiaries
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34. Allied persons

Identification of allied persons

As shown in the following table, the Group is allied to shareowners, who have essential influence in the Group, at 31 October 2010 and 31 October 2009 or during the period from 1 November 2009 to 31 October 2010 and 1 January 2009 to 31 October 2009:

- (1) Companies that manage jointly or have essential influence on accounting entity and its subsidiaries and associate companies
- (2) Jointly managed companies where the Group is a business partner
- (3) Associate companies
- (4) Members of TOP management or shareholders of the Group (see also section 8)
- (5) Other allied persons

Information on rewards of statutory members and members of TOP management are stated in section 8.

Since none of the shareholders of the Group owns more than 20% or has otherwise essential influence, the shareholders are not stated as allied persons and the above described transactions, or balance are not understood as transactions with allied persons.

The Group has below shown transactions against allied persons:

in thousand Euros

	Note	Receivables 31.10.2010	Payables 31.10.2010	Receivables 31.10.2009	Payables 31.10.2009
Interhouse Tatry s.r.o. ¹	3	311	-	-	-

in thousand Euros

	Note	Income 1.11.2009 – 31.10.2010	Costs 1.11.2009 – 31.10.2010	Income 1.1.2009 – 31.10.2009	Costs 1.1.2009 – 31.10.2009
Interhouse Tatry s.r.o. ¹	3	40	-9	-	-

¹ After purchase of 50% of shares, the associate company Interhouse Tatry s.r.o. at 28 December 2009 became this company identified as allied person.

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Consolidated group closing notes for the period from 1st November 2009 to 31st October 2010

35. Events after the date at which the consolidated statements were drawn

On 15 November 2011 representatives of Tatry mountain resorts, a.s. and Aquapark Tatralandia signed Memorandum of understanding where both parties declare the agreement about the incorporation of Tatralandia in Tatry mountain resorts, a.s.. The purchased contract has not been signed at the date of consolidated statements preparation.

Board of Directors of Tatry mountain resorts, a.s. received authorization from Supervisory board to purchase shares of Best Hotel Properties a.s. (BHP) during the year 2011 up to amount of 5% of BHP's total share capital. The purpose is to create open financial assets which Tatry mountain resorts, a.s. gained after increase of total share capital in 2009 and at the same time to gain operating synergic effects.

In December 2010 the part of bills recorded in other receivables due. These bills were prolonged with new bills.

Loan to J&T Bank Switzerland Ltd. recognized in granted loans was in December 2010 fully paid. For the money was granted the bill loan against J&T Private Equity B.V. for the given money. The bill is under J&T Bank Switzerland Ltd. administration with fixed interest rate of 7,5%.

On 18 January 2011 was held Extraordinary General Meeting where the following essential resolutions were adopted:

- 1) the number of members in Board of Directors grew from 4 members to 6 members
- 2) the number of members in Supervisory Board grew from 3 members to 6 members
- 3) members of Supervisory Board were appointed and dismissed:
 - Patrik Reisel – dismissed
 - Jiří Uvira – appointed a member of Supervisory Board
 - Jan Komornicki – appointed a member of Supervisory Board
 - František Hodorovský – appointed a member of Supervisory Board

36. Capital liabilities and capital management

The Group has no significant capital liabilities at 31 October 2010.

The Group management deals with capital management to secure sufficient funds for planned investments in the period for which the investments were planned.

Neither the Company nor its subsidiaries has external requirements to manage capital.

During the period from 1 November 2009 to 31 October 2010 there were no changes in Group management approach to managing capital.

37. Conditioned assets and conditioned liabilities

Given that many areas of the Slovak tax law have not been sufficiently tested in practice, there is uncertainty in how the tax authorities will apply them. This uncertainty can not be quantified and will and it will terminate once the legal precedents are available, or official interpretations of such authorities.

On 31 October 2007 the Group concluded Contract on the pledge to the business, receivables and movables for the benefit of the creditor Tatra banka, joint-stock company, the subject of which is pledge right to liabilities in full amount of liabilities recognized in the balance sheet at 31 October 2009 and at 31 October 2010.

The group is in a number of lawsuits. In two cases, the Group lost the lawsuits and the amount of compensation has been calculated. The maximum amount of compensation in these lawsuits may be up to 48 thousand Euros and accessories.



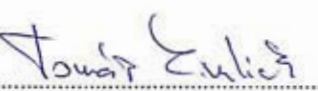
Tatry mountain resorts, a.s. and its subsidiaries
Consolidated group closing notes for the period from 1st November 2009 to 31st October 2010

38. Companies within the Group

List of companies within the Group on 31st of October 2010 and on 31st of October 2009 is stated in the table below:

	Country of registration	31.10.2010			31.10.2009	
		Consolid . %	Control form	Consolidation method	Consolid . %	Control form
Tatry mountain resorts, a.s.	Slovakia	100	direct	full	100	direct
Tatranské lanové dráhy, a.s.	Slovakia	-	-	full	100	direct
GRANDHOTEL PRAHA a.s.	Slovakia	100	direct	full	-	-
Tatry mountain resorts services, a.s.	Slovakia	100	direct	full	-	-
Interhouse Tatry s.r.o.	Slovakia	50	direct	equivalent	-	-

On 30th of April 2010 the companies Tatry mountain resorts, a.s. (TMR) and Tatranské lanové dráhy, a.s. (TLD) merged. After the merge, TLD was ceased and successor company remained TMR.

			
Bohuš Hlavatý <i>predseda predstavenstva</i>	Jozef Hodek <i>člen predstavenstva</i>	Tomáš Kimlička <i>osoba zodpovedná za zostavenie závierky</i>	Jarmila Vdovcová <i>osoba zodpovedná za vedenie účtovníctva</i>
<i>chairman of Board of Directors</i>	<i>member of Board of Directors</i>	<i>person responsible for consolidated financial statements</i>	<i>person responsible for accountancy book</i>



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**Report on the consistency
of the consolidated annual report with the consolidated financial statements
pursuant to Art.23 Sec. 5 of the Act no. 540/2007 Coll. on Auditors, audit and audit
oversight**

To the Shareholders, Board of Directors and Supervisory Board of the company Tatry mountain resorts, a.s.

We have audited consolidated financial statements of the company Tatry mountain resorts, a.s. ("the Company") and its subsidiaries (together "the Group") as at 31 October 2010 annexed to the consolidated annual report. We issued an Independent auditor's report on these financial statements dated 23 February 2011 in the wording as follows:

Independent Auditor's Report

To the Shareholders, Board of Directors and Supervisory Board of Tatry mountain resorts, a.s.

We have audited the accompanying consolidated financial statements of the company Tatry mountain resorts, a.s. ("the Company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 October 2010, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the year ending 31 October 2010, as well as a summary of significant accounting policies and other explanatory information.

Statutory Body's Responsibility

Statutory body of the company is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union. Such responsibility includes proposal, implementation and keeping of internal controls relevant for preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. It includes also selection and exercising of suitable accounting policies as well as making accounting estimates that are reasonable under the given circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

KPMG Slovensko spol. s r. o., a Slovak limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Obchodný register Okresného súdu Bratislava I, oddiel Sro, vložka č. 4884/B
Commercial register of District court Bratislava I, section Sro, file No. 4884/B
IČO/Registration number: 31 348 238
Evidenčné číslo licencie audítora: 96
Licence number of statutory auditor: 96



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by statutory bodies of the company, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material aspects, consolidated financial position of the Group as at 31 October 2010 and its consolidated financial performance and its consolidated cash flows for the year ending 31 October 2010 in accordance with International Financial Reporting Standards as adopted by the European Union.

23 February 2011
Bratislava, Slovak Republic

Auditing company:
KPMG Slovensko spol. s r.o.
License SKAU No. 96

Responsible auditor:
Ľuboš Vančo
License SKAU No. 745

***Supplement of auditor's report on consistency of the consolidated annual report
with the consolidated financial statements***

Pursuant to the Accounting Act we have audited the consistency of the consolidated annual report with the consolidated financial statements.

The accuracy of the consolidated annual report's presentation is the responsibility of the Company's management. Our task is to audit the consistency of the consolidated annual report with the consolidated financial statements and on its basis issue a supplement of auditor's report on consistency of the consolidated annual report with the consolidated financial statements.



We have conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the information disclosed in the consolidated annual report and presented in the consolidated financial statements is consistent, in all material aspects, with the respective consolidated financial statements.

We have assessed the consistency of the information presented in the consolidated annual report with the information presented in the consolidated financial statements as at 31 October 2010. We have not audited information and data other than accounting information obtained from the consolidated financial statements. We believe that the performed audit is sufficient and appropriate to provide a basis for our opinion.

In our opinion, accounting information presented in the consolidated annual report is consistent, in all material aspects, with the consolidated financial statements prepared as at 31 October 2011 annexed to the consolidated annual report.

23 February 2011
Bratislava, Slovak Republic

Auditing company:
KPMG Slovensko spol. s r.o.
License SKAU No. 96



Responsible auditor:
Ľuboš Vančo
License SKAU No. 745

Tatry mountain resorts, a.s.

**Individual Financial Statements for the period of
1st of November 2009 until 31st of October 2010**

**prepared in accordance with Act No. 431/2002 Coll.
about Accounting (Sec. 3, par.4)**

Tatry mountain resorts, a.s.
Notes to the Individual Financial Statements for the period: 1st of November 2009 until 31st of October 2010

Tatry mountain resorts, a.s.
Notes to the Individual Financial Statements for the period: 1st of November 2009 until 31st of October 2010

Income Statement to the date 31st of October 2010

	No.	31.10.2010	31.10.2009
I. Sales of goods (604)	01	895 132	182 959
A. Costs of goods sold (504, 505A)	02	614 432	121 165
+ Gross margin r. 01 - r. 02	03	280 700	61 794
II. Production r. 05+r. 06+ r. 07	04	18 353 173	9 544 869
II.1. Sales of own products and services (601,602)	05	18 307 880	9 544 869
2. Changes in inner-organizational inventory (+/- accounting group 61)	06	0	0
3. Activation (account group 62)	07	45 293	0
B. Production costs r. 09+ r. 10	08	8 899 355	5 158 995
B.1. Material, energy, and other unstorable deliveries costs (501,502,503,505A)	09	3 579 178	2 392 007
2. Services (account group 51)	10	5 320 177	2 766 988
+ The added value r. 03+ r. 04 - r. 08	11	9 734 518	4 447 668
C. Summary of personal expenses (r. 13 to 16)	12	3 950 769	2 394 160
C.1. Employee costs (521,522)	13	2 814 330	1 692 327
2. Remuneration of board members (523)	14	117 367	57 505
3. Social insurance costs (524,525,526)	15	903 833	552 808
4. Social costs (527,528)	16	115 239	91 520
D. Taxes and charges (account group 53)	17	86 657	33 788
E. Depreciation and adjusting entries of intangible and tangible fixed assets (551,553)	18	2 936 706	2 990 337
III. Sales of long term fixed assets and materials (641,642)	19	153 473	2 089 414
F. Residual value of sold long term fixed assets and material sold (541,542)	20	30 066	1 624 379
G. Addition and accounting of adjusting entries for accounts receivable (+/- 547)	21	68 536	-11 064
IV. Other operating income (644,645,646,648,655,657)	22	1 282 752	427 429
H. Other operating costs (543,544,545,546,548,549,555,557)	23	54 268	23 801
V. Transfer of operating revenues (-) (697)	24	0	0
I. Transfer of operating costs (-) (597)	25	0	0
* Operating profit or loss r. 11-r. 12-r. 17-r. 18+ r.19-r. 20-r. 21+r. 22-r.23 +(-r. 24)-(-r. 25)	26	4 043 741	-90 890
VI. Revenues from sales of securities and shares (661)	27	3 025	0
J. Securities and shares sold (561)	28	0	0
VII. Income from long term financial assets r. 30+ r. 31+ r. 32	29	2 888	0
VII.1. Income from securities and shares in subsidiary accounting entities and associates (665A)	30	0	0
2. Income from other long term (fixed) securities and shares (665A)	31	2 888	0
3. Income from other long term financial assets (665A)	32	0	0
VIII. Income from short term (current) financial assets (666)	33	0	0
K. Costs of short term financial assets (566)	34	0	0
IX. Income from revaluation of securities and income from derivative transactions (664,667)	35	0	0
L. Costs of revaluation of securities and derivative transactions costs (564,567)	36	0	0
M. Additions and accounting of adjusting entries for financial assets +/- 565	37	0	0
X. Income interests (662)	38	8 309 018	206 784
N. Costs interests (562)	39	444 799	444 076
XI. Foreign exchange profits (663)	40	34	612
O. Foreign exchange losses (563)	41	373	880
XII. Other income from financial activities (668)	42	2 485	6 855
P. Other expenses on financial activities (568,569)	43	141 199	265 639
XIII. Transfer of financial revenues (-) (698)	44	0	0
R. Transfer of financial costs (-) (598)	45	0	0
* Financial activities profit or loss r.27-r.28+r.29+r.33-r.34+r.35-r.36-r.37+r.38-r.39+r.40-r.41+r.42-r.43+(-r.44)-(-r.45)	46	7 731 079	-496 344
** Profit or loss from operating activities before tax r.26 + r.46	47	11 774 820	-587 234
S. Income tax from operating activities r. 49+ r. 50	48	2 320 710	86 715
S.1. - current (591,595)	49	0	0
2. - deferred (+/-592)	50	2 320 710	86 715
** Net profit or loss from operating activities r. 47- r.48	51	9 454 110	-673 949
XIV. Extraordinary income (account group 68)	52	0	0
T. Extraordinary costs (account group 58)	53	0	0
* Profit or loss from extraordinary activities before tax r. 52- r.53	54	0	0
U. Income tax from extraordinary activities r. 56+ r.57	55	0	0
U.1. - current (593)	56	0	0
2. - deferred (+/-594)	57	0	0
* Net profit or loss from extraordinary activities r. 54 - r. 55	58	0	0
*** Profit or loss for accounting period before tax (+/-) [r. 47 + r. 54]	59	11 774 820	-587 234
V. Transfer of shares on profit or loss to partners (+/-596)	60	0	0
*** Net profit or loss for accounting period (+/-) [r. 51+ r. 58- r.60]	61	9 454 110	-673 949

Balance sheet to the date 31st of October 2010

ASSETS		No.	31.10.2010 (brutto)	31.10.2010 (correction)	31.10.2010 (netto)	31.10.2009 (past)
Total assets r. 002+ r. 031+ r. 061		001	319 032 243	31 423 862	287 608 381	272 058 363
A. Non-current assets r. 003+ r. 012+ r. 022	002		160 432 806	31 335 587	129 097 219	71 410 788
A.I. Total intangible assets (r. 004 to 011)	003		788 357	372 532	415 825	512 035
A.I.1. Establishment costs (011) - /071,091A/	004		0	0	0	0
2. Capitalized development costs (012) - /072,091A/	005		0	0	0	0
3. Software (013) - /073,091A/	006		156 971	113 202	43 769	19 487
4. Ratable rights (014) - /074,091A/	007		757 736	386 940	370 796	487 028
5. Goodwill (015) - /075,091A/	008		-143 376	-143 376	0	0
6. Other intangible assets (019,01X) - /079,07X,091A/	009		17 026	15 766	1 260	5 520
7. Acquired long term (fixed) intangible assets (041) -093	010		0	0	0	0
8. Advance payments for long term intangible assets (051) - 095A	011		0	0	0	0
A.II. Total tangible assets - property, plant and equipment (r. 013 to 021)	012		128 122 377	30 963 055	97 159 322	43 539 163
A.II.1. Land (031) - 092A	013		7 213 064	380 587	6 832 477	474 699
2. Buildings (021) - /081,092A/	014		55 970 005	12 737 031	43 232 974	29 234 254
3. Individual tangible assets and sets of tangible assets (022) - /082,092A/	015		42 418 904	17 248 631	25 170 273	12 039 674
4. Perennial crops (025) - /085,092A/	016		0	0	0	0
5. Livestock and draft animals (026) - /086,092A/	017		0	0	0	0
6. Other long term tangible assets (029,02X,032) - /089,08X,092A/	018		29 974	0	29 974	28 274
7. Acquired long term tangible assets (042) - 094	019		17 757 107	596	17 160 301	1 589 910
				806		
8. Advance payments for long term tangible assets (052) - 095A	020		4 733 323	0	4 733 323	172 352
9. Adjusting entries for acquired assets (+/- 097) +/- 098	021		0	0	0	0
A.III. Total long term financial assets (r. 023 to 030)	022		31 522 072	0	31 522 072	27 359 590
A.III.1. Equities and shares in subsidiary accounting entity (061) - 096A	023		26 321 570	0	26 321 570	27 359 590
2. Equities and shares in companies with significant influence (062) - 096A	024		0	0	0	0
3. Other long term equities and shares (063,065) - 096A	025		84 777	0	84 777	0
4. Loans to the accounting entity within the consolidated group (066A) - 096A	026		0	0	0	0
5. Other long term financial assets (067A,069,06XA) - 096A	027		5 115 725	0	5 115 725	0
6. Loans with maturity up to one year (066A,067A,06XA) - 096A	028		0	0	0	0
7. Acquired long term financial assets (043) - 096A	029		0	0	0	0
8. Advance payments for long term financial assets (053) - 095A	030		0	0	0	0
B. Current assets r. 032+ r. 040+ r. 047+ r. 055	031		158 357 909	88 275	158 269 634	200 522 530
B.I. Total inventories (r. 033 to 039)	032		594 965	0	594 965	463 208
B.I.1. Material (112,119,11X) - /191,19X/	033		354 034	0	354 034	377 094
2. Work in progress and blank stock of own productions (121,122,12X) - /192,193,19X/	034		0	0	0	0
3. Contract production with and estimated completion period longer than one year 12X-192A	035		0	0	0	0
4. Goods (123) - 194	036		0	0	0	0
4. Animals (124) - 195	037		0	0	0	0
6. Merchandise (132,13X,139) - /196,19X/	038		240 931	0	240 931	86 114
7. Advance payments for inventory (314A) - 391A	039		0	0	0	0
B.II. Total long term receivables (r. 041 to 046)	040		1 728 007	0	1 728 007	0
B.II.1. Trade receivables (311A,312A,313A,314A,315A,31XA) - 391A	041		1 728 007	0	1 728 007	0
2. Receivables to subsidiary accounting entity and parent accounting entity (351A) - 391A	042		0	0	0	0
3. Other receivables in the consolidated group (351A) - 391A	043		0	0	0	0
4. Receivables to shareholders, members, and association (354A,355A,358A,35XA) - 391A	044		0	0	0	0
5. Other receivables (335A,33XA,371A,373A,374A,375A,376A,378A) - 391A	045		0	0	0	0
6. Deferred tax assets (481 A)	046		0	0	0	0
B.III. Total current receivables (r. 048 to 054)	047		55 240 806	88 275	55 152 531	8 090 801
B.III.1. Trade receivables (311A,312A,313A,314A,315A,31XA) - 391A	048		6 253 351	88 275	6 165 076	3 279 183
2. Receivables to subsidiary accounting entity and parent accounting entity (351A) - 391A	049		48 142 340	0	48 142 340	4 723 361
3. Other receivables within the consolidated group (351A) - 391A	050		0	0	0	0
4. Receivables to shareholders, members, and association (354A,355A,358A,35XA,398A) - 391A	051		0	0	0	0
5. Social insurance (336) - 391A	052		0	0	0	0
6. Tax receivables and grants (341,342,343,345, 346, 347) - 391A	053		689 666	0	689 666	73 392
7. Other receivables (335A,33XA,371A,373A,374A,375A,376A,378A) - 391A	054		155 449	0	155 449	14 865
B.IV. Total financial accounts (r. 056 to 060)	055		100 794 131	0	100 794 131	191 968 521
B.IV.1 Money (211,213,21X)	056		158 827	0	158 827	44 982
2. Bank balances (221A,22X +/-261)	057		1 967 609	0	1 967 609	785 339
3. Bank balances with notice period exceeding one year 22XA	058		0	0	0	0
4. Current financial assets (251,253,256,257,25X) - /291,29X/	059		98 667 695	0	98 667 695	191 138 200
5. Acquired current financial assets (259, 314A) - 291	060		0	0	0	0
C. Total accruals (r. 062 a r. 065)	061		241 528	0	241 528	125 045
C.1. Long term accrued costs (381A,382A)	062		0	0	0	0
2. Current accrued costs (381A,382A)	063		169 386	0	169 386	94 216
3. Long term accrued receipts (385A)	064		0	0	0	0
4. Current accrued receipts (385A)	065		72 142	0	72 142	30 829
Total check number (r. 001 to r. 065)	888		1 275 887 444	125 695 448	1 150 191 996	1 088 108 407

Tatry mountain resorts, a.s.

Notes to the Individual Financial Statements for the period: 1st of November 2009 until 31st of October 2010

Balance sheet to the date 31st of October 2010

EQUITY AND LIABILITIES		No.	31.10.2010	31.10.2009
Total equity and payables r. 067+ r. 088+ r. 119		066	287 608 381	272 058 363
A.	Equity r. 068+ r. 073+ r. 080+ r. 084+ r. 087	067	262 246 274	253 055 382
A.I.	Total share capital (r. 069 to 072)	068	221 337 534	221 534 129
A.I.1.	Share capital (411 or +/-491)	069	221 337 534	221 534 129
2.	Own stocks and own shares (-/252)	070	0	0
3.	Changes in share capital +/-419	071	0	0
4.	Receivables for subscribed equity (-/353)	072	0	0
A.II.	Total capital funds (r. 074 to 079)	073	30 698 497	30 765 120
A.II.1.	Capital paid in excess of par value (412)	074	30 430 378	30 482 533
2.	Other capital funds (413)	075	282 587	282 587
3.	Statutory reserve (Indivisible funds) from contribution of capital (417,418)	076	0	0
4.	Difference in valuation from revaluation of assets and liabilities (+/-414)	077	-14 468	0
5.	Difference in valuation from equity investments (+/-415)	078	0	0
6.	Difference in valuation from revaluation from merger, fusion and division (+/-416)	079	0	0
A.III.	Total profit funds (r. 081 to 083)	080	1 435 686	1 435 686
A.III.1.	Statutory reserves (421)	081	1 435 686	1 435 686
2.	Indivisible fund (422)	082	0	0
3.	Statutory and other funds (423,427,42X)	083	0	0
A.IV.	Profit or loss of past years r. 085 a r. 086	084	-679 553	-5 604
A.IV.1.	Retained profits of past years (428)	085	0	0
2.	Accumulated losses of past years (-/429)	086	-679 553	-5 604
A.V.	Net retained earnings for accounting period +/- r.001- (r. 068+ r. 073+ r. 080+ r. 084+ r. 088+ r. 119)	087	9 454 110	-673 949
B.	Provisions from r. 089+ r. 094+ r. 105+ r. 115 + r. 116	088	24 525 158	18 467 325
B.I.	Total provisions (r. 090 to 093)	089	542 619	205 682
B.I.1.	Long term (fixed) statutory provisions (451A)	090	0	0
2.	Current statutory provisions (323A, 451A)	091	515 928	198 908
3.	Other long term provisions (459 A,45XA)	092	26 691	6 774
4.	Other current provisions (323A, 32X, 459A,45XA)	093	0	0
B.II.	Total long term liabilities (r. 095 to 104)	094	5 919 723	3 775 670
B.II.1.	Long term trade payables (479A)	095	0	0
2.	Long term unbilled deliveries (476A)	096	0	0
3.	Long term liabilities to subsidiary accounting entity and parent accounting entity (471A)	097	0	0
4.	Other long term liabilities in consolidated group (471A)	098	0	0
5.	Long term received advances (475A)	099	0	0
6.	Long term notes payable (478A)	100	0	0
7.	Issued bonds (473A,-/255A)	101	0	0
8.	Social fund liabilities (472)	102	11 524	15 635
9.	Other long term liabilities (474A,479A,47XA,372A,373A,377A)	103	2 313 939	2 701 403
10.	Deferred tax payables (481A)	104	3 594 260	1 058 632
B.III.	Total current liabilities (r. 106 to 114)	105	3 908 099	3 514 780
B.III.1.	Trade payables (321,322,324,325,32X,475A,478A,479A,47XA)	106	3 235 983	2 950 430
2.	Unbilled deliveries (326,476A)	107	246 299	344 387
3.	Payables to subsidiary accounting entity and parent accounting entity (361A,471A)	108	0	0
4.	Other liabilities within the consolidated group (361A,36XA,471A,47XA)	109	0	0
5.	Liabilities to shareholders, members, and association (364,365,366,367,368,398A,478A,479A)	110	0	0
6.	Liabilities to employees (331,333,33X,479A)	111	190 735	111 159
7.	Liabilities from social insurance (336,479A)	112	107 027	54 300
8.	Taxes and grants payables (341,342,343,345,346,347,34X)	113	19 711	12 500
9.	Other liabilities (372A,373A,377A,379A,474A,479A,47X)	114	108 344	42 004
B.IV.	Short term borrowings (241,249,24X,473A,-/255A)	115	0	411 378
B.V.	Bank loans (r. 117 + r. 118)	116	14 154 717	10 559 815
B.IV.1.	Long term bank loans (461A,46XA)	117	14 154 717	10 559 815
2.	Current bank loans (221A,231,232,23X,461A,46XA)	118	0	0
C.	Total accruals (r. 120 to 123)	119	836 949	535 656
C.1.	Long term accrued expenses (383A)	120	0	0
2.	Current accrued expenses (383A)	121	562	0
3.	Long term accrued revenues (384A)	122	0	0
4.	Current accrued revenues (384A)	123	836 387	535 656

Tatry mountain resorts, a.s.

Notes to the Individual Financial Statements for the period: 1st of November 2009 until 31st of October 2010

Appendix to the financial statements to the date 31st of October 2010

All data and information in this appendix are based on accounting and are linked to financial statements. Value figures are in €. Numbers next to the items in brackets or in columns refer to the row or column of the particular statement (Balance sheet or Income statement).

A.) Introductory part

1. Appendix by:

Name and address	Tatry mountain resorts, a.s. Demänovská Dolina 72, 031 01 Demänovská Dolina
Legal form	Join-Stock Company
Date of establishment	20.03.1992
Effective date of establishment	01.04.1992
Identification number	315 606 36
Primary business	Lodging and restaurant services Operation of cableways and ski lifts Ski rental, ski instruction

2. Members of the bodies of the company:

The Supervisory Board

Ing. Igor Rattaj	chairman
Ing. Patrik Reisel	member
Jozef Slabý	member

The Board of Directors

Ing. Bohuš Hlavatý	chairman
Ing. Jozef Hodek	member
Ing. Andrej Devečka	member
Ing. Dušan Slavkovský	member

TOP management

Ing. Dušan Slavkovský	Director of cableways division
Ing. Michal Krolák	Director of hotel and restaurant facilities division
Ing. Matej Hulej	Director of sport facilities and shops division

3. Employees

Average number of employees	323
of which TOP management	3

4. Purpose and concept of the Appendix compilation

These financial statements are the regular individual financial statements for the Joint - Stock company Tatry Mountain resorts. It was prepared for the accounting period from 1.11.2009 to 31.10.2010 under the Slovak legislation, namely the law on accounting and accounting procedures for entrepreneurs.

Financial statements for 2010 were prepared providing uninterrupted continuation without any amendments and the impacts of uncertainties described below.

Under the Act No. 431/2002 Coll. on Accounting (Section 3, paragraph 4) on 13.10.2009, there was a change in accounting and taxation period of the calendar year for accounting and tax period of the operating year approved, commencing from 1st of November to 31st of October with an effect from 1st of November 2009.

Tatry mountain resorts, a.s.

Notes to the Individual Financial Statements for the period: 1st of November 2009 until 31st of October 2010

5. Approval of Financial Statements for the year of 2009

Financial Statements of the company for the year of 2009 was approved by Annual General Meeting, which was held on 22nd of April 2010. An accounting loss for the year of 2009 in the amount of 673 949 € will be balanced by clearance to the account of Unpaid losses of previous periods.

Financial Statements were stored in Commercial Register of District Court Žilina, sec.: Sa, ins. No.: 62/L

6. Unlimited liability in other accounting entities

Accounting entity does not have an unlimited liability as a partner in other accounting entities.

7. Stockholders' structure

Shareholders' structure with the indicated value is shown below in the section devoted to the description of liabilities of the company. Voting rights of the shareholders do not differ according to their stake of the share capital. Under the applicable statutes of the company, any decision of the Annual General Meeting requires an absolute majority of votes.

B.) Accounting principles and methods

1. The company prepared financial statements for the year of 2010 in accordance with the Act. No. 431/2002 Coll. about accounting, following accounting procedures for entrepreneurs (Decree No. 23054/2002-92 by the MoF of the Slovak Republic) as amended and in accordance with the definition of financial statements for disclosure (Decree No. 4455/2003-92 by MoF of the Slovak Republic).
2. Assets and liabilities denominated in foreign currencies are converted into the currency exchange rate set at currency € by the exchange rate stated in the list of foreign exchange on the date of the accounting transaction, and in the financial statements on the date of its establishment. Exchange differences are noted in the profit and loss account. When buying and selling foreign currency for the currency €, there was exchange rate used at which these values were purchased or sold.
3. Accounting is conducted on the basis of compliance with respect to time and factual context (accrual) of costs and revenues. Taken as the basis are all costs and revenues relating to the accounting period regardless of the date of payment.
4. There is a precautionary principle applied; risks, impairments and losses relating to assets and liabilities known at the date of compilation of financial statements are expressed.
5. If the accounting valuation of the assets is below market valuation, assets are not overvalued. Significant differences are commented in the notes to financial statements.
6. There is a principle of historical prices applied for property acquisition and valuation of particular types of assets and liabilities is as follows:
 - a) Long term tangible and intangible assets at costs of acquisition, duty and transport go to marginal costs,
 - b) Long term tangible and intangible assets created internally by own activity (activation) are valued at actual cost of their own production/performance (direct material, direct wages, manufacturing overhead),
 - c) Long term financial assets have not been overvalued to the date of establishment of financial statements, given that company is to prepare consolidated financial statements.
 - d) inventory:
 - purchased material – at costs of acquisition, for the same kind of material there is a method of weighted average used updated for each income of stock; shipping, transport, and commissions go to marginal costs,
 - purchased goods – at the costs of acquisition, for the same kind of goods there is a method of weighted average used updated for each income of stock; shipping, transport, and commissions go to marginal costs,
 - e) receivables and payables are valued at face value. Possible realizable value of receivables is corrected by created adjusting entries that reflect the level of risk.
7. Depreciation
 - f) Long term tangible assets, of which an acquisition value was up to 30 thous. SKK/996 EUR (software up to 50 thous./1660 EUR) was up until 2002 depreciated by 100% of its entry value under the inclusion of asset into the use.
 - g) Long term tangible and intangible assets of the hotel "Tri Studničky" included in 2002, of which the acquisition value was up to 20 thous. SKK/664 EUR (software up to 30 thous. SKK/996 EUR): for these, an accounting depreciation was

Tatry mountain resorts, a.s.

Notes to the Individual Financial Statements for the period: 1st of November 2009 until 31st of October 2010

spread evenly into four year period. Each year by 25% (assets up to the acquisition value 500 SKK/16,59 EUR and working clothes were depreciated by 100 % right when put into use)

- h) Long-term tangible assets that cannot be included into long-term tangible assets according to section 22, letter 2, and its usage period is more than one year, acquisition up to 30 thous. SKK /996 EUR (software value up to 50 thous. SKK/1660 EUR): accounting unit decided that these will be depreciated evenly over two years (valid until 31.12.2007)
Depreciation of tangible assets at acquisition value of more than 20 thous. SKK/664 EUR (software 30 thous./996 EUR) organization depreciated by straight-line depreciation until the end of the year 2002, while tax depreciation and accounting depreciation were equal.
- i) In the event of a change in tax rates in 2003, the accounting unit decided that listed assets will be depreciated further in accounting under the original rate. Original rates are identical to the original rates of tax depreciation in force until 2003.
- j) Accounting depreciation of long-term tangible assets listed in accounting since 1.1.2005, which acquisition value is over 996 € (software over 1 660 €), organization unit set on percentage depreciation evenly in each year of depreciation by the same percentage as follows, see table:

Depreciation group	Number of years of depreciation	% of accounting depreciation	Expressed as a fraction
1	4	25	3/4
2	8	12,5	1/8
3	15	6,7	1/15
4	30	3,33	1/30

- k) Technology of cableways is depreciated according depreciation progressive plan over the twenty years.
- l) Tax depreciation is applied at linear rates in the Law on income tax.
- m) Since 1.1.2008 – 31.12.2008, the newly acquired long-term (fixed) assets, which acquisition value is less or equal to 30 000 thous.SKK/996 €(software 50 000 thous. SKK) are accounted directly to the expenses. Evidence of these assets is separately in the operational evidence.
- n) Since 1.1.2009, the newly acquired long-term (fixed) assets, which acquisition value is less or equal to 996 EUR (software 1 660 thous. EUR) are accounted directly to the expenses. Evidence of these assets is separately in the operational evidence.
- o) Since 1.11.2009, the depreciation period of long-term (fixed) assets is changed according to the following Table 2.

Assets	Type	No. of years	%
Apreski bars	construction block	35	2,9
Buildings		45	2,2
Wooden buildings		20	5,0
Iron constructions		25	4,0
Cable cars, ski lift	construction block	30	3,3
	technology	20	5,0
	anchor point	45	2,2
	landscaping	45	2,2
Snowmobile		8	12,5
Scooter		8	12,5
Snow-covering	construction block	30	3,3
	technology	20	5,0
	snow cannons	15	6,7
	pumping station	15	6,7
Ski belt,		20	5,0
Parking, roads		50	2,0
Water connection		45	2,2
Sewerage		45	2,2
Electrical wiring		45	2,2

For items that are not listed in Table 2, we proceed according to Table 1.

8. Adjustment entries were created :
to calculate the amount of the adjustment entry for receivables there was a calculation method by maturity used under the Act 20 Sec. 14, 595/2003 Coll. about income tax. Creation of adjustment entries for receivables under the above Act was included as a tax expense.

Tatry mountain resorts, a.s.

Notes to the Individual Financial Statements for the period: 1st of November 2009 until 31st of October 2010

9. Long and short-term (current) receivables, liabilities, loans and advances. These items in Balance Sheet are differentiated at the date of establishment of liability and receivable according to the agreed maturity date. Receivables and liabilities with a maturity up to 12 months are reported as current or short-term, and receivables and liabilities with maturity over 12 months are reported as long-term.
10. Income tax is calculated at 19% of the tax base, which is calculated by adjusting accounting profit or loss before referable and deductible items.
11. The company recognizes deferred tax in accordance with the accounting procedures, that means that from 1.1.2003 it is using balance sheet approach to the quantification of temporary differences arising between the accounting and tax carrying value of assets and liabilities by the ability to redempt the tax losses in the future and by the ability to transfer unused tax deductibles and other tax claims into the future periods. The used income tax rate is 19%. In the case of a deferred tax receivable, its feasibility is assessed compared to the tax base in the future. If there is a presumption that a receivable is feasible, it is accounted in the adjustment entry.
12. Provisions are created for future losses and liabilities, in which it is more than likely that they will occur based on past events and which might be estimated.
13. If the accounting valuation of assets is below market valuation, assets are not overvalued (assets are flowing). Significant differences are commented in the notes to financial statements.
14. Assets that are rented by joint-stock company are not reported in the balance sheet.

C.) Notes to financial statements

I. Data on the assets side of the Balance Sheet

1. Long-term (fixed) tangible and intangible assets

1.1 Movements on accounts of long-term intangible assets, accumulated depreciation and residual value

in whole Euros

	Long-term intangible assets	Software	Ratable rights	Other long-term intangible assets	Goodwill	Total
Row of the balance sheet		006	007	009	008	003
Acquisition price						
To date 1.11.09		123 804	719 788	17 026		860 618
Increase		25 085			-143 376	-118 291
Taken over TLD		12 934	37 948			50 882
Decrease		4 853				4 853
To 31.10.2010		156 970	757 736	17 026	-143 376	788 356
Accumulated depreciation						
To 1.11.2009		104 317	232 760	11 506		348 583
Increase		13 738	154 180	4 260	-143 376	28 802
Decrease		4 853				4 853
To 31.10.2010		113 202	386 940	15 766	-143 376	372 532
Adjusting entry						
To 1.11.2009						
Increase						
Decrease						
To 31.10.2010						
Residual value (column 3)						
To 1.11.09		19 487	487 028	5 520		512 035
To 31.10.2010		43 768	370 796	1 260		415 824
Advances						
To 1.11.2009						0
To 31.10.2010						0

Tatry mountain resorts, a.s.

Notes to the Individual Financial Statements for the period: 1st of November 2009 until 31st of October 2010

During the merger of TMR a.s and TLD a.s. there was a negative goodwill created in the amount of 143 376 € and soon settled by recording into profits in full amount.

1.2 Movements on accounts of long-term (fixed) tangible assets, accumulated depreciation and residual value

in whole Euros

	Long-term tangible assets	Lands	Buildings	Individual tangible assets and sets	Other long-term tangible assets	Acquired long-term tangible assets	Advances on long-term assets	Total (without advances)
Row of the Balance Sheet		13	14	15	18	19	20	13
Acquisition price								
To 1.11.2009		474 699	40 769 566	28 376 189	28 274	2 186 716	172 352	72 007 796
Increase		299 018	1 413 122	1 099 072		17 613 064	17 941 678	38 365 954
Taken over								
TLD		6 443 802	13 789 929	13 762 669	2 224	944 479	654 000	35 597 103
Decrease		4 455	2 612	819 026	524	2 987 152	14 034 706	17 848 475
To 31.10.2010		7 213 064	55 970 005	42 418 904	29 974	17 757 107	4 733 324	128 122 378
Accumulated depreciation								
To 1.11.2009			11 535 312	16 336 515				27 871 827
Increase			1 204 321	1 731 141				2 935 462
Decrease			2 602	819 025				821 627
To 31.10.2010			12 737 031	17 248 631				29 985 662
Adjusting entries								
To 1.11.2009						596 806		596 806
Increase		380 587						380 587
Decrease								
To 31.10.2010		380 587				596 806		977 393
Residual value								
To 1.11.2009		474 699	29 234 254	12 039 674	28 274	1 589 910	172 352	43 539 163
To 31.10.2010		6 832 477	43 232 974	25 170 273	29 974	17 160 301	4 733 324	97 159 323

The significant items of tangible assets included in 2010 Balance Sheet are:

	Classified assets	Amount in €
Buildings	Snow covering Grand - Brhliská	287 807
	TZ management building	330 023
	TZ hotel 3 STUDNIČKY - wellness	276 455
	TZ hotel 3 STUDNIČKY – conference room	213 661
	TZ transformer station – snow covering	119 677
Machines, equipments, special equipment	Parking system in Jasna	117 779
	Technology of ski service	139 426
	Technology of snow covering	336 201
Vehicles	Kässbohrer PISTEN BULLY 300	136 100
	Automobile FIAT DUCATO	29 415
Inventory	Passenger vehicle	25 550
	MINIEKO PARK	22 295
	Furniture - hotel 3 STUDNIČKY – conference room	17 042
	Sound system of conference room	15 109
Total		2 066 540

Tatry mountain resorts, a.s.

Notes to the Individual Financial Statements for the period: 1st of November 2009 until 31st of October 2010

The significant sale items of tangible assets:

	<i>Amount in €</i>
KIA RIO passenger vehicle	11 299
KIA RIO passenger vehicle	11 299
Kassbohrer	158 786
Total	<u>181 384</u>

The significant items of tangible assets disposed in the year of 2010 include:

	<i>Amount in €</i>
LV-1000 Záhradky technology	52 666
LV technology	30 306
Data-central	31 856
Total	<u>114 828</u>

The company uses for activity „transportation on lifts“ lands, which are leased. These lands are not owned by the company. Lease contracts are closed with public forests and land associations.

Acquisition value of tangible assets, which is fully written off in accounting and in tax accounting and is in use have the value of 12 122 656 € in acquisition costs in the following selective structure:

Selective structure

	<i>Amount in €</i>
Hotel TRI STUDNIČKY	850 072
Hotel SKI	407 031
Hotel GRAND	726 284
GASTRO	100 984
Leased assets	398 855
LD Záhradky	373 761
LD Sever (North)	6 598 594
LD Juh (South)	2 248 487
Ski School	268 056
Administrative building	0
VT - administration	0
VT- gastro	0
VT- Ski school	4 787
VT- cableways	0
Others	145 745
Total	<u>12 122 656</u>

Type and amount of insurance of fixed assets

Subject of insurance	Type of insurance	Name and the address of the insurance company
Set of basic means out of class 0	Insurance against damage by natural disaster Liability insurance	Allianz-Sl.poist'.,a.s. Bratislava
Passenger vehicles	Insurance against damage and theft	Generali Slovensko
Postal stationery and valuables	Ins. in the case of theft	Allianz-Sl.poist'.,a.s. Bratislava
Snow motor vehicles - leasing	Ins. in the case of theft Ins. in the case of damage and destruction	Allianz-Sl.poist'.,a.s. Bratislava

Six-seater chair lift is insured by Allianz – Slovenská poisťovňa, a.s. (Slovak Insurance Company, Inc.) – it is insured against natural disasters and also against any machinery hazards.

Tatry mountain resorts, a.s.

Notes to the Individual Financial Statements for the period: 1st of November 2009 until 31st of October 2010

The right of lien is established on these loans:

1) on assets (loan agreement Tatra bank 2457/07) registered at:

- Deed no. 11 - Land parcel no. 2926/57 in parts (i) – in the area of 2299 m2, Water areas, Courtyards and built-up areas, Construction reg. No. 71. Building no. 71, on the land – parcel no. 2926/66 in the residual value of 17 392 thous. €

2) on assets (loan agreement Tatra banka 4316/2008) registered at:

- Deed no. 630 – Hotel Srdiecko and adjacent lands in the area of 2840 m2, Hotel Kosodrevina a buildings COV commercial object parcel no. 1955/8 , Commercial building SL on the land 1959/14, transformer station, parcel no. 1955/9, valley station SLD parcel no. 1959/19 and parcel no. 1959/20, boarding house parcel no. 1929, boarding house parcel no. 1953/6, boarding house parcel no. 1953/7, II.- operating object, parcel no. 1930/11
- Deed no. 1973 - land parcel no. 1929 in the area of 4713 m2 co-ownership share 4622/4713
- Deed no. 11 – lands in area of 79 744m2, constructions: 9x Bungalows, Hotel Grand, Hotel Liptov, Hotel Ski, service buildings of valley station DPL 6 – CLD
- Technology parts: 6SL – Konský Grún – technology part, Štorskadacka Koliesko – Luková, Štorskadacka – Otopné Luková, Štorskadacka – Biela Pút, Cableways Chopok Juh (South), ski lift Záhradky, ski-lift Koliesko

3) on assets (loan agreement Tatra banka 1875/2007) registered at:

- Deed no. 754 lands in register C, in the cadastral area Starý Smokovec, municipality Vysoké Tatry (High Tatras), district Poprad in the area of : 1 136 thous. m2 forest lands, 2482 m2 other areas, 3001 m2 built-up areas courtyards,
- Deed no. 754 lands in register C, in the cadastral area Starý Smokovec, municipality Vysoké Tatry (High Tatras), district Poprad in the area of: 16 732 m2,
- Deed no. 754 buildings reg. no. 46 and 47 cableway stations,
- Deed no. 654 lands in register C, in the cadastral area Starý Smokovec, municipality Vysoké Tatry (High Tatras), district Poprad in the area of 2 007 m2,
- Deed no. 654 building reg. No. 1. Valley station VLD parcel no. 407, building reg. No. 2 Half-way station VLD Start, parcel no. 4520/3, building reg. No. 3 station START KLD, on the land parcel no. 4520/2 100136, building reg. No. 4 VLD + transformer station, on the land parcel no. 4512/4, building reg. No. 5 Skal. Pleso KLD, on the land parcel no. 4512/22, building reg. No. 7 upper station VLD, on the land parcel no. 4514/5, building reg. No. 13 valley station KLD parcel no. 4453/1,
- Technology parts: cabin cableway Tatranská Lomnica - Half-way station Štart - Skalnaté pleso, chairlift Skalnaté pleso - Lomnické Pleso, cablelift Skalnaté Pleso - Lomnický štít, funicular Starý Smokovec - Hrebienok, ski lifts at Jakubkova meadow, ski lifts at na Hrebienok

4) CSOB leasing LZF/06/00053 Deed no. 11

- Building Hotel SKI reg. No. 69 and parcel areas and courtyards in the area of 7439 m2
- Construction Telecommunication building reg. No. 76 on the parcel no. 2926/58

The company does not register assets, in which there would be a property right transfer created by contract about hedging law, or which would be used under the borrowing contract.

Tatry mountain resorts, a.s.

Notes to the Individual Financial Statements for the period: 1st of November 2009 until 31st of October 2010

2. Long-term (fixed) financial assets

Company Tatry mountain resorts, a.s. bought shares of companies Grandhotel Praha, a.s. (Grandhotel Prague, Inc.) a Tatry mountain resorts services, a.s. in 2010 and became a sole owner (100% owner) and 50 % share in the company Interhouse, s.r.o. (Interhouse Limited)

Company	Long-term financial assets (r.22)	Equity	Profit or loss (r.61)
Grandhotel Praha a.s.	18 759 279	1 528 455	185 505
Tatry mountain resorts services a.s.	36 513	33 614	-5 642 154
Interhouse s.r.o.	7 525 778	752 629	16 157

On the date 17th of March 2010 company bought 3 850 pieces of shares of the company Compagnie des Alpes (SA).

The company records a loan to the company WEBIS s.r.o. (WEBIS Limited) under the fixed financial assets.

3. Inventories (r. 32)

3.1. Overview of the inventories to the date 31st of October 2010 in €:

Type	Amount in €
Material	354 034
Unfinished production and semi finished goods	0
Products	0
Goods	240 931
Total r.32	594 965

There was no need to create adjusting entries to the inventories.

There are no present undervalued items, called hidden reserves.

Goods represent the inventory of commercial goods in hotel operation, gastro on the slopes and in the sport shops.

3.2. Type and amount of insurance of the inventory:

Subject of insurance	Type of insurance	Name and the address of the insurance company
Commercial goods	In the case of natural disasters	Allianz a.s. Bratislava
Set of inventory in class 1 including subjects of gradual consumption	In the case of theft and the case of damage In the case of damage by natural disaster	

4. Receivables (r. 40 and 47)

Long-term (fixed) receivables - r.40

Current (short-term) receivables - r.47:

Breakdown of current trade receivables (Only accounts of the group 311) :

Trade receivables (€)	2010	2009	2008	2007
At maturity	5 123 547	1 789 105	1 392 518	433 446
Overdue	1 009 936	1 418 042	1 981 644	300 538
Within 30 days	470 028	38 938	1 477 295	37 708
Within 90 days	81 256	28 472	222 399	8 000
Within 180 days	65 633	71 024	24 497	23 335
Within 360 days	89 602	1 223 661	80 827	18 655
Over 360 days	303 417	55 946	176 625	212 839
Long-term receivables (r. 040)	1 728 007	0	0	0

Tatry mountain resorts, a.s.

Notes to the Individual Financial Statements for the period: 1st of November 2009 until 31st of October 2010

Other receivables in r.47 outside trade receivables (accounts of the group 311) represented advances paid to suppliers (accounts of the group 314) and other receivables (accounts of the group 315) in the amount of 119 867 €

Valuation of the receivables at the potential realizable price – adjusting entries.

Balance Sheet items, to which there is an adjusting entry created in €	Row	Status to the date 1.11.	Creation	decrease	Cancellation	Status to the date 31st of October 2010
Trade receivables	048	8 328	79 956	9	0	88 275

Based on the age of receivables, an adjusting entry was calculated. When calculating the amount of the adjusting entry, there was calculation method by maturity used, according to the Law on Income Tax, Act 20.

Other receivables in r.47 outside of trade receivables (accounts of the groups 311,314) are receivables – loans 48.142 340 € tax receivables 689 666 € other receivables 184 200 €

There was a Contract on Right of Lien to the receivables in order to ensure the repayment of the hedged receivable between the Company Tatry mountain resorts, a.s. and Tatra banka akciová spoločnosť, a.s. (Tatra Bank, Inc.)

5. Financial accounts (r. 055)

Cash resources	Amount in €
Total cash registers	140 522
Money on the way	185 124
Valuables (stamps)	18 305
LT (low tariff)- Tatra banka (Tatra bank)	706 528
LT- Tatra banka	60 472
HT (high tariff) - Tatra banka – current account	426 636
HT- Tatra banka – debt account	550 518
Current account – VÚB	13 472
VÚB - account SF	16 597
LT-J&T banka (J&T bank)	653
LT-J&T banka	7 609
Current financial assets (securities)	98 667 695
Total r. 55 Balance Sheet	100 794 131

To the date of 31st of October 2010 company was not limited in the use of bank accounts.

6. Accruals (r. 061)

	Row	Amount in €
Accrued costs:	63	169 386
Therein:		
Services paid in advance, rent, insurance, subscriptions, fees and others.		169 386
Accrued revenues:	65	72 142
Therein:		
Income for rent and others.		72 142
Total:	61	241 528

Tatry mountain resorts, a.s.

Notes to the Individual Financial Statements for the period: 1st of November 2009 until 31st of October 2010

II. Data on the liability side of the Balance Sheet

1. Equity, settlement of accounting profit or loss, earning per share

To the date 31st of October 2010 the subscribed share capital of the company is 221 337 534 € and is payable in full amount.

Share capital consists of 6 707 198 shares at par value 33 €

The Company has not issued any bonds, which would include the right of their exchange into standard shares.

Accounting movements of the profit or loss and of the items of costs and revenues character accounted in equity.

	2010	2009	2008	2007
Profit (loss) in €	9 454 110	-673 949	262 066	1 707 230
Number of issued standard shares (pieces)	6 707 198	6 707 198	1 013 798	1 013 798
Profit (loss) per share (€)	1,41	-0,1	0,26	1,68

Overview of movements in equity is shown in the following table:

In €	row	Status to the date 31st of October 2009	increase	decrease	Status to the date 31st of October 2010
Share capital	69	221 534 129	0	196 595	221 337 534
Equity (-)	70	0	0	0	0
Changes of share capital	71	0	0	0	0
Capital Funds	73	30 765 120	0	66 623	30 698 497
- Capital paid in excess of par value	74	30 482 533	0	52 155	30 430 378
- Other capital funds	75	282 587	0	0	282 587
- Difference of valuation from revaluation of assets	77	0	0	14 468	-14 468
Profit funds	80	1 435 686	0	0	1 435 686
- Statutory reserves	81	1 435 686	0	0	1 435 686
Past profit or loss	84	-5 604	-673 949	0	-679 553
- Retained earnings	85	0	0	0	0
- Accumulated losses	86	-5 604	-673 949	0	-679 553
Carrying profit or loss	87	-673 949	9 454 110	-673 949	9 454 110
Total equity	67	253 055 382			262 246 274

Share capital in 2010 was decreased by a special Annual General Meeting on 15th of March 2010, where it was decided share capital to be decreased in order to attain one nominal value of all shares to the value of €33 per share, enabling easier and more transparent trading with shares on the stock exchange market. Share capital was reduced to the amount of € 196 596 and at the decision of special Annual General meeting, resources obtained from the reduction were paid to shareholders.

It was also decided at the special Annual General Meeting that the payment amount per share will be calculated as the difference between the calculated decrease of share capital per share and the market value of a share. This difference paid subsequently to the shareholders was paid out of the company resources by reducing the capital in excess of par value.

Differences in valuation from revaluation of the capital were created by the revaluation of purchased shares CDA to the date 31st of October 2010.

Statutory reserves are at the unchanged value of 1 435 686 €

Financial Statements of the company for the year of 2009 was approved by Annual General Meeting, which was held on 22nd of April 2010. An accounting loss for the year of 2009 in the amount of 673 949 € will be balanced by clearance to the account of Unpaid losses of previous periods.

Tatry mountain resorts, a.s.

Notes to the Individual Financial Statements for the period: 1st of November 2009 until 31st of October 2010

1.1 Structure of share capital

By owners

Equity shares	2010	2009	2008
Tatry mountain resort services, a.s.		13,33%	72,21%
Kalimraj Equity Management Limited			25,15%
Small shareholders	11,16%	0,34%	2,64%
J & T BANKA, a.s. (J & T BANK, Inc.)	9,90%	9,99%	
J&T Global Services		9,99%	
Perspective		1,52%	
Poštová banka (Postal bank)	7,54%	9,32%	
TINSEL		18,42%	
CONTIGY DEVELOPMENT LIMITED	15,60%	18,03%	
Diamond hotels Cyprus		7,06%	
BAXON REAL ESTATE LIMITED		12,00%	
Deutsche Bank Aktiengesellschaft	13,73%		
RMSM1 LIMITED		13,40%	
TATRY INVESTMENT LIMITED	11,96%		
KEY DEE LIMITED	9,56%		
J&T SECURITIES MANAGEMENT LIMITED	7,15%		

By offering (issuance of shares):

Issue no.:	SK 1120010287
Type of shares:	Standard bearer shares booked
Number of issued shares (pieces) :	6 707 198
Par value of one share :	33 €
Total par value :	221 337 534 €

With effect on the date 12th of April 2010 and thereafter all previous shares were merged into ISIN: SK1120010287

Amount in €	Reserves for reclamation	Reserves - others	Reserves for unused vacation	Reserves for unbilled services	Reserves for audit expenses	Reserves for litigation
Statutory reserves						
r.89						
Status to the date 1st of November 2009	0	6 774	109 692	5 086	84 130	0
Creation	19 917	0	280 226	175 540	144 676	0
Acc. settlement	0	0	179 962	19 330	84 130	0
Status to the date 31st of October 2010	19 917	6 774	209 956	161 296	144 676	0
Short-term (current)						
r. 091						
Status to the date 1st of November 2009	0	0	109 692	5 086	84 130	0
Creation	0	0	280 226	175 540	144 676	0
Reclassification into long-term (fixed)	0	0	0	0	0	0
Acc. settlement	0	0	179 962	19 330	84 130	0
Status to the date 31st of October 2010	0	0	209 956	161 296	144 676	0
Long-term (fixed)						
r.092						
Status to the date 1st of November 2009	0	6 774				0
Creation	19 917	0				0
Acc. settlement	0	0				0
Reclassification into short-term (current)	0					0
Status to the date 31st of October 2010	19 917	6 774				0
Estimated year of disbandment of reserves	2 014	2 012	2 011	2 011	2 011	0

Tatry mountain resorts, a.s.

Notes to the Individual Financial Statements for the period: 1st of November 2009 until 31st of October 2010

3. Long-term (fixed) and current liabilities (r. 094, 105)

Amount in €	Total	Up to 1 year	1 y. up to 5y.	More than 5 y.
Trade payables	2 350 636			0
(account 321) therein:				
At maturity	2 074 215			
Overdue	276 421	215 589	60 832	0
Other payables of account group 3	885 346	885 346		
Unbilled deliveries	246 299	246 299		
Other long-term liabilities - leasing	1 899 656	1 461 172	438 484	0
Revitalizations	389 403		389 403	0
Other long-term liabilities	24 880	8 215	16 665	0

Highest item in the account of Trade payables are investment supplies.

Significant items of Unbilled deliveries are costs of land leasing in the amount of 132 776 € unbilled revitalization in the amount of 39 990 € consulting services in the amount of 16 667 € and other unbilled services as rents, translations, advertisement, and others.

Employee payables (liabilities) and Social security payables (liabilities) are liabilities in respect of wages for the month of October 2010. Employee payables and Social security payables do not represent overdue liabilities.

Tax payables are liabilities on income from employment. These liabilities are at maturity.

The most significant items of Other payables are recorded in the r.114 include current revitalizations of TLD in the amount of 92 497 € other payables in the amount of 10 559 € and Charge for accommodation payables to municipalities in the amount of 3 134 €

Other long-term liabilities recorded in the r.103 include particularly Leasing contracts liabilities in the amount of 1 899 656 € of which the largest share in the amount of 906 191 € constitutes the contract ČSOB leasing, a.s., which funds the six-seater chair lift and in addition to leasing contract there are Other long-term liabilities – the revitalization of KU ŽP TLD in the amount of 389 403 €

Social fund payables:

	Amount in €
Status to the date 1st of November 2009	15 635
creation	25 565
drawing	29 676
Status to the date 31st of October 2010	11 524

The Social Fund was created by allocation of 0.6% of gross wages under the applicable law. Social Fund was drawn for the following purposes: 21 647 € for the contribution to the meals a 8 030 € others.

4. Bank loans and overdrafts (r. 116)

In 2010 the Company drew a new loan, however, due to the merger with TLD took over the loan with Tatra banka.

To the date 31st of October 2010, the Company has three loans drawn from Tatra banka, a.s.:

- 1) Installment loan 4316/2008 from 2008 in the amount of 5 377 414 € (balance to the date 31st of October 2010 -3 868 751 €)
- 2) Installment loan 2457/07 from 2007 in the amount 7 136 692 € (balance to the date 31st of October 2010 - 5 174 102 €)
- 3) Installment loan 1851/07 TLD at the residual value to the date 31st of October 2010 – 5 111 864 €

Accruals:

In €	To the date 31st October 2010	Up to 1 year	1 y. up to 5 y.	More than 5 y.
Loan no. 4316/2008 from 2008	3 868 751	803 293	2 781 650	283 808
Lon 2457/07 from 2007	5 174 102	713 669	3 568 346	892 087
Loan 1851/07 TLD	5 111 864	730 266	3 651 331	730 267
Total	14 154 717	2 247 228	10 001 327	1 906 162

The Company does not record any issued bonds and nor any other financial derivatives.

Tatry mountain resorts, a.s.

Notes to the Individual Financial Statements for the period: 1st of November 2009 until 31st of October 2010

5. Accruals (r. 119)

In €	Row	For the acc. settlement within 12 months	For the acc. settlement over 12 months
Accrued expenses	120 121	562	0
Accrued revenues	123	37 765	798 621
Total	119	38 327	798 621

The significant items of the Accrued revenues for the accounting settlement within 12 months are advances to the winter season 2010/2011

The significant items of the Accrued revenues for the accounting settlement over 12 months are financial contribution for snow barriers from Slov. Poist'ovna (Slovak Insurance Company), grant from Slovenska záručná a rozvojová banka (Slovak Guarantee and Development Bank) for the completion of the hotel Tri Studničky and profit from sale of property six-seater chair lift in 2006, and grant from the EU for the project on education - ZASI.

The company has not carried out any transactions with derivatives and nor registered any in accounting in 2009.

III. Profit and loss account

1. Revenues and costs of economic activities

Sales of goods, own products and services (r.01,05)

Commodity structure of service sales:

Commodity	2010		2009*		2008	
	€	Ratio	€	Ratio	€	Ratio
Sales of ski lifts	11 239 042	58%	5 547 225	57 %	7 418 841	56 %
Sales of accommodation	1 306 302	7%	1 412 846	15 %	2 196 939	15 %
Sales of own production	2 485 466	13%	16 446	0,2 %	2 440 682	18 %
Sales of commercial goods	895 132	5%	166 513	1,7 %	178 882	1 %
Sale of other services	3 277 070	17%	2 584 798	26,1 %	1 113 722	8 %

*data for 10 months

Revenues from sales of own productions are sales in distribution centers, of the hotels (restaurants) of our company.

Revenues from sales of commercial goods primarily include sales of commercial goods in distribution centers of the hotels. The other services include services of ski school, archery, rental office, trampoline, rental of advertising spaces and other services that we provide in our hotels (sauna, swimming pool ...).

Consumption of material, energy, and other unstorable deliveries (supplies) (r.9)

	2010	2009**	2008	2007
Material consumption (expenditure)	2 091 915	1 443 578	3 381 198	2 572 363
: of the most important items				
Material consumption - kitchen	925 184	617 398	868 186	852 818
Other material consumption	52 682	32 245	232 324	235 179
Fuel consumption	210 575	161 617	87 233	174 301
Components for repair consumption	140 701	150 504	54 172	85 939
Glassware and porcelain consumption	13 240	11 527	9 925	21 476
Components for the vehicles repair consumption	120 777	63 349	89 292	35 584
Cleaning detergents consumption	41 570	22 756	25 128	26 754
Building material consumption	3 842	1 228	10 556	7 303
Office supplies consumption	13 863	6 937	11 751	11 153
Installation material consumption	10 443	8 308	9 261	10 755
Serviettes and napkins consumption	8 135	6 098	7 070	7 701
Lubricants consumption	23 273	13 793	24 065	1 408
Newspapers, books and magazines consumption	4 358	3 302	4 946	4 116
Trade drinks consumption	11 034	6 982	9 195	8 664
Small tangible assets consumption	192 645	104 284	286 696 *	-
Promotional material up to value of 16,60 €consumption	573	18 661	68 114	-

* change in accounting of small tangible assets u to 30 thous.Sk / 996 €since 1st of January 2008

** data for 10 months

Tatry mountain resorts, a.s.

Notes to the Individual Financial Statements for the period: 1st of November 2009 until 31st of October 2010

Fuel consumption is largely a diesel consumption for the vehicles that adjust ski slopes in winter. There must be a Lubricants consumption to these vehicles added to these costs. Consumption of components for repair are mostly needed to fix technologies of cableways and lifts, where there is an increased consumption of components for vehicles repair that are used to adjust ski slopes, which is accounted in the group of expenses for consumption of components for vehicles repair.

Other material includes material used mainly in the hotels of the company. The more important items of consumed material include, for example, information bulletin boards and material classified elsewhere.

Energy consumption (expenditure)

<i>Amount in €</i>	2010	2009*	2008	2007
Total energy consumption	1 487 263	948 429	1 404 999	1 075 251
Therein:				
Electric energy consumption	1 285 347	817 303	1 189 139	897 564
Gas consumption	158 062	122 811	188 741	156 111
Water consumption	43 854	8 315	27 119	21 576

* data for 10 months

The biggest points of delivery of energy in winter are cableways and lifts, snowmaking and snow covering system. Gas consumption is required for operation of hotels for heating or for the use in kitchens. Water is consumed mainly in hotel enterprises. The company has built his own berm ditch as a source of water for the snowmaking.

Consumption services (r. 10)

<i>Amount in €</i>	2010	2009**	2008	2007
Purchased services	5 320 177	2 766 988	2 821 616	2 185 288
The most important items:				
Commercial, Ads	1 818 104	146 746	390 858	323 076
Rented lands	585 088	355 829	337 499	285 966
Rents - other	362 190	191 104	310 894	14 8410
The costs of audit work	174 988	81 940	11 020	9 626
The costs of telecommunication (internet)	76 488	50 462	76 180	74 852
Washing, cleaning	17 026	12 048	23 769	94 503
Security services	28 021	20 707	46 505	86 968
Administrative services	10 105	36 696	102 934	109 481
The costs of music and programs	31 237	4 812	35 683	40 397
The cost of IT (inf. tech.) work	35 274	27 228	30 572	26 124
The cost of sewage	28 258	18 986	31 368	34 820
Costs - other	219 550	376 112	179 313	138 684
Transportation	704 291	271 230	124 510	106 884
Legal fees	45 222	22 428	25 991	25 858
Repairs and maintenance	328 117	141 871	242 647	472 615
Travel costs	14 596	4 610	25 128	36 380
Sales promotion	1 234	29 501	95 300	6 141
Mandate services	40 649	47 837*	82 288*	-
Administrative costs	503 854	627 109	294 032*	-
Cleaning costs	16 121	88 666	100 909*	-
The costs of mountain rescue	26 652	30 674	37 443*	-

* costs monitored on a separate analytical account since 1st of January 2008

** data for 10 months

The most significant costs in the group of services include costs of the land renting, on which the Company carries business mainly with ski trails and parking lots. Washing and cleaning are the costs washing and cleaning of hotel bed linens, towels, and other textiles used in accommodation and selling hotel premises.

The costs of security service are associated with the operation of parking lots by the hotels and also with patrolling our buildings. The costs of music and programs are spent in context with entertainment program offered to the hotel guests and guest of ski resort.

Tatry mountain resorts, a.s.

Notes to the Individual Financial Statements for the period: 1st of November 2009 until 31st of October 2010

Costs of lease rentals – other, consist of ski school machine rental; lift rental and passenger vehicles rental. Other costs consist of costs for paramedic and rescue work on the ski slopes, the cost of energy keeper services, mandate contracts, training students in the hotels and others (some tracked separately since 2008).

Transportation costs consist primarily of costs of shuttle – ski busses. The costs of repair and maintenance are related to the repairs of tangible fixed assets of the Company. The costs of advertisements and ads include mainly the costs of advertising in electronic and print media advertisers offering services in our resort.

Other operating revenues and operating costs (r. 22, 23)

<i>Amount in €</i>	Row	2010	2009*	2008	2007
Other operating revenues	22	1 282 752	427 429	378 543	222 100
Other operating costs	23	54 268	23 801	267 550	293 998

* data for 10 months

The most significant items:

The most significant items of other operating revenues are contractual penalties, fines, compensation from insurance companies and re-invoicing of purchased services and energies.

The most significant items of other operating costs are depreciation of receivables, fee for working clothes, membership fees, and shortages and damages.

Financial activity costs and revenues (r.46)

<i>Amount in €</i>	Revenues	Costs
Securities sale	3 025	0
Other securities and shares	2 888	0
Interests	8 309 018	444 799
Realized foreign exchange profits/losses	34	373
Unrealized foreign exchange differences	0	0
Other	2 485	141 199

Extraordinary revenues and costs (r. 052, 053)

Extraordinary costs have not been recorded in accounting in 2010.

IV. Income tax

The income tax rate for the year of 2010 is 19%.

The company had no tax relief.

The transformations of the accounting profit or loss into tax base and structure calculation of the income tax are listed below:

Tax return – The transformation of the accounting profit for the accounting year 2010

Items increasing profit or loss	Suma v €
100 PL before tax	11 774 820
130	151 462
180	26 081
200 Subtotal	177 543
Items decreasing profit or loss	
250	3 367 394
260	1 117 579
270	3 168
280	143 376
290	25 461
300 Subtotal	4 656 978
310 Tax base	7 295 387
400 Tax base	7 295 387
410 Deduction of tax losses	7 295 387
500 Tax base reduced by deduction	0
510 Tax rate	19 %
600 Tax before applying the tax relief	0

Tatry mountain resorts, a.s.

Notes to the Individual Financial Statements for the period: 1st of November 2009 until 31st of October 2010

610 Tax relief	0
700 Tax reduced by tax relief	0
710 Credit for tax paid abroad	0
800 Tax after reliefs an tax credit referred to in r.710	0
810	0
820	0
830 The amount of withholding tax	282
840 Total tax advances	282
850 Tax r.800	0
900 Balance due tax	0
901 Tax overpaid	-282
910 Tax for the purposes of determining the amount of tax advance payments	0

Structure of Income tax:

Amount in €	2010
Current income tax (r. 48)	
Income tax from ordinary activities - deferred (r. 50)	<u>2 320 710</u>
Total	<u>2 320 710</u>

For the calculation of deferred tax, there has been a corporation tax rate of 19% used, which is in effect for the year 2010.

To the date 31st of October 2010, there was a book-debt to income tax – deduction for interest on current account in the amount of 281,72 €

Structure of deferred tax

Calculation of deferred tax in €

	Amount in €:	Tax 19 % :
The amount not received in the tax period – unpaid interest	1 117 579	212 340
Differences between book residual value (BRV) and tax residual value (TRV) of intangible assets	17 050	3 239
Differences between BRV and TRV of tangible assets	17 726 870	3 368 105
Differences between BRV and TRV not depreciated	2 473 401	469 946
Total deferred tax liability		4 053 631
Adjusting entry to lands	380 587	72 312
Adjusting entry to unfinished construction	596 806	113 393
Redemption of tax loss – balance from previous years	424 320	80 621
Redemption of tax loss – balance	1 388 740	263 861
Difference between BRV a TRV (grant for snow barriers)	20 693	3 932
Difference between BRV a TRV (grant for Hotel Tri Studničky)	30 915	5 874
Total deferred tax receivable		459 371
Difference (Tax payables – tax receivables)		3 594 261
Deferred tax liability PS		1 273 551
To be recorded in accounting – tax payables		2 320 710

V. Off-balance sheet accounts

The Company paid off lease contracts concluded in previous years.

The Company has no outstanding bills issued.

VI. Remuneration of bodies of the Company

Amount in €	Cash receipts
Statutory Bodies	101 975
Supervisory Board	18 379
TOP management	87 761

Current members and management were not granted cash advances, loans or any guarantees.

These cash advances, loans or guarantees do not exist towards former members of Statutory Bodies, Supervisory Board or Control Management.

Tatry mountain resorts, a.s.

Notes to the Individual Financial Statements for the period: 1st of November 2009 until 31st of October 2010

VII. Related parties

Name	Location
Tatry mountain resorts services, a.s. (Inc.)	SR
Grand Hotel Praha a.s. (Grand Hotel Prague, Inc.)	SR
Interhouse Tatry s.r.o. (Interhouse Tatry, Limited)	SR
Compagnie des Alpes	SA
CONTIGY DEVELOPMENT LIMITED	CY
Deutsche Bank AG	DE
RMSM1 LIMITED	CY
TATRY INVESTMENT LTD	CY
J&T BANKA, a. s., foreign bank branch	CY
KEY DEE LIMITED	CY
Poštová banka (Postal Bank)	SR
J&T SECURITIES MANAGEMENT LIMITED	CY
Ing.Bohuš Hlavatý	SR
Ing.Jozef Hodek	SR
Ing.Michal Krolák	SR
Ing.Július Rezeš	SR
Ing.Igor Vojtko	SR

Transactions with related parties in 2010

Amount in €	Receivables	Payables	Costs	Revenues
Tatry mountain resorts services, a.s.	646 029	127 312	427 019	40 923
Grand Hotel Praha a.s.	7 278	3 065	8 664	3 194
Interhouse Tatry s.r.o.	148 315	366	8 830	19 661
Compagnie des Alpes	0	0	0	2 888
CONTIGY DEVELOPMENT LIMITED	25 380 204	0	0	2 110 929
Deutsche Bank AG	0	0	0	0
RMSM1 LIMITED	37 303 133	0	0	921 793

Amount in €	Receivables	Payables	Costs	Revenues
TATRY INVESTMENT LTD	0	0	0	0
J&T BANKA, a. s., foreign bank branch	679	1 249	2 135	51 182
KEY DEE LIMITED	22 626 684	0	0	584 826
Poštová banka (Postal Bank)	0	0	0	0
J&T SECURITIES MANAGEMENT LIMITED	0	0	0	0
Ing. Bohuš Hlavatý	0	0	0	0
Ing. Jozef Hodek	0	0	0	0
Ing. Michal Krolák	0	0	0	0
Ing. Július Rezeš	0	0	0	0
Ing. Igor Vojtko	0	0	0	0

Only open receivables and payables are recorded to the date 31st of October2010

Transactions with related parties in 2010 on the side of our revenues included providing hotel services, rental services and interests.

On the costs side, the most important transaction were: administrative costs, hotel services, rent, bank charges.

VIII. Events subsequent to 31st of October 10.2010

On the 15 of November 2011 representatives of the Tatra mountain resorts and Aquapark Tatralandia signed a Memorandum of Understanding in which both sides declared an agreement on integrating Tatralandia into Tatra mountain resorts, as. The contract has not been signed to the date financial statements were made.

Board of Directors of Tatra mountain resorts, a.s. received from the Supervisory Board mandate to purchase shares of Best Hotel Properties a.s. (BHP) during 2011 up to 5% of the share capital of BHP. The purpose is to evaluate free financial assets that the Tatra mountain resorts, a.s. received through increase of share capital in 2009 and simultaneously gain operating synergies.

Tatry mountain resorts, a.s.

Notes to the Individual Financial Statements for the period: 1st of November 2009 until 31st of October 2010

In December 2010, part of the notes recorded in other receivables was due. These notes were prolonged by new bills.

Loan to J & T Bank Switzerland Ltd. reported in loans granted was repaid in full in December 2010. For the money, a loan to J & T Private Equity BV in a form of bill was provided. Bill is under administration of J & T Bank Switzerland Ltd. and bears a fixed interest rate of 7.5%.

On the 18 of January 2011, a special Annual General Meeting was held where the following fundamental resolution was adopted:

- 1) the number of directors was expanded from 4 members to 6 members
- 2) the number of members of the Supervisory Board was expanded from 3 members to 6 members
- 3) members of the Supervisory Board were elected and withdrawn:
Patrik Reisel - withdrawn
Jiří Uvira - elected a member of the Supervisory Board
Jan Komornicki - elected a member of the Supervisory Board
František Hodorovský - elected a member of the Supervisory Board

IX. CASH FLOW

Label a	Text b	Accounting period	
		Current 2 010	previous 2 009
Z/S	Profit or Loss from ordinary activities before income tax	11 774 820	-587 234
A.1.	Non-cash transactions affecting the profit from ordinary activities	-4 750 710	1 490 862
A.1.1.	Depreciation of fixed intangible and tangible assets	2 914 106	2 990 337
A.1.2.	Residual value of fixed intangible and tangible assets recorded on the disposal (excluding sales)	22 601	
A.1.3.	Depreciation allowance for property acquired	0	0
A.1.4.	Change in long-term (fixed) reserves	-22 141	68 184
A.1.5.	Change in adjusting entries	79 947	150 630
A.1.6.	Change in accrual costs and revenues	247 619	-809 732
A.1.7.	Dividends and other profit sharing revenue booked in		
A.1.8.	Interest booked into costs	444 799	444 076
A.1.9.	Interest booked into revenues	-8 309 018	-206 784
A.1.10.	Foreign exchange gain estimated to cash and cash equivalents to the date of financial statements	0	0
A.1.11.	Foreign exchange loss estimated to cash and cash equivalents to the date of financial statements	0	0
A.1.12.	Sale Profit or Loss of fixed assets excluding assets that are considered as cash equivalents	-123 125	-465 035
A.1.13.	Other non-cash items	-5 498	-680 814
A.2.	Effect of changes in working capital	-46 875 880	3 077 810
A.2.1.	Change in receivables from operating activities	-46 163 555	-398 834
A.2.2.	Change in liabilities from operating activities	-754 715	3 242 604
A.2.3.	Changes in inventories	42 390	234 040
A.2.4.	Change in current financial assets, except property which is included in cash		
A.3.	Interest received, except those included in investment activities	5 991 551	92 427
A.4.	Cost of Interest paid, except those that are included in financing activities		
A.5.	Profit from Dividends and other profit-sharing, except those incorporated into investment activities		
A.6.	Costs of Dividends paid and other profit-sharing, except those included in financing activities		
A.7.	Costs of income tax of the accounting unit, except those that are included in investment or financing activities	-36	
A.8.	Extraordinary income related to operating activities		
A.9.	Extraordinary costs related to operating activities		
A.	Net cash flows from operating activities	-45 635 075	4 661 099

Tatry mountain resorts, a.s.

Notes to the Individual Financial Statements for the period: 1st of November 2009 until 31st of October 2010

B.1.	Costs of fixed intangible assets acquisition	-25 087	
B.2.	Costs of fixed tangible assets acquisition	-21 341 351	-2 599 669
B.3.	Costs of acquisition of long-term securities and shares in other accounting unit	-26 423 839	-27 359 590
B.4.	Profit from sale of fixed intangible assets		
B.5.	Profit from sale of fixed tangible assets	152 928	2 089 414
B.6.	Profit from sale of securities and shares in other accounting unit	3 025	
B.7.	Costs of long-term loans provided by the accounting unit to another accounting unit in the group		
B.8.	Profit from repayment of long-term loans provided by the accounting unit to another accounting unit in the group		
B.9.	Costs of long-term loans provided by the accounting unit to third parties	-5 003 155	
B.10.	Profit from repayment of long-term loans provided by the accounting unit to third parties		
B.11.	Income from lease of set of tangible and intangible assets used and depreciated by the lessee.		
B.12.	Interest received, except those that are included in operating activities		114 357
B.13.	Profit from Dividends and other profit-sharing, except those that are included in operating activities		
B.14.	Costs related to derivatives, except those intended for sale or trade		
B.15.	Profit related to derivatives, except those intended for sale or trade		
B.16.	Costs of income tax of the accounting unit, if it can be incorporated into the investment activities		
B.17.	Extraordinary profit related to investment activities		
B.18.	Extraordinary costs related to investment activities		
B.19.	Other profit related to investment activities	738 965	
B.20.	Other costs related to investment activities		
B.	Net cash flows from investing activities	-51 898 514	-27 755 488
C.1.	Cash flows in equity	-248 750	216 349 200
C.1.1.	Profit from underwritten stocks and shares		216 349 200
C.1.2.	Profit from other deposits to own equity by shareholders or personal entities		
C.1.3.	Monetary gifts received		
C.1.4.	Profit from the reimbursement of loss by shareholders		
C.1.5.	Costs of acquisition or redemption of own shares and stakes		
C.1.6.	Costs associated with a reduction in funds created by the accounting unit	-248 750	
C.1.7.	Costs of repayment of the equity share by shareholders of the accounting unit or personal entity		
C.1.8.	Other reasons costs related to the reduction in equity		
C.2.	Cash flows arising from long-term and short-term liabilities from financing activities	-4 722 072	-1 863 132
C.2.1.	Profits from issuance of long-term securities		
C.2.2.	Costs of remittance of liabilities from long-term securities.		
C.2.3.	Profits from loans to the entity by the Bank with the exception of loans granted for the main activity		-1 137 722
C.2.4.	Costs of repayment of loans except loans to core business	-3 733 987	
C.2.5.	Profits from borrowings		411 378
C.2.6.	Repayment of borrowings	0	0
C.2.7.	Costs of repayment of liabilities from the use of property which is under contract on purchase of leased item	-988 085	-1 136 788
C.2.8.	Costs of repayment of obligations for the lease of set of tangible/intangible property used and depreciated by the lessee		
C.2.9.	Profit from other long-and short-term liabilities arising from financing activities		
C.2.10.	Costs of repayment of other long-term and short-term liabilities from financing activities		
C.3.	Costs on interest paid excluding those incorporated into operating activities	-444 799	-444 076
C.4.	Costs on dividends paid and other profit shares excluding those incorporated into operating activities		
C.5.	Costs related to derivatives with the exception if they are intended for sale or trade or investment activities		

Tatry mountain resorts, a.s.

Notes to the Individual Financial Statements for the period: 1st of November 2009 until 31st of October 2010

C.6.	Revenues related to derivatives with the exception if they are intended for sale or trade or investment activities		
C.7.	Cost of income tax of accounting unit, if they can be incorporated into the financial activities		
C.8.	Extraordinary revenues related to financial activities		
C.9.	Extraordinary costs related to financial activities		
C.	Net cash flow from financial activities	-5 415 621	214 041 992
D.	Net increase or net decrease of cash	-91 174 390	190 360 369
E.	State of cash and cash equivalents at the beginning of accounting period	191 968 521	1 608 152
F.	State of cash and cash equivalents at the end of accounting period	100 794 131	191 968 521
G.	Foreign exchange differences calculated to cash and cash equivalents at the date of Financial Statements	0	0
H.	Balance of cash and cash equivalents at the end of accounting period	100 794 131	191 968 521

STRAKA & Partners
AUDIT AND CONSULTANCY SERVICES

AUDIT AND CONSULTANCY SERVICES

Independent Auditor's Report

**For the Shareholders of Tatry mountain resorts, a.s.
Demänovská Dolina 72, 031 01 Demänovská Dolina**

We have audited the accompanying financial statements of the company Tatry mountain resorts, a.s. Demänovská Dolina, which comprise the balance sheet as at 31 October 2010, the statement of income for the year then ended and the notes comprising a summary of significant accounting policies and other explanatory notes.

Statutory body's responsibility for the Financial Statements

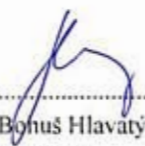

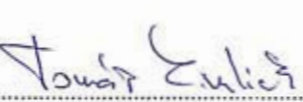

Statutory body of the company is responsible for the preparation of financial statements that give a true and fair view in accordance with the Accounting act no. 431/2002 Coll. as later amended (hereinafter referred to as 'accounting act') and for internal controls considered by statutory body as relevant for preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate under given circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating of the appropriateness of accounting policies used and the reasonableness of accounting estimates made by statutory body, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

			
Bohuš Hlavatý predseda predstavenstva	Jozef Hodek člen predstavenstva	Tomáš Kimlička osoba zodpovedná za zostavenie závierky	Jarmila Vdovcová osoba zodpovedná za vedenie účtovníctva
chairman of Board of Directors	member of Board of Directors	person responsible for consolidated financial statements	person responsible for accountancy book

Opinion

In our opinion, the financial statements give, in all material aspects, true and fair view of the financial position of the company Tatro mountain resorts, a.s. Demänovská Dolina as at 31 October 2010, and its consolidated financial performance for the year then ended in accordance with accounting act.

Bratislava 25.2.2011

Auditing company:
STRAKA & Partners s r.o.
Kultúrna 19, Bratislava
License ÚDVA No. 324



Responsible auditor:
Ing. Zoltán Straka
License SKAU No.238

Declaration of board of directors

Financial statements and annual report prepared in accordance with special regulations give true and fair information on assets, liabilities, financial position and earnings of the company.

Ing. Bohuš Hlavatý
Chief of the board of directors

Ing. Jozef Hodek
Member of the board of directors



TATRY MOUNTAIN RESORTS, a.s.
e-mail: info@tmr.sk, www.tmr.sk, tel.: 0850 606 202



NEW ERA OF THE TATRAS