



TATRY
MOUNTAIN RESORTS

ANNUAL REPORT

Individual and Consolidated Financial Statements
of Tatry mountain resorts, a.s. and its Subsidiaries
as of October 31, 2011





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A dramatic mountain landscape with jagged peaks and a sea of clouds. The sky is filled with soft, white clouds, and the mountains are partially shrouded in mist. The foreground shows rocky terrain with patches of green moss or lichen.

COMMENTARY FROM CEO



Ing. Bohuš Hlavatý
CEO

Tatro mountain resorts, a.s.

Dear Shareholders
and Mountain Lovers,

The previous financial year 2010/2011 was both eventful and successful for us. I am proud to announce that majority of our operations improved their results in a market that is sensitive to macroeconomic factors in the period shadowed by the deepening debt crisis in Eurozone

Our results prove that we have the right strategy. An intensive investment policy with capital investments into our resorts has been paying off. Investments in total of 100 million euros over the last 5 years, continuous development, and the transformation of the Tatras region keep attracting increasingly more customers to TMR every year. Last year we welcomed 1,674 million customers, which is an increase of 63% year-over-year, while in the mountain resorts there was a 20% increase of up to 1,238 million. The increased number of customers was reflected in the hotel segment where the average hotel occupancy in our portfolio improved by 11.6 percentage points in comparison to last year.

In addition, I am grateful for the improved position in the market due to the successful acquisition of the biggest aquapark in Central Europe. Tatralandia was included in the TMR portfolio in April 2011 and attracted many benefits which exceeded our income expectations.

Tatro mountain resorts (TMR) results for the fiscal year 2010/2011 are the best in our history so far. We reached more than a 50% income increase during this period, amounting to a profit of 38.8 million euros.

Moreover, we managed to improve operating profitability (EBITDA margin) by 16% and increase earnings before interest, taxes, depreciation and amortization (EBITDA) by 84%.

TMR recorded consolidated net profit in the amount of 9.03 million euros due to the effective management of operational and non-operational assets and the right strategic and investment decisions. We reached an increase of 57% and this presents an option to pay out dividends.

The winter season of 2010/2011 was successful also thanks to the high quality snowmaking system and the constant expansion of the snowmaking capacities. The season lasted more than 150 days despite bad weather conditions, lack of real snow and low temperatures. The summer season of 2011 was one of the most successful. Stable weather conditions in August and September, synergies among the mountain resorts and Tatralandia and an active marketing policy were all contributing factors to the creation of the best results in the fourth quarter.

TMR stays committed to its well-defined strategy based on organic growth of the Company through capital investments into resorts and hotels; strategic acquisitions, financial investments; and on a customer-oriented approach in every market segment with the goal to grow our loyal customer base. In the past year TMR continued to create a solid basis for its affluent clientele by developing and enhancing the quality of resort activities, services, and hotels, thus paving a path for future growth in this segment.

Investments exceeded 29 million euros last year. The most significant investment began in Jasná with the Funitel cableway (and once it is finished resort Chopok North will be connected with Chopok South by cableways in the winter season 2012/2013). At the same time we managed to extend our snowmaking system up to 1843 m above sea level. We opened the new Music club Happy End in Jasná in relation to après ski activities. In the High Tatras the resort capacity incre-

ased by 2400 persons per hour due to a new 8-seat cableway in Tatranská Lomnica; and there is also additional 3km of trails with technical snowmaking. We increased parking spaces by 700 spaces in both resorts. Wellness hotel Grand Jasná renovated 27 rooms. Grandhotel Praha increased capacity by 27 rooms and 6 apartments. Wellness opportunities improved because of interior and exterior hotel reconstructions. We expect that all these and additional investments shall be notably reflected in next year's fiscal results.

TMR shares recorded a positive increase for 2010/2011 as the share price had an increasing trend with the overall profit of 7.3% and final value of 42.65 euros on 31st October 2011. I am glad that the TMR shares performance contradicted the trend of comparable companies in Europe (Skistar, CDA) whose shares declined in double digit percentage points over the same period. Being a TMR shareholder last year did not only bring investment appreciation but also an option to draw shareholder benefits in the TMR resorts which, at the end of the year, also included admission to aquapark Tatralandia.

In regards to dividends, we are sticking to our ambitious dividend policy and, the same as last year, also this year we will recommend paying out cash dividends to our shareholders amounting to 70% of consolidated net profit. We will propose this recommendation at the following general meeting.

Finally, I would like to say that in addition to the excellent results of the past year I am very happy for a the great start to the new winter season 2011/2012. A year-over-year increase of revenues by 15% and of customers by 9% in the mountain resorts in November and December 2011 presents a possibility that this season might be one of the most successful. Thus, I believe that next year again I will be able to inform you proudly about continuing positive trends of TMR.



BUSINESS ACTIVITIES REVIEW

SELECTED HISTORICAL RESULTS

For the year ending on 31st October

Revenues in €'000	IFRS ⁴ 2010/2011	IFRS ⁵ 2009/2010	Proforma ⁵ 2008/2009	Proforma ⁶ 2007/2008	Proforma ⁶ 2006/2007
Mountains & Leisure	28 097	17 409	15 239	15 588	14 287
Mountain Resorts	17 849	14 934	12 819	13 740	13 025
Aquapark	5 599	NA	NA	NA	NA
Dining	3 352	1 562	1 605	1 227	852
Sport Services & Stores	1 297	913	815	621	410
Hotels	11 732	8 329	6 160	7 351	7 395
Hotels (100% equity) ¹	9 717	6 633	5 122	5 967	6 182
Grandhotel Praha ²	NA	253	NA	NA	NA
Grandhotel Starý Smokovec (50% equity) ³	2 015	1 443	1 038	1 384	1 213
Real Estate	119	296	NA	NA	NA
TOTAL REVENUES (operating)	39 948	26 034	21 399	22 939	21 682

EBITDA in €'000	IFRS ⁴ 2010/2011	IFRS ⁵ 2009/2010	Proforma ⁵ 2008/2009	Proforma ⁶ 2007/2008	Proforma ⁶ 2006/2007
Mountains & Leisure	8 764	4 951	3 571	4 703	3 990
Mountain Resorts	4 805	4 799	3 789	5 041	4 756
Aquapark	2 926	NA	NA	NA	NA
Dining	814	127	-61	-312	-511
Sport Services & Stores	219	25	-157	-26	-255
Hotels	2 768	1 557	14	677	1 235
Hotels (100% equity) ¹	2 233	1 508	49	602	1 111
Grandhotel Praha ²	NA	-39	NA	NA	NA
Grandhotel Starý Smokovec (50% equity) ³	536	88	-35	75	124
Real Estate	7	174	NA	NA	NA
TOTAL EBITDA	11 539	6 682	3 585	5 380	5 225

- Hotels include Hotel Grand JASNÁ, SKI Záhradky, Tri Studničky, and Grandhotel Praha Tatranská Lomnica. For the year ending 31.10.2010 the results for company GRANDHOTEL PRAHA, a.s include the period of 28.12.2009-31.10.2010 (10 months).
- The results for the period of 1.11.2009-28.12.2009 (2 months) have not been included in the IFRS consolidated statements; it is a proforma adjustment.
- Interhouse Tatry,s.r.o. is consolidated by the equity method. The results shown include 100% revenues and 100% EBITDA of the company, which are not shown in the IFRS consolidated statement; it is a proforma adjustment.
- The results are in compliance with the IFRS consolidated statement, except the results do not include the impact of a provision created in connection to revitalization of VT in the amount of 479 ths. euros and eliminate profit from revaluation of investments into properties, and they include point (3).
- The results are fully in compliance with the IFRS consolidated statement, except for points (2) and (3)
- The proforma results have not been audited. The results have been audited on the individual company level and reported according to Slovak accounting standards.

PAST AND PRESENT DAY

Tatry mountain resorts is a joint-stock company registered on the Stock market in Bratislava (BCPB). TMR legal predecessor is SKI Jasná, a.s. founded by the National Property Fund of the Slovak Republic. The Company changed its business name twice, in 2003 (Jasná Nízke Tatry, a.s.) and in 2009 acquired its present name Tatry mountain resorts, a.s.

The business company Tatranské Lanové Dráhy was dissolved without liquidation with effect from 1st May 2010 and upon its merger with Tatry mountain resorts, a.s. where TMR bought TLD, a.s. TMR as a succession continues in TLD business activities in the operation of ski resorts Vysoké Tatry – Tatranská Lomnica, Vysoké Tatry – Starý Smokovec and ski resort Liptovská Teplička.

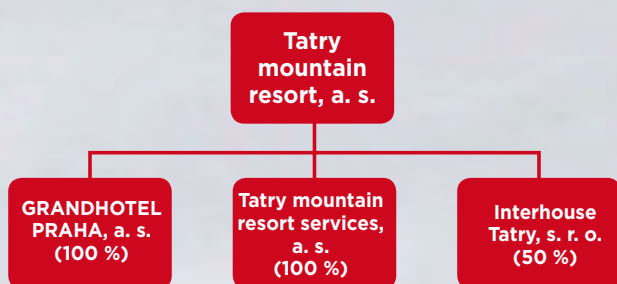
The acquisition of Grandhotel Praha (Grandhotel Praha, a.s.) and Grandhotel Starý Smokovec took place on 28th December 2009. TMR hereby owns only 50% of Interhouse Tatry, s.r.o. shares, the owner of Grandhotel Starý Smokovec.

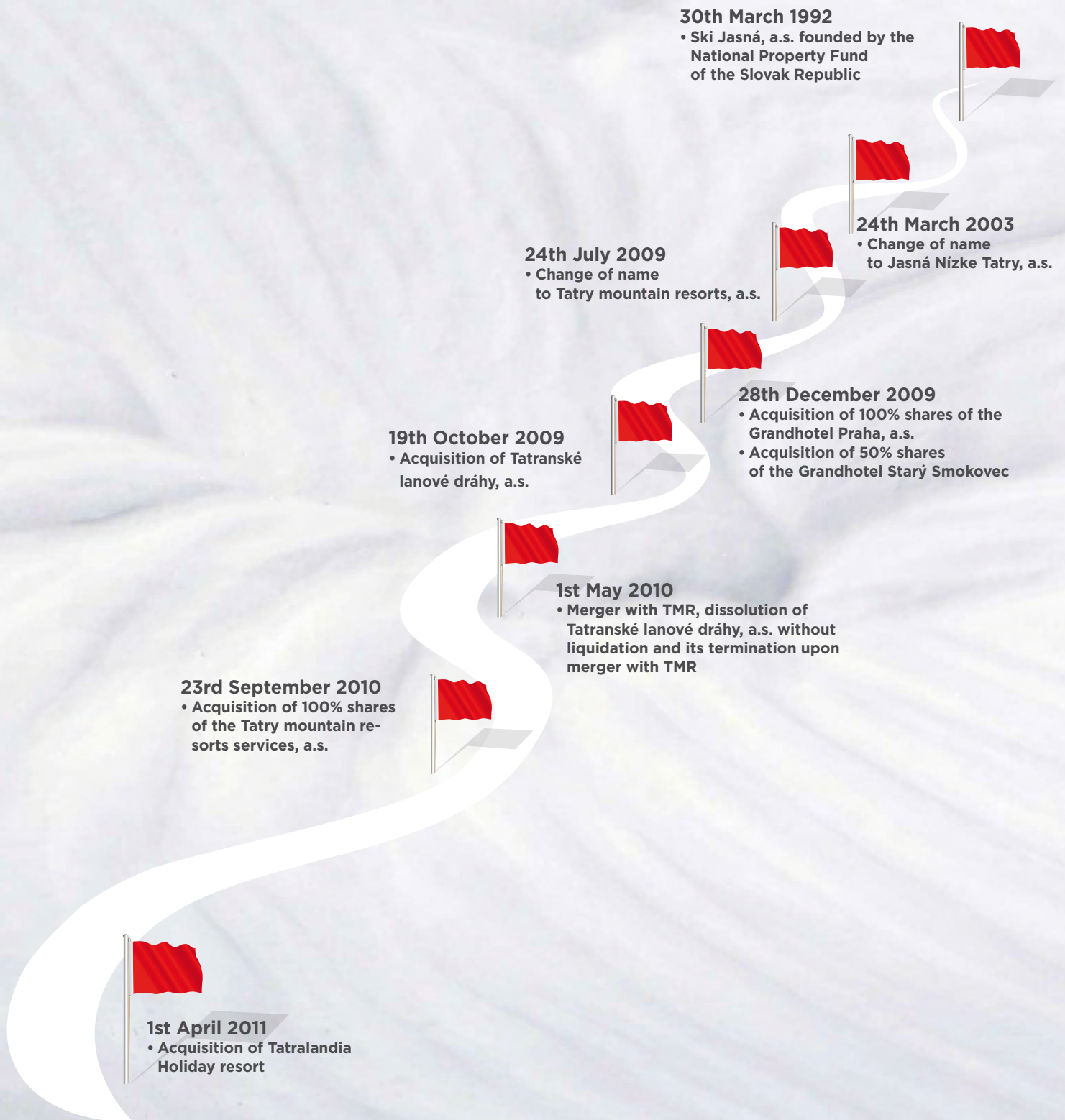
Acquisition of Tatalandia Holiday Resort was performed on 1st April 2011. This name represents Aquapark Tatalandia, the accommodation complex Holiday Village Tatalandia and entertainment area Western City. Acquiring Tatalandia was a significant step for TMR to fulfill strategy of building an all-season destination.

TMR currently creates a simple and effective structure. Two main areas – TMR operation and TMR Services are based on particular responsibilities for various business aspects. The first area is responsible for development and operation of all business activities (divided into 3 key segments – Mountains and Leisure, Hotels and Real estates) while the second is responsible for support services. Tatry mountains resorts services, a.s. (TMRS) operates services, such as trade, marketing, accountancy, financial consulting, personnel, project, and investment activity. TMRS has been providing the above mentioned services to TMR since 2008. Tatry mountain resorts bought total shares of Tatry mountain resorts services on 11th October 2010 and became 100% owner of the TMRS.



Companies included in the TMR group







COMPANY PROFILE

TMR GROUP DESCRIPTION

Tatry mountain resorts, a.s. Group (hereinafter referred to as the "TMR") with its registered seat Liptovský Mikuláš is the biggest provider of tourism in Slovakia. Majority of TMR's revenues comes from admissions to attractive mountain resorts (44.7% in 2010/2011) and admissions to the aquapark (14%). Some other revenues include hotel services in hotels owned and run by the Company (29.4%). In addition, TMR develops real estate projects that generate revenues from sale, lease and operation of premises and hotels. The Company performs business activities in the area of the Low and High Tatras. Within the mountain resorts it offers also dining services, ski school, sport shops, ski rental and equipment service, and winter and summer attractions. The above mentioned services (with the exception of dining services) are provided under Tatry Motion brand, which provides marketing support to these ancillary services and brings a synergic effect within the Company.

In the Low Tatras the Company's portfolio includes resort Jasná Nízke Tatry and hotels Wellness hotel Grand Jasná, Tri studničky, and Chalets Záhradky de Luxe. TMR at the same time owns and leases hotels Srdiečko, Liptov, Ski&Fun Záhradky and Bungalows.

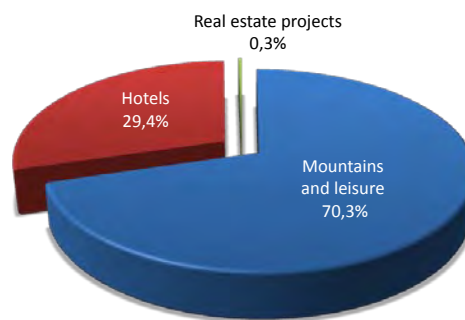
In the High Tatras TMR owns and runs resort Vysoké Tatry

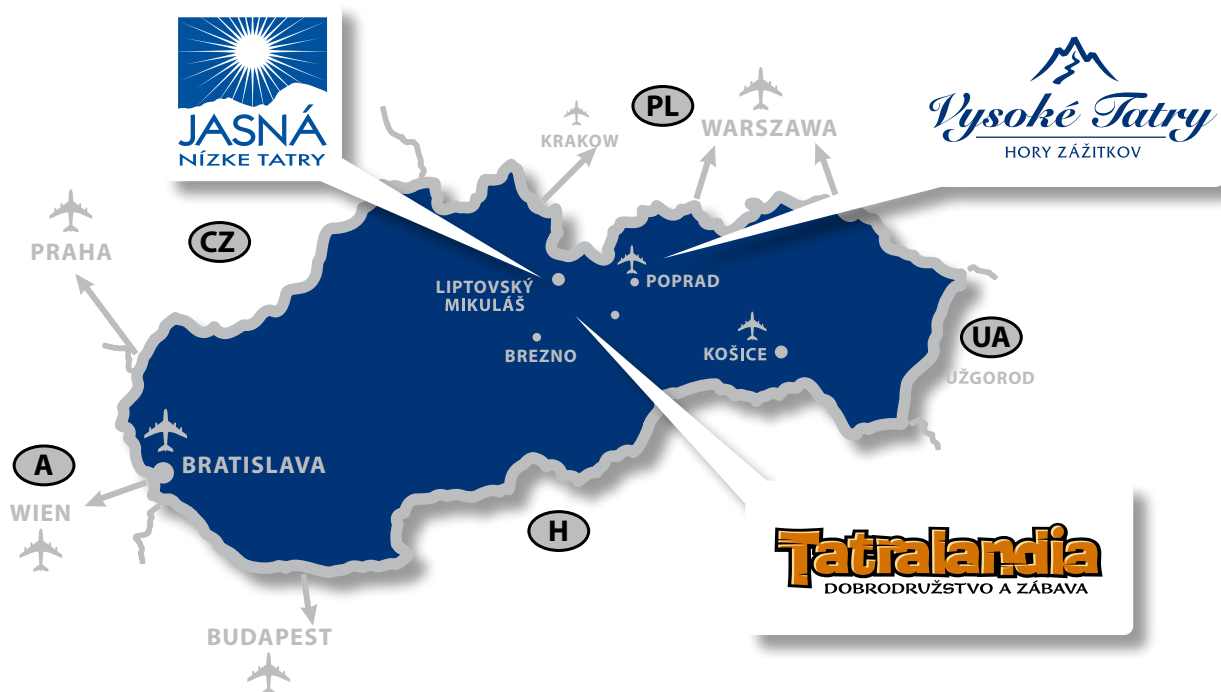
- Tatranská Lomnica and hotels Grandhotel Praha Tatranská Lomnica and Grandhotel Starý Smokovec. The Company runs Hotel FIS in Štrbské pleso, too.

BUSINESS SEGMENTS OF TMR

TMR's business activities are divided into three key segments: Mountains & Leisure (renamed in April 2011 from Mountains after the acquisition of Tatrallandia), Hotels, and Real estate.

Revenue division





- **Mountain Resort - Vysoké Tatry**
- All-season resort offering quality complex services in the summer and winter
- Virgin untouched nature
- 14 km of ski trails
- Max. transportation capacity of more than 15,355 persons/hour
- **Hotels** - Grandhotel Starý Smokovec, Grandhotel Praha, Hotel FIS, Hotel Slovakia
- **Real Estate** - Centrum Tatranská Lomnica, T.Lomnica Project, Grand Residences Tatranská Lomnica trail

- **Mountain Resort - JASNÁ NÍZKE TATRY**
- The biggest winter sport resort in Central Europe
- Alpine FIS World
- Cup candidate
- 36.3 km of ski-slopes
- Max. transportation capacity of 24,585 persons per hour
- **Hotels** - Tri Studničky Hotel, Hotel Grand, SKI Hotel, Chalets Jasná de Luxe Záhradky, Srdiečko
- **Real Estate** - Centrum Jasná, Lease of hotels Kosodrevina, Liptov trail

- **Aquapark - TATRALANDIA**
- The biggest aqua park in Central Europe based on area and number of attractions
- 9 year-round- and 5 summer-swimming pools, 17 saunas, wellness
- 155 bungalows and apartments (700 beds)
- Congress center, 5D cinema, golf trainer, etc.
- **Hotel** - Holiday Village Tatralandia

I. MOUNTAINS & LEISURE

Within the segment Mountain & Leisure, TMR owns and runs 4 mountain resorts (Jasná Nízke Tatry – Chopok North, Jasná Nízke Tatry – Chopok South, Vysoké Tatry – Tatranská Lomnica, Starý Smokovec) which currently offer 50.2 km trails with capacity of 39.940 persons per hour. Such developing complex with its potential can be compared with some known middle sized European tourism mountain resorts. In order to cover clients' needs, in the Mountain & Leisure segment TMR offers a wide range of ancillary services, such as ski schools, rental, service, sport shops or dining. Café Dedo is an extraordinary place which, in addition to a café and a terrace with a view on the top of Lomnický štít, offers a possibility to experience an unforgettable night in the highest placed apartment in Central Europe.

The HIGH TATRAS

■ MOUNTAIN RESORTS

The Tatras are the greatest mountain range in Slovakia and the smallest in the world. In this region the Company runs cableways in Tatranská Lomnica and Starý Smokovec and closely cooperates with the mountain resort Štrbské Pleso.

TATRANSKÁ LOMNICA

Winter season

Tatranská Lomnica is well known because of the longest trails in Slovakia with the highest altitude difference with possibility to ski down from 2.196 m above sea level on a 6km long trail from Lomnické sedlo to Tatranská Lomnica. Lomnické sedlo is the highest ski trail in Central Europe. Ski trails in Tatranská Lomnica are attractive for both experts and intermediate skiers and beginners can use blue tracks in the bottom part of the resort. Tatranská Lomnica with Starý Smokovec have something to offer after skiing, too. The après ski program is waiting for skiers every day. The problem with parking was solved before the winter season 2010/2011 opening thanks to the new, free of charge terraced ski in – ski out parking spaces for 350 cars and 10 buses.

Summer season

Tatranská Lomnica turns into an attractive leisure center for the whole family. Together with trips to Lomnický štít (2,634

m.a.s.l.), attractions, such as trampoline and archery, there is an original project for children – Tatranská divočina (Tatras wilderness) created in the summer season 2010. It is a nature-amusement trail around Skalnaté Pleso with games and competitions and mini Eco park Svišťa krajinka (Marmot country) on Skalnaté pleso for children under 12.

Ski trails

Ski resort Tatranská Lomnica currently (end of fiscal year 2010/2011) offers 44.4 hectare of ski trails (out of which 39 ha have technical snowmaking coverage due to 104 snow guns, 67 were added in winter season 2010/2011), total length of which is 14km. In the summer season 2010/2011 works began to enlarge ski trails by another 8.9 ha of trails with technical snow coverage with total length of 6 km, and they were finished at the beginning of the winter season 2011/2012. The ski trail is blue, which is easy, suitable for beginners and intermediate skiers. Skiers have a choice of 1 difficult, 5 intermediate and 2 tracks for beginners. Snowbike, skifox and snowscoot guarantee fun.

Transport facilities

In the resort there is 1 gondola, 2 cable ways, 4 chairlifts with total length of 10.135 m. The maximum transport capacity is 11,115 skiers per hour. In 2010 a 6-seat lift was built in Tatranská Lomnica – Štart. It is a new model of ski lift by Doppelmayr – a modern lift has an orange shield, so called “bubble”, heated seats and better wind resistant system than other seat lifts (RPD system). Transport capacity of a ski lift is 2,600 persons per hour, length 1,889 m, altitude 280 m, transport speed 5m/s and transport time 6.7 min. to the finish point Štart. Construction of a new detachable 8-seat lift with modern blue bubbles and black upholstery started in August 2011. Transport capacity increases by 2,400 persons per hour. TMR for the first time uses transport system by an Italian producer Leitner. The start station of the lift is projected at 906 m above seal level and the end station at 1,040m. An inclined length of a lift of 683 m means that it will be the shortest detachable lift in Slovakia. The estimated time of a ride is 2 min 17 sec. at 5m per second. The 8-seat lift is situated in the lower part of the resort in an area called Buková hora and it started to operate in the winter season 2011/2012. However, the elevated cableway to Lomnický štít is the most extraordinary, as it offers a magnificent experience where just in 8 min you get to the top of the second highest peak of the High Tatras. In addition to the great views, you can



find here a stylish café, a botanical garden and possibility to spend an unforgettable night at the peak.

STARÝ SMOKOVEC

Starý Smokovec is more about alternative leisure activities, such as snowtubing, sledging on a 2.6km long sledging track and funfools – skifox, snowbike, snowscoot. In the summer there are attractions like summer tubing, scooter and cars. There is a new bike park with two tracks – red for advanced and blue, family-friendly. Moreover, Hrebienok, the finish station of a comfortable panorama funicular from Starý Smokovec is the favorite start point for hikes throughout the year.

Ski Trails

Starý Smokovec lies 7 km southwest from Tatranská Lomnica. Trails with total length of 4.05km are suitable rather for beginners. Four out of five trails are easy and Hrebienok Horná Lúka is rather for advanced skiers.

Transport facilities

In addition to the modern funicular, there are 5 lifts with capacity of 4,240 skiers per hour in Starý Smokovec.

The modern funicular has the following parameters: altitude 255m, length of cable facilities 2,190m, transport capacity 1,600 persons per hour, speed 5m/s. From the bottom station to the top station at the 1,025 m.a.s.l. it takes 7 min. From the marketing point of view it is an interesting fact that the British Queen Elisabeth II has taken a ride on the funicular, and the funicular has a glass ceiling, which adds to the great experience of travelers thanks to a panoramic view.

■ DINING FACILITIES

Lomnický štít (Lomnický peak) 2 634 m.a.s.l.

Café Dedo is situated at the second highest peak of the High Tatras with a panoramic terrace. An interesting package offers a possibility to spend an unforgettable night in a 4 – person apartment on the highest accommodated place in Slovakia.

Skalnaté pleso (Skalnaté tarn) – Restaurant 1 751 m.a.s.l.

This restaurant is another treasure of TMR's collection – great meal, sunny terrace with 250 seats and a magnificent view.



Restaurant Pizza & Pasta Štart 1 145 m.a.s.l.

It is a reconstructed restaurant at the mid-station Štart (1.173 m.a.s.l.) half way to Skalnaté pleso next to the 4-seat lift to Čučoriedky and at the exit point of a new 6-seat lift. Cuisine with wide choice of both Italian and traditional meals shall fulfill needs of every skier during the stay on the mountain.

Après Ski Bar, Tatranská Lomnica 850 m.a.s.l.

During skiing or after a long day on the slope skiers can refresh in this après ski bar at the bottom station of the lift in Tatranská Lomnica.

Snack Bar Hrebienok 1 285m.a.s.l.

It is simple fast food at the lift entry and exit

■ SPORT SERVICES AND STORES

Additional services are based at the start station of a cableway in Tatranská Lomnica. The resort is also open to families with children by paying special attention to children and by providing everyday animation in ski school Maxiland. These activities alongside attractions (including funtool and other attractions) have been running since the winter season 2010/2011 and are covered by Tatry Motion, which supports synergy within TMR and is easy to identify by clients.

The LOW TATRAS

The Low Tatras is an 80 km stretch of mountain ranges in the middle of Slovakia. They are located directly below the top of the second highest peak of the Low Tatras, Chopok 2,024 m.a.s.l., which you can reach by cableway. This is one of the reasons that it has been attributed as one of the most visited places in the Low Tatras.

■ MOUNTAIN RESORTS

JASNÁ NÍZKE TATRY

Winter season

JASNÁ Nízke Tatry is currently the biggest ski resort in Slovakia. Skiers have an option to try all types of trails from blue to black, as well as a freeride zone and a snow park. After skiing there is an interesting après ski program. Some of the additions in the winter season 2010/2011 are also a skating rink on Biela púť and so called Tatranská večera zážitkov (Tatras Dinner of Experiences) with a ride in the snow track vehicle.



Summer season

The resort offers a wide range of sports in the summer – paragliding courses, mountain scooters, Tarzánia, Nordic walking and a ride from Rovná hoľa on one of the four tracks of various levels of difficulty in the bike park. For families with children there is a nature trail with an entertainment program on the north and south side of Chopok mountain.

Trails

Jasná Nízke Tatry – Chopok North

Jasná Chopok north lies on 82 ha out of which 71 ha was at the end of a fiscal year covered with technical snow produced by 240 snow points. The total length exceeds 26.6 km, of which 20.2 km are technical snow and 2 km are lit up.

Jasná Nízke Tatry – Chopok South

Length of ski slopes in Jasná Chopok South is more than 9km. This resort is in perfect symbiosis with nature. There is standard high level of real snow, which means there is a minimum of technical snow with the exception of the low parts of the slope. The resort concentrates on freeriders and those who prefer quieter slope.

Záhradky – Turistická

The technical snowmaking system was finished and put into operation before winter season 2010/2011 on the blue trail in Záhradky - trail Turistická. 35 snow cannons provide snow over an area of 3km. Jasná resort reached 21.4km of trails with technical snowmaking. The addition of the blue trail has increased the number of easy slopes in the resort.

Transport facilities

Jasná Nízke Tatry – Chopok North

There are 10 cableways and 6 chairlifts and 1 bubble lift in the resort with a transport capacity of 19,000 skiers per hour. A 6-seat lift in Záhradky – Priehyba was built in 2010 as the last one. Transport capacity of the 6-seat lift from Záhradky is 2,400 persons per hour; length is 1,285m, altitude 341m, speed 5m/s and time 4.7min. Part Záhradky – Priehyba began to fulfill many skiers' needs for an easy connection between the north and south part of Chopok. A new chairlift is formed by 2/3 with orange bubbles (shields) and by 1/3 without bubbles, which are used for windy days. It was opened at the beginning of the winter season 2010/2011. It offers clients maximum comfort and at the same time it increases the maximum hour-capacity in the resort. The works on cable system Funitel (which will definitely connect north and south part of Chopok in winter season 2012/2013) began in the summer of 2011. The journey to the top will start from station Priehyba (6-seat lift exit) and it will take 6 and a half min. for skiers to get there. It is the 14th lift of this kind in the world. An interesting fact is that the cabin is attached to two cables and it provides higher safety and a speed of up to 120km/h. The transport capacity will be 2,480 persons per hour. Each of the 22 cabins will pass 2000m with an altitude of 655m. In comparison to chairlifts the speed will reach 7m/s. It is a model by Doppelmayr. Once the Funitel is finished, the transport capacity will get to 30,000 persons per hour, which is the maximum transport capacity in Slovakia. In addition to mass skiing there are other possibilities for alternative winter sports thanks to three freeride zones

and a snowpark with its great inflatable mattress – (new as of winter 2010/2011). The possibility of night-skiing in Záhradky and Biela Púť is also a big attraction.

Jasná Nízke Tatry (Jasná Low Tatras) – Chopok South

Transport facilities in Chopok South resort have a capacity of 5.300 skiers per hour. The low parts are accessible from Srdiečko (1.200 m.a.s.l.) and Krupová (1.080 m.a.s.l.). The combined capacity is 2000 skiers per hour. A 4-seat lift Srdiečko provides an entry gate to the resort. The latest acquisition of TMR in the south part of Chopok is a lift Zadné Dereše with a capacity of 900 skiers per hour and a length of 1,600 m.

■ DINING FACILITIES

TMR operates 10 dining facilities in the Jasná Nízke Tatry – Chopok North - South resorts.

Happy End Disco & Restaurant 1 117 m.a.s.l.

Happy End was recently opened – in winter season 2010/2011. During the day it offers a quality restaurant with a capacity of 500 persons, après ski entertainment after skiing and the greatest disco in the region with live concerts at night.

Bernardino burger restaurant 1 423 m.a.s.l.

Just as with Happy End, Bernardino is the latest acquisition to the dining services portfolio belonging to Chopok. This fast food restaurant is colorfully furnished and – due to its children's room – is suitable especially for families with children. It is situated at the top point of a Grand Jet lift with an easy blue trail.

Restaurant Von Roll in Luková 1 670 m.a.s.l.

Restaurant Roll was built in a historic ski lift building called Luková. Historic features and furniture remained even after the reconstruction and it gives the Museum Restaurant a traditional character. The skiers can find a self-service restaurant with a variety of delicious meals and drinks in the same building.

Après ski bars 1 028 m.a.s.l. and 1 117 m.a.s.l.

Après ski bars at the bottom point of Záhradky and Biela púť are natural gates to the ski resorts. Après ski Chopok South lies at the bottom station of a 4-seat lift. It welcomes tourists after a long day on the slopes.

Snack Bar Rovná Hoľa 1 491 m.a.s.l.

This fast food is perfectly situated with convenient access for skiers transported by the 6-seat lift from Záhradky.

Restaurant Kosodrevina 1 494 m.a.s.l.

This restaurant is well known due to its spacious and sunny terrace.

Snow Bar Zadné Dereše 1 440 m.a.s.l.

The Snow bar is a place to refresh on Chopok South.

■ SPORT SERVICES AND SHOPS

Additional services for skiers are based at start stations. They are perfectly facilitated with modern technology to fulfill the needs of those most demanding. Like the High Tatras, these attractions are run by Tetry Motion. Red and

black colours are dominant in the Tatry Motion logo and we can see them quite often – in sport shops and rentals, ski schools and school Maxiland with every day animations.

Café Fashion

Café Fashion is yet another new addition of the winter season 2010/2011. It is a trendy shop with the latest collections of luxurious brands and a place where you can relax with a cup of coffee while shopping.

At the same time, an outlet shop became part of Jasná Záhradky which, on the contrary, attracts customers with its reduced prices.

There is a new ski service right next to Café Fashion which offers a ski service with a technologically perfect machine on the spot.

AQUAPARK

Aquapark Tatralandia in Liptovský Mikuláš has been the latest acquisition of the TMR portfolio since April 2011. It is the biggest aquapark in Central Europe and offers customers 14 pools and 30 toboggans out of which 9 are all-season and 5 are summer ones, as well as sauna world and Wellness Paradise. Western City Tatralandia included in the aquapark, the greatest entertainment area in Slovakia and Poland, amazes audiences with its Wild West themed show which delivers dramatic performances and incredible stunts!

Ski service

Current facts on mountain resorts of TMR at the end of fiscal year 2010/2011

		ski trails (m)	capacity (persons/hour)	snowmaking coverage (m)	nr. of ski lifts
Jasná Nízke Tatry					
	Chopok North	26 613	19 290	20 213	16
	Chopok South	9 690	5 295	1 200	7
Vysoké Tatry					
	Tatranská Lomnica	9 930	11 115	8 790	8
	Starý Smokovec	4 050	4 240	840	6



II. HOTELS

TMR portfolio includes renowned hotels, such as Grandhotel Praha, Grandhotel Starý Smokovec or FIS Štrbské pleso, Tri Studničky in Jasná, Grand Jasná, Ski Záhradky & Bungalows, and Chalets de Luxe. There are a total of 1,833 beds in 694 rooms. The hotels can please a wide spectrum of clients from individuals, families and elderly people to corporate clientele. Hotel facilities offer also a suitable place for conferences and business meetings effectively covering the off-peak season.

The HIGH TATRAS

Grandhotel Praha Tatranská Lomnica****

118 rooms, 236 beds

It is situated in the center of Tatranská Lomnica, at the foot of Lomnický štít, in the heart of the High Tatras. Its history dates 100 years back to 1905 when it was opened.

Grandhotel Starý Smokovec****

75 rooms, 147 beds

From a historical, geographical or architectural point of view, the Grandhotel is considered to be one of the most prestigious hotels not only in the High Tatras but in Slovakia, too.



Hotel FIS***

79 rooms, 183 beds

Mountain ski in – ski out hotel FIS lies directly under the slope FIS, the sport area center in Štrbské pleso with a location being its competitive advantage.

The LOW TATRAS

Tri studničky****

36 rooms, 100 beds

The architecture and position of exteriors and interiors within this unique building create a harmony with the surrounding panorama of mountains and nature. It is located in a magnificent environment near the mountain stream. Conference rooms were established in the hotel in 2010 with a beautiful view of the mountain stream and renovated wellness center and also offers the first mountain beach in the Tatras. Such services complete the gap for this original boutique hotel offer.

Wellness hotel Grand Jasná ****

157 rooms, 311 beds

The mountain hotel is situated in the Jasná center, 1.100 m.a.s.l. right under the bottom station of a modern new 8-seat lift, Grand Jet. It is extraordinary mostly due to its ski in – ski out location, renewed wellness center – in the winter



season there are two jacuzzi, two Finish saunas and one infra sauna directly below the premium Grand Jet lift.

Chalets Záhradky de Luxe****

4 rooms, 16 beds

Luxurious apartments in the French cottage style were launched into operation just before the winter season 2010/2011. The ski in - ski out location directly onto a slope in Záhradky plus a wide variety of services places this destination significantly above average.

Holiday Village Tatralandia

155 rooms, 700 beds

This is an accommodation complex that is one of its kind in Slovakia. It comprises of 155 bungalows and apartments divided into 11 stylish villages, which offer an ideal holiday place for families or individuals all year round.

III. REAL ESTATES

The most recent, yet not an insignificant, activity of TMR is its real estate business activity. The aim is to improve mountain regions and expect growth already next year. The Company plans to use the unique location in the High and Low Tatras region. TMR strategy is mostly about development, construction, and sale of apartments and non-housing areas. TMR currently disposes with 4 lucrative projects (Centrum Tatranská Lomnica, Projekt Tatranská Lomnica, Grand Residences Tatranská Lomnica, Centrum Jasná). Together with these projects a necessary infrastructure is being formed for the natural development of tourism in the following areas - cableways, network, trails, information signs, etc.

The Company gradually receives approvals for zoning, planning decisions, and building permits, while the Company has already received many other approvals. In Tatranská Lomnica works under construction are currently in progress (projects Centrum Tatranská Lomnica and Grand Residences are described below). TMR does not plan new projects on "green field" (on undeveloped land). It pays attention basically to traditional, urbanized areas where sport and tourism have been part of history for decades.

Centrum Tatranská Lomnica

TMR possess 36,200 m² of land for sale in Tatranská Lomnica and the aim is to divide the area into 31 real estate projects, to be realized by third party investors. TMR shall create an infrastructure and sell the individual estates with building permissions. The whole project shall include 279 apartments in three- and four-star standard, wellness, fitness, hairstylists etc., 6,765m² for shops, services, restaurants, bars, pharmacies, and other services required by clients and residents from the High Tatras.

Due to a close network of infrastructure, this area is suitable to create commercial and holiday real estate. Its deficit leads to a potential 30-40% market share. The best part about Tatranská Lomnica is the best ski slopes in the High Tatras and a wide range of activities for the winter and summer seasons, e.g. cableway to Lomnický štít, sport and culture facilities, etc.

From the total costs spent on real estate projects 4.9 mil. EUR was paid for land and the remaining 3.3 mil. EUR is left for investments into infrastructure (roads, IS, etc.). Management plans to sell 23.3% of the area as a building site for individual projects, remaining 76.7% shall be used for in-

frastructure, roads, paths and green areas. Such concept of the area is based on an optimal yield curve and TMR shall control it even if realized by third parties (31 individual projects).

The Project shall increase the number of customers in the High Tatras and develop services (cableways, lifts, dining, sport shops, etc.).

Tatranská Lomnica project

This project is the first real estate project that relates to buildings themselves, not just land, as it includes building of two multifunctional buildings (underground parking place, commercial shops and total of 40 apartments).

Grand Residences Tatranská Lomnica

This Project covers reconstruction of the unused extension to Grandhotel Praha. Due to low costs for reconstruction there is a potential that TMR shall gain a significant profit without any negative impact on the hotel. The extension project, which was completed in December 2011, includes 17 four-star apartments with total area of 1 739 m².

Centrum Jasná

This is a multifunctional project which lies in the heart of the Low Tatras right next to the start station of a new chairlift Grand Jet and Biela pút. The project has a unique location for winter and summer season due to a number of outdoor sports (cycling, skis, and adrenalin sports), activities for children, wellness, aquapark, etc. The plan is to build a new ski center with a shopping center and to create après ski activities to ensure entertainment after skiing.

The Project includes 250 two- and four-star apartments (total 12,734 m²), 250 underground parking places, 2,520 m² of retail premises (shops, service, restaurants, café, bars, pharmacies, etc.), wellness, fitness, hairdresser's, etc. The total build-up area will be more than 6000 m² and total area of premises 26,000 m². TMR currently holds building permits for all these projects. The sale of apartments shall be commenced once the project is finished, commercial premises shall remain in TMR's possession and together with 100 apartments they will be leased out. Centrum Jasná is in the phase of territorial planning of the area.

The Company, within the real estate segment possesses and leases hotels Srdiečko**, Liptov**, Ski&Fun Záhradky and Bungalows**¹ and Chata Kosodrevina.

TMR Services

The Company owns 100% of TMR Services (TMRS), which includes three support divisions - accounting and finance, marketing and sale, and general corporate services. The last division covers a human resources department, legal department, information technologies department, logistics, and others.

The accounting and finance division integrates all tasks of financial management into one center serving all operations and support departments.

The IT department activities include safety precautions, 24-hour monitoring, sale terminals, and other payments systems.

Marketing and sales implement the main activities in the area of product manufacture, promotions, and sales in the target markets.

¹ Hotel Ski&Fun Záhradky and Bungalows has been leased to third party since June 2011 and so falls into the Real estate segment. However, for the period of fiscal year 2010/2011 it is shown in the Hotels segment, since for the summer season the operation was closed anyway.

CORPORATE STRATEGY

VISION

The vision of TMR is the revival of the Tatras from the investment, sports, cultural, and social point of view.

MISSION

TMR's mission is to provide services in tourism at a constantly increasing level, in particular through business activities divided into three key segments – Mountains & Leisure, Hotels, and Real Estate, where the Mountain & Leisure segment covers operation of the mountain resorts, aquapark, and additional services throughout the year. The Company plans to fulfill its mission through synergies leading to a holistic satisfaction of clients and shareholders.

COMPETITIVE ADVANTAGE

The unique geographical position predetermines the TMR resorts to be the top tourism destinations. In addition to the beautiful mountainous environment, important factors of potential growth are as follows:

There are more than 7.5 million people living within 200km of the Tatras – a client base with a long term tradition of visiting the Tatras.

Poprad Airport ensures easy access by air from important European cities outside the mountainous area, e.g. London, Copenhagen, Amsterdam, Moscow, and Saint Petersburg, mostly by charter or private flights.

To the east of the Tatras there are ski resorts with only minimum business services.

The high altitude provides a competitive advantage for TMR, comparing to other resorts in the region, since it significantly mitigates the risk of unfavorable weather as a result of global warming.

The strategy of TMR is based on the investment potential of the Tatras' development. TMR managed to gather the

unique assets of the Tatras under one roof with the aim to take advantage of mutual synergies. The TMR strategy can be divided into short term, mid to long term, and long term.

SHORT TERM STRATEGY

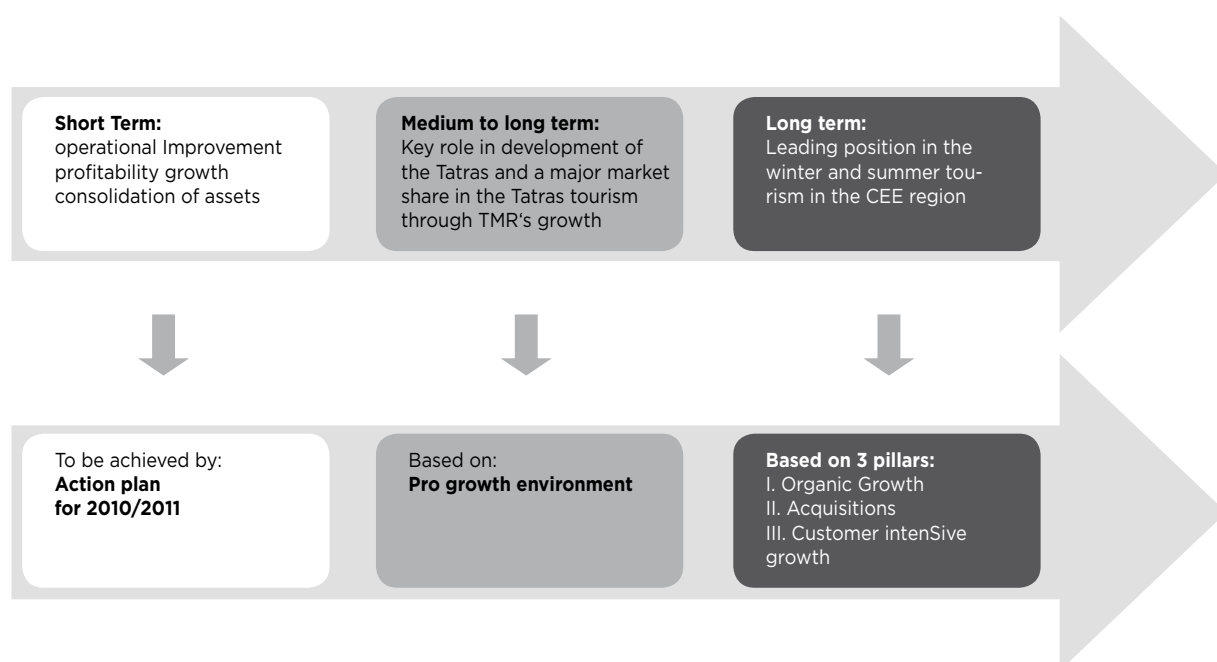
Strategic plans for the period of one year include the improvement of operations, profit growth, and assets consolidation.

The Strategic plan for 2010/2011 included the following business and marketing strategic steps by means of which the Company achieved the following set goals:

Operational efficiency:

- To implement a common ski pass with Štrbské pleso in the High Tatras, which improved the quality of skiing possibilities; to boost sale of vacation packages and increase sale of multi-day ski passes.
- To eliminate waiting time thanks to the investments in 2009/2010 when two mountain resorts were built at the most critical points and trails were significantly enhanced.
- To improve and increase full services provided through big ski in – ski out parking spaces and higher quality of evening and night life (Music club Happy End and Humno pub – a real estate land sold within the project Centrum Tatranská Lomnica, skating rink, new business premises, ...)
- To improve significantly and stabilize income through acquisition of Tatralandia and to achieve synergic effects among the mountain resorts and Tatralandia.

The only strategic goal that failed to be achieved during the fiscal year 2010/2011 was revenue generation from the Real Estate segment through sale of real estate land in Centrum Tatranská Lomnica due to a stagnating, unfavorable situation in the real estate market related to the long lasting crisis (described in Risk factors).



Marketing plan:

- Launch of a massive marketing campaign by means of all available marketing channels, mostly television, newspapers and billboards, and internet
- Active cooperation with corporate clients the advantage of which was an efficient use of unused capacity of the hotels.
- Active cooperation with Polish and Russian speaking markets

The detailed marketing strategy is described later.

MID TO LONG TERM STRATEGY

Within the next few years TMR's strategy is to achieve the key role in the Tatras development and substantially participate on revenues from the tourism market in the Tatras region through development of the Company itself. The Company plans to increase its revenues due to the growing spending by customers in the TMR resorts and hotels. The Strategic goal is to achieve that every customer spends a great amount of their expenses on TMR's services. Such strategy is conditioned by the favorable growth of macro-economic indicators and development of the whole Tatras region.

As a mountain resort TMR has a great opportunity for growth due to:

- An improving macroeconomic environment – a stable economy growth in the mid horizon should be reflected on the number of resources which the clients are willing to invest into leisure activities (including entertainment and travel). There is a significant relation between GDP per person and amount of money spent on activities connected to leisure and travel per person. This region should note a significant growth of resources that people are willing to spend on their leisure activities, the same way as emerging economies of the CEE region are catching up with advanced economies.
- The growing interest of attractions – the Company

builds new ski resorts, offers other leisure activities - in addition to skiing - and expands portfolio by resorts for summer leisure activities (Tatralandia). The planned budget for capital expenditures (CAPEX) is EUR 56.5 mil till the end of 2013/2014. As of the end of 2011 the total capital investments into resorts are EUR 100 mil for the last 5 years.

- Growing number of customers – Management expects a growth of the number of customers from 1.2 mil. in 2009/2010 to 2.6 mil. (including Tatralandia) in 2013/2014

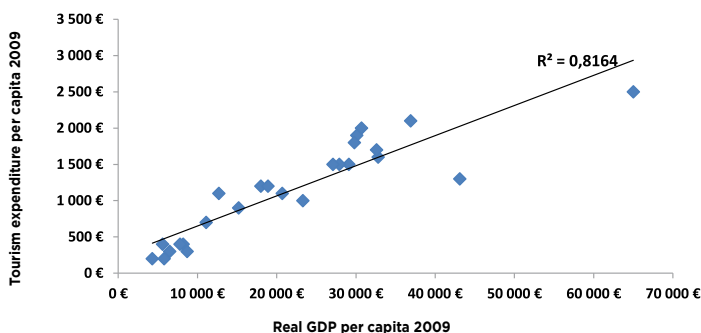
The use of synergies – from previous and future acquisitions and strategic investments, e.g. purchase of shares of Best Hotels Properties, a.s.

LONG TERM STRATEGY

The long term strategy for the next 10 years is to gain a leading role in winter and summer tourism in the region of Central and Eastern Europe. Leadership in the area of tourism provides TMR with the ability to set trends and standards in this industry. At the same time it leads the Company to differentiation. The result is that the Company tends to sell premium services for premium prices. The wide spectrum and offered quality is the key for the Company's direction. This goal is based on three pillars:

Organic growth – through the use synergies among business lines in order to optimize costs and maximize revenues. Another means for organic growth is the aggressive investment policy, which in the first phase includes increase of transport capacity up to 50,000 persons per hour, larger slope areas with total 210 ha, expansion of snowmaking to a total of 109 ha and an increase of dining capacities up to 2,200 dining places. For organic growth it is also important to increase accommodation capacity (mostly for higher segments) and build centers in the mountain resorts (apartments, lease, etc.). By means of development activities (real estate projects) the Company plans to create, currently nonexistent, infrastructure (leisure centers, shopping

GDP vs. Tourism Spending per capita in EU countries²



² Source: Eurostat

malls with complete facilities) that would provide all-season possibilities to have social, cultural and sports life in the mountain resorts. In addition to the synergic effect reflected in the increase of resort visits, the real estate projects are expected to provide income in the form of profit from sale, as well as from lease, administration, and operation of these projects.

Growth through acquisitions and financial investments – thanks to acquisitions and financial investments the ski resorts shall strengthen their leading role in the region. Strategic investment into shares of the public company, BHP, which also operates in tourism, will bring a positive influence of hotel management know how and the use of synergies with GH Kempinsky High Tatras³.

Intensive growth of the number of customers – shall be reached by intensive client oriented marketing campaigns. Strategic steps to achieve this goal include complex and quality increase of the services provided. TMR expands the scale of attractions offered and improves the quality of ski schools, ski equipment rentals, and dining facilities on slopes. Moreover, it improves offers of après ski possibilities, tries to optimize transport possibilities to resorts and cooperates with local business entities. TMR prefers to cooperate rather than compete with them, wants to build on their success and bring their customers to nearby resorts with easy access and a variety of attractions for children, adrenalin sports for the young (e.g. bike parks), and relaxation zones. As per accommodation, TMR focuses on four-star hotels and improvement of their wellness and dining services. Other strategic steps are: focus on affluent clientele, essential quality of management and serving staff, and a sophisticated marketing strategy.

FINANCIAL GOALS

Growth is the key to appreciation of our shareholders' investments. For this reason the goal of the Company is a stable growth of revenues, operating profit and a constantly increasing operating margin. The short term goal for 2010/2011 included a growth of operating revenues by 32% and a growth of EBITDA by 42%. Operating profitability (EBITDA margin) was planned to be increased from 25.5% to 27.7%. The Company exceeded the planned revenues by 5.6 mil EUR, and the operating EBITDA was higher by 21% than planned. EBITDA margin improved more than planned, by 1.1%. The reason being was a sudden increase of customers in the resorts, hotels occupancy by mostly corporate clientele, and contract revenues (more details in Consolidated financial statement note 5). The strategic steps stated above and the marketing strategy described below helped to achieve the set goals.

MARKETING STRATEGY

MARKET SEGMENTATION

TMR's clientele is, besides customers from Slovakia, based mostly on people from neighboring countries, such as Poland, the Czech Republic, Ukraine, Russia, and Baltic countries, as shown in graphs below.

Even though the internet and low-cost companies have shortened the distance, the key role in clients' decision making is how near the destination is. That is why the natural clientele of the Company is from regions within 200 km radius inhabited by 7.5 million people. This radius includes cities,

such as Krakow and Katowice in Poland, as well as Czech cities Ostrava and Olomouc. From the geographical point of view there are other, further markets with limited access to mountains, such as Great Britain, Ireland, Russia (Moscow and Sankt Petersburg), Ukraine, and Baltic countries. Clients from the first group come by cars or buses, while the second group uses air transport.

The Company also divided potential target groups into the following categories: affluent clients, mainstream, and low-cost clients.

The main marketing goals of the Company include clear brand placement on the market by segmentation of clients and focusing of particular marketing strategies to these specific segments that would lead to maximum synergy of all brands covered by TMR Group. The Company at the same time assumes shift of clientele structure towards affluent clientele generating the highest revenues and focusing at products and services with the highest added value.

COMMUNICATION OF STRONG TMR BRAND

Preferred goals of TMR's marketing include building of TMR brand awareness by continual image communication, unifying product communication with TMR brand, setting communication of the TMR holding and all brands that TMR covers to reach maximum synergy (cobranding); and strengthening positive and managed PR and attractive adventure tourism, so called 'event management'. In order to create awareness and build a strong company brand a useful fact without a doubt is that we speak about a publicly traded company listed on the stock market, the strongest entity conducting business in tourism in Slovakia, a full service resort or a destination able to provide a high level of services in the whole region of the High Tatras and Liptov.

MARKETING ACTIVITIES

The Company employs big marketing campaigns in all basic media – internet, television, radio and news, as well as outdoor advertisements in various forms – billboards in big cities and main roads, citylights in Bratislava and stickers on buses in Bratislava and Košice.

A TV campaign started at the turn of 2010/2011 in Slovakia (TV JOJ and TA3) and in the Czech Republic (TV Prima, Z1) composed of 9 different spots (3x Jasná, 3x High Tatras, 1x hotels, 1x advance sale of ski passes and 1x image spot) which together came to 2000 spots. In radio there were advanced booking and resort spots on Radio Expres and Fun Radio. With print media the Company advertised in daily newspaper Pravda, weekly tabloids Plus 7 dní, Star, Týden (Czech) and monthly magazines Gold Man, Miao and Six stars. Others included PR articles and Plus 7 dní included all together 400 thousand vouchers for ski passes to resort Tatranská Lomnica and Jasná, which offered a possibility to try the resort in the off-peak season at a discount price. Information brochures, so called "inserts", inserted in the amount of 670 thousand into magazines in Slovakia, Poland, and the Czech Republic were also used.

Apart from the mentioned commercial campaigns TMR's marketing develops other important activities, such as active participation in exhibitions and fair trades, cooperation within the destination marketing with entities in the region like clusters – active Klaster Liptov and developing Klaster Tatry – or cooperation with Slovak agency of tourism (SACR), cooperation with PARK SNOW, interesting accom-

³ For more information see the report of TMR Board of Directors on 22nd November 2010 published on www.tmr.sk.

modation packages together with accommodation facilities in the region, distribution of information materials free of charge with a map to the majority of hotels and guest-houses in sub regions, Google ad word and email campaigns, campaigns on the web, and other methods.

USE OF INFORMATION TECHNOLOGIES AND INNOVATION

TMR also keeps in mind the use of innovations and continually improves communication due to information technologies. New web sites of the Grandhotel Praha, Tatranská Lomnica (www.ghpraha.sk), Grandhotel Starý Smokovec (www.grandhotel.sk), Tri Studničky (www.tristudničky.sk) and Hotel Grand, Jasná (www.grandjasna.sk) were launched at the turn of 2010 and 2011.

On an everyday basis the Company uses the social network Facebook which proves that TMR pays attention to building a great fan basis. Two resort profiles are currently administered (fan groups) - Jasná Nízke Tatry (7200 fans which is significantly more than majority of top resorts in the Alps) and SKI RESORT Tatranská Lomnica (2300 fans) and three smaller profiles of individual projects - Tatras Wilderness (800 fans), Happy End (for first month - 400 fans) and Slovakia Super Ski pass (800 fans).

The Company's marketing improves its quality due to live videos and online information from individual resorts on the internet where clients can have a better idea about current

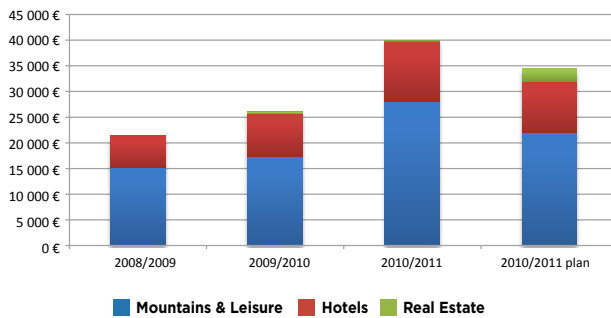
conditions in the resorts. Snow condition changes and the operation of resorts are available online on both internal and external web portals.

Innovation service software for skiers, Skiline.cc (statistics about skied km during the season), in operation since half February 2011, was installed as the last one.

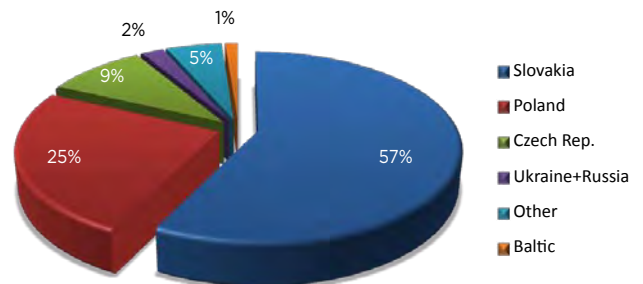
EVENT MANAGEMENT

The Tatras are becoming a busy place with many activities to do also due to new après ski centers of entertainment and night life - Humno Music Pub in Tatranská Lomnica (estate land sold within the Centrum Tatranská Lomnica project) and Music Club Happy End in Jasná, every day possibilities of après ski program and animation and various events the whole year round. The most notable are Big test days in Jasná (test of race skis for public), BMW Ski League (public ski race), Grand opening Happy End (ski race for public in attendance of legend Bojan Križaj as a daily event and concert of Dara Rolins and party in Flightclub style as a night event), Companies Games of communication (sport competition of renowned Slovak companies from various areas of business). The High Tatras events include Sled dogs (a big winter event for families with children in Tatranská Lomnica) and the most visited event Bear days (a big summer event for families with children in Hrebienok).

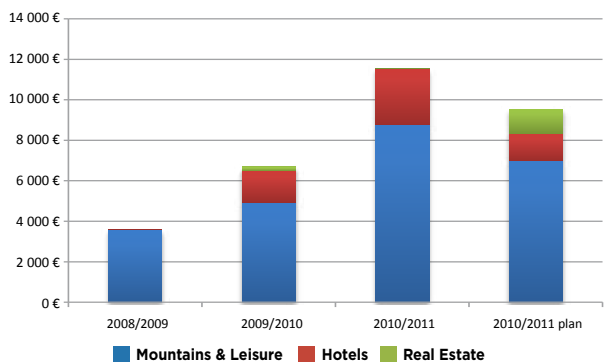
Thous. **Operational Revenues - Plan vs. Actual**



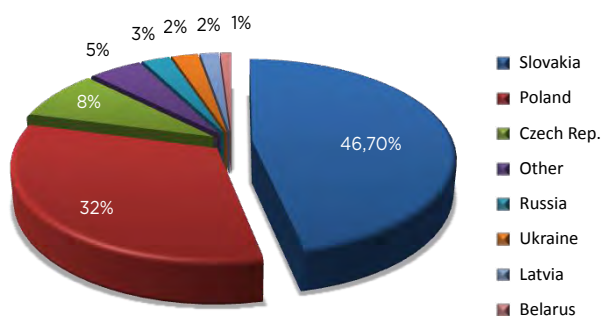
Visitors - Tatranská Lomnica



Thous. **EBITDA - Plan vs. Actual**



Visitors - Jasná Nízke Tatry





MARKETING STRATEGIES ON POLISH MARKET

The Polish market is for TMR one of the most important, if not the most important market and that is the reason why the Company pays great attention to it also from the point of marketing strategy and communication. In 2010 the key visual "O Yeti!" was created and once again actively used Polish web site www.nartyslowacja.pl. The Company also uses innovative tools like Youtube and Facebook. Google ad words campaigns noted 19 million displays in December 2010. Information newsletters recorded 24 thousand email addresses. A number of campaigns were started on web portals and programs were broadcast for music TV VIVA reaching 1.2 million potential clients in December. A great success was also weather "sponsoring" - TVN Meteo (we reached 9 million viewers in December 2010, original way among marketing activities was a campaign with cinema spots in multiplexes (target 500 thousand spectators). Usefully distributed were also information materials in sport shops Decathlon and advertisements on 5 million Tesco leaflets. Apart from this, there were attractive competitions in Tesco chain (59 chain shops). Advertisements were aimed also at the print media and PR campaign.

Communication with further markets is ensured mostly due to foreign tourism agencies.

MEASUREMENTS OF MARKETING ACTIVITIES SUCCESS

Company evaluates success of campaigns together with a survey agency GFK (Slovakia) and agency Wizard (Poland). GFK affirmed that the marketing campaign in Slovakia was successful. The Majority of TMR campaigns parameter results were on the level of long term bench markers of the Gfk Slovakia which was unique for a new communication campaign without the long term use of the same communication line. An animation campaign was chosen. Nearly 40% respondents considered the campaign to be eye catching, nearly 30% interesting and only 0.4% uninteresting. According to 2/3 of respondents, who knew specific advertisements, the animation was a suitable way of communicating the TMR resorts campaign. Slightly more women and younger people considered advertisement suitable.

In resorts Tatranská Lomnica and Jasná Nízke Tatry there currently runs a survey to find out the current client profile (geography and social nationality, reasons for resort choice), satisfaction with the services provided, stay attributes (length of stay, interest in additional services) and attitude to commercial campaigns.

In 2010/11 the Company's marketing budget totaled 4.789 million EUR.

OUR MARKETING ACTIVITIES DURING FISCAL YEAR 2010/2011

January 2011

The interest of Jasná Nízke Tatry among freeriders is growing from year to year the proof of which is CGC Jasná Adrenalin event. The event belongs to 10 top prestigious world events Freeride World Qualifier. In the race on 21st - 22nd January 2011 total 150 racers were registered from all Europe and USA, too.

Jasná resort significantly improved its après ski offer with a new music club. Happy End grew up in record 4 months and

its gates to skiers opened just before the New Year. It became the number one place for night life during the winter with a capacity of 1000 people and a sound system unique of its kind in this part of Europe. Grand Opening Party in Flight Club was on 29th January 2011 with the greatest star Dara Rolins, as well as Hungarian acrobat Peter Besenyei.

February 2011

For the second time Tatranská Lomnica became the scene of attractive events for families with children under the name 'Sled dogs'. The event, which took place over the last weekend in February, brought customers many attractions, for example dog teams - a fast ride show of mushers, a show of mountain rescue teams in action, and ice sculptures, as well as competitions for small and big ones.

Jun 2011

The main event of the summer season in the High Tatras started with a 2-day show full of adrenalin and original fun at Poprad airport on 25th - 26th June 2011. Customers could see a performance of well-known pilots, including members of Flying Bulls acrobatic flight. The icing on the cake was historic aircraft DC6 and Péter Besenyei, the owner of several national and international championship titles in stunt flying.

August 2011

The fourth year of Bears' days on Hrebienok proved that this event belongs to one of the most visited in the High Tatras. Record attendance of more than 20,000 people is clear evidence. On Hrebienok there is the biggest wooden sculpture of a bear which was added this year. Talented musician and composer Marián Varga - who also performed songs from Orlie pierko and Medená veža - showed his talent on Hrebienok. The greatest success was theatre Teatro Tatro.

3. ročník Tatranského festivalu medvedov
MEDVEDIE DNI
 7. a 8. AUGUST 2010
 TATRANSKÁ DVOVICA SA ZABÁVA!!!

Moderátor a zabávač: **Andrej Bičan**

Medvedie hry pre deti i hosťov! Všetci!

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Hrebienok / Vysoké Tatry, Sobota – Nedeľa od 10.00 do 16.00 h.
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MÁŠ NA TO!

5 stredísk / 83 km zjazdoviek / 22 lanoviek / 47 vlekov

20. do Vysokých Tatier, 21. do Veľkej Račky, 22. do Strbišského Pleša, 23. do Donicovej, 24. do Tatranskej Lomnice, 25. do Jasnej. Každý deň sa pripravujú rôzne akcie a programy pre deti a dospelých. Všetky služby sú poskytované v rámci štátnej správy. Všetky služby sú poskytované v rámci štátnej správy. Všetky služby sú poskytované v rámci štátnej správy.

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LYŽIARSKÉ KURZY PRE ŠKOLY
 PODPORUJEME ŠPORTOVÉ AKTIVITY DETÍ

23€ SKIPAS LEN 5€

TATRY
 MOUNTAIN RESORTS

Spoločnosť Tatry mountain resorts, a.s.

aktívne posiluje športové aktivity detí, preto pripravuje počas zimnej sezóny 2010/2011 špeciálne podmienky v strediskách Jasná Nídky Tatry, Vysoké Tatry, Tatranská Lomnica a Strbišské Plešo na organizovanie lyžiarskych kurzov pre školy. Informácie o podmienkach organizácie a rezervácii kurzov a rezervačných formulároch na viac ako 50 km zjazdoviek, konfirmáciu a bezpečnosť prepravu na moderných lanovkách.

Nídky Tatry: +421 907 88 66 44 • info@jasta.sk • www.jasta.sk / Vysoké Tatry: +421 903 11 22 00 • info@vt.sk • www.vt.sk

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Deti aj rodičia si túto zimu užijú na Chopku lyžovačku na 36 km zjazdoviek, pohodlnú kabínkovú lanovku Grand Jet, novú detskú lanovku šikmú Medvedie, detskú reštauráciu Bamsečina a detský zábavný program. Vyhľadajte pohodlnú hotovku so skipasom v predaji aj na stránke www.jasna.sk

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Vo Vysokých Tatrách si túto zimu so skipasom Tatry Zolýžujete až na 23 lyžiarskych zjazdovkách, na 22 lanovkách a vlekokách, na 23 kilometroch zjazdoviek. Teraz so výhodných balíčkoch aj s ubytovaním na stránke www.vt.sk

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Výhodné GRAND balíky už aj cez internet!
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Teľte sa na skvelú lyžiarsku dovolenku v Tatrách, užívajte kvalitné služby, útulné gastronómie, dokonale udržiadané a zabavte sa s celou rodinou. A GRAND balíky Vám predáme so skipasom už aj cez internet!

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KPIs (KEY PERFORMANCE INDICATORS)

TMR management uses operational and financial key performance indicators (KPI's) to evaluate operational performance. The Company's portfolio is divided into three segments and subsegments and for this reason the management monitors performance of particular further into subsegments and subsegments individually.

OPERATIONAL PERFORMANCE INDICATORS:

Number of customers

As for the performance of the Mountain & Leisure segment, the management monitors development of financial indicators according to the number of customers in terms of sold skier days, i.e. one 4-day ticket means 4 customers in the High Tatras resorts Tatranská Lomnica and Starý Smokovec and in resort Jasná Nízke Tatry, as well as in aquapark Tatrallandia.

Average revenue per customer

In subsegments Mountain Resorts, Aquapark, Dining, and Sport Services & Stores, the key indicator is the average revenue per customer for a given period from sale of ski passes, entries, services, and products.

Occupancy

In the Hotels segment, the operation performance monitoring is based on the occupancy of individual hotels in the High and Low Tatras expressed as a percentage. After the last acquisition of Tatrallandia aquapark, the Hotel segment was extended also by accommodation facilities Tatrallandia Holiday Village, where TMR management monitors availability in percentage, too.

Average daily rate per room

Average daily rate per room (ADR) is one of the main indicators to measure the hotels' performance. It represents average revenue from an occupied room per given period. Calculation is based on the equation where room revenues are divided by the number of rooms sold.

Duration of stay

In individual hotels and accommodation facilities of the portfolio, the duration of clients' stay is monitored in days.

FINANCIAL PERFORMANCE INDICATORS:

Revenues

Operating revenues of the Company come solely from operational activities of the Mountain & Leisure segment - with subsegments: Mountain resorts, Aquapark, Dining and Sport stores and services - and segments Hotels and Real estate. Management also monitors revenues from the first segment according to the resorts: Vysoké Tatry, Jasná Nízke Tatry and aquapark Tatrallandia. Revenues in the Hotel segment are monitored on the individual hotel level and also on the resort level. Revenues in the last segment are monitored on the project level, however, in 2010/2011 the real estate projects were mostly in the preparation phase.

EBITDA

TMR management evaluates financial performance by means of key indicator EBITDA (Earnings before interest, taxes, depreciation and amortization). Financial indicator EBITDA clearly indicates financial performance of the Com-

pany based on operational activity because it eliminates effects of the Company's financing, as well as accounting decisions of non-operational character.

EBITDA margin

Management uses financial indicator EBITDA margin to measure operating profit. It equals to earnings before interests, taxes and depreciation and amortization (EBITDA) divided by the Company's operating revenues. Taking into consideration the fact that EBITDA excludes depreciations, EBITDA margin can provide the investor with a clear image about the operating performance.

MARKET ANALYSES

GLOBAL TOURISM INDUSTRY

In 2011 the state of global tourism is in upturn, recovering from major economic and natural turbulences during 2008 and 2009, with emerging economies in the lead (+4.8%), especially in Asia, and advanced economies at a slower rate (+4.3%). International arrivals started the recovery in 2010 with a 6.6% growth and now returned to pre-crisis levels - 440 mil in the first half of 2011, up by 4.5%. Travel and Tourism sector is now estimated to account for 9.2% of global GDP, 4.8% of global exports, and 9.2% of global investment, proving that this sector has a great potential in individual economies and presents an optimistic outlook. The Travel & Tourism Competitiveness Index (developed by the World Economic Forum) measures factors and policies that impact competitiveness of the Travel & Tourism sector in individual countries in context of regulatory, business, cultural, and natural environment. According to the index, Switzerland remains ranked the highest this year, followed

Travel & Tourism Competitiveness Index 2011 and 2009 comparison (Selected countries)

Country/Economy	2011		2009	
	Rank/139	Score	Rank/133	
Switzerland	1	5,68	1	
Germany	2	5,5	3	
France	3	5,41	4	
Austria	4	5,41	2	
Sweden	5	5,34	7	
United States	6	5,3	8	
United Kingdom	7	5,3	11	
Spain	8	5,29	6	
Canada	9	5,29	5	
Singapore	10	5,23	10	
Czech Republic	31	4,77	26	
Hungary	38	4,54	38	
Poland	49	4,38	58	
Slovak Republic	54	4,35	46	
Russian Federation	59	4,23	59	
Ukraine	85	3,83	77	

by Germany, France, Austria, Sweden, the United States, the United Kingdom, and Spain. Slovak Rep. is ranked 54th out of 139, a drop from the 46th rank in 2009⁴. TMR did not observe the global upward trend in tourism in 2010 since our visit rate was weaker by 8% in 2009/2010 than the year before. However, 2010/2011 already reflects the positive trend. In comparing to 2009/2010 the total number of visitors of in the TMR mountain resorts increased in 2010/2011 by 20%.

REGIONAL TOURISM INDUSTRY

The target group for TMR is represented by tourists from the Central and Eastern Europe and Commonwealth of Independent States (CIS), especially Slovakia, Czech Rep. Poland, Ukraine, and Russia. In the first half of 2011, the CEE region posted the highest growth in Europe- +9%, measured by international arrivals⁵. According to the Travel & Tourism Competitiveness Index, countries that are ranked higher than Slovakia are Czech Rep., Poland, and Hungary, whereas Slovakia is perceived more attractive than Russia or Ukraine in 2011.

SLOVAK TOURISM INDUSTRY

In Slovakia the travel and tourism industry directly contributes to GDP with 1.5% (2010) and its total impact on GDP (directly and indirectly) is 9.9%, which is EUR 7.4 bn. International arrivals in Slovakia in 2010 grew by mere 2.2% from 2009, which is less than the European average of +3%. However, in the first half of 2011, the jump was +11.6%, which is more than the 6% growth in Europe, and even more than the average growth in the CEE region. In the first quarter of 2011, Slovak tourism observed a 7% increase in international arrivals. The biggest increase was among Ukrainian tourists (+21.2%) and Russians (+18.8%) who tend to visit Slovakia in the winter time. The positive trend can be attributable to the development of mountain resorts, lodging package deals, universal ski passes, discount cards, and a speedier visa process. The majority of these factors can be observed in TMR's resorts. In the first half of 2011 there were 37% more Russian tourists and 31% more arrivals from Ukraine. Arrivals from the Czech Rep. were up by 11%, the portion of Polish travelers increased by 5%, and there were 21.5% more travelers from Hungary. A lesser interest was observed on the German, Italian (-5.6%) and British market. Further increases were recorded from Austria (+176%), the United

States (+34%), Romania (+29%), and South Korea (+26%). The portion of domestic tourists increased by mere 1%. The ratio of domestic to foreign tourists in Slovakia was 60:40 in the first half of 2011⁶.

When comparing attractiveness and development of the tourism industry in Slovakia with the rest of the advanced economies, Slovakia is viewed as the least attractive, since it was ranked 54th out of 139, or the lowest out of all advanced countries in the Travel & Tourism Competitiveness Index in 2011⁸.

REGULATORY ENVIRONMENT

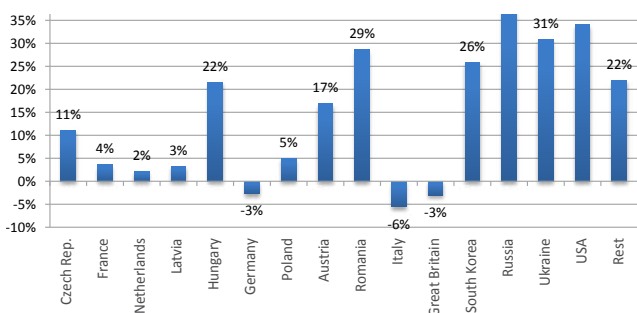
Since Slovakia is an EU member, business regulations comply to a certain degree with EU regulations. Regulatory environment that TMR operates in is somewhat stricter than in neighboring countries, especially regarding environmental sustainability, than in neighboring countries because TMR conducts its business activities in areas with high environmental protection natural environment, although TMR's assets are located in urbanized locations with a long history of tourism.

Regarding government prioritization of tourism, Slovakia is ranked among the last countries in the ranking⁸, although at the time of this report a new act had been passed (effective 1. 12. 2011) with a goal to boost tourism development through organized cooperation of regional business and municipal entities, with partial subsidies by the state⁹.

GLOBAL MOUNTAIN INDUSTRY

Europe is the relevant market for TMR's ski business, especially the CEE and CIS region, whereas TMR does not directly compete with North America in the mountain industry due to great distance barriers. In Europe the biggest skiing destinations are Alpine countries- Austria, France, Switzerland, Germany, and Italy (see chart below). Worldwide, the Alps capture the greatest market share, accounting for 50% of skier visits (skier days)*. The second most significant is North America with 22%. Central and Eastern Europe attracts only 5% of skiers, although this region produces 13% of skiers globally. This introduces an opportunity to grow in provision of ski resorts at least to match the regional demand. Among Alpine countries, France has the most major resorts (with over 1 million skier visits)- 14, and the highest number of skier visits per year- 54.8 million but Austria records the most skier visits per inhabitants- 2.15, whereas Switzerland has the highest participation rate of nationals on the mo-

Change in No. of Visitors (1H 2011)⁷



Origin of Tourists in Slovakia 1H 2011⁷



⁴Source: World Tourism Organization (UNWTO), Press release, Sep 7, 2011; World Economic Forum, Travel & Tourism Competitiveness Report 2011, 2011

⁵Source: TREND

⁷Source: SACR.sk

⁸Source: World Economic Forum, Travel & Competitiveness Report 2011

⁹Source: telecom.gov.sk

* The number of skier visits is measured in terms of skier days; which means one person visiting a ski area for any part of day or night for the purpose of skiing, snowboarding or other downhill slide. For example, a 4-day ticket means 4 skier visits.

untain tourism - 37%, with France having the highest total number of domestic skiers - 12 million¹⁰. Mountain industry in general is very capital intensive because of essential investments into cableways and other resort facilities, which represent great barriers of entry. Another essential entry criterion is e.g. location since skiing requires a mountainous area with a milder/colder climate.

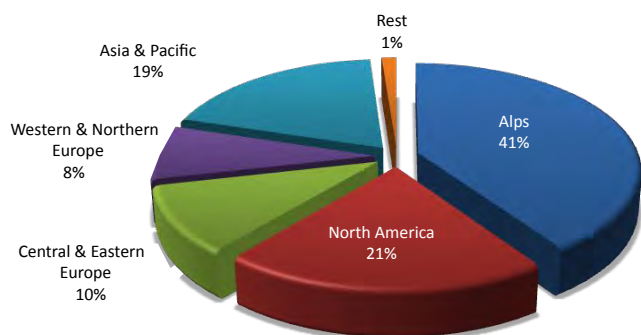
REGIONAL MOUNTAIN INDUSTRY

In the CEE and CIS region the Czech Republic has the most ski resorts (over 4 lifts)- 70, even though the majority of the areas are up to 1300m above sea level, followed by Slovakia with around 470. Poland had the highest number of skier visits in the winter season 2010/2011- 4 mil, followed by Slovakia with 3.9 mil¹¹. Slovakia has a competitive advantage in the region since 80% of the geographical area is situated above 750m above sea level; and the area includes the highest mountain range in the region - the Tatras, with the highest peak of 2,655m - Gerlachovský štít.

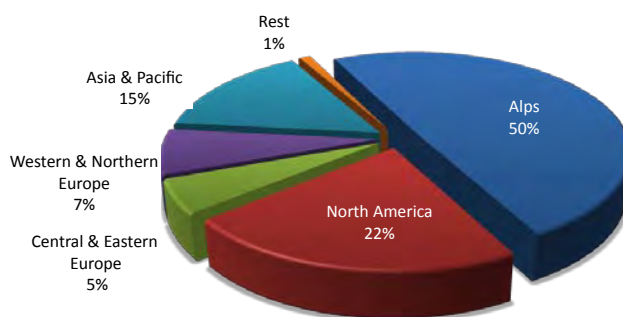
SLOVAK MOUNTAIN TOURISM

On the Slovak mountain tourism market TMR is the clear leader in terms of the number of resorts, ski lifts, transportation capacity, km of ski trails, lifts elevation, and revenues with the market share of 69%. The second largest company on the market is Omnitrade a.s. (private) with a 15% market share and Pro Ski a.s. (private) with 5%. Altogether there are around 19 companies active in the mountain tourism, mostly private, and around 470 major ski resorts (3*, 4*, and 5* quality) in Slovakia. When comparing individual resorts in the winter season 2010/2011 and their km of ski trails, TMR's resorts Jasná Nízke Tatry (36.3km) and Vysoké Tatry (11.034,3km) were the biggest ones in Slovakia, followed by Vratna free time zone (14km), Skipark Kubínska Hôľa (14km), Veľká Rača Oščadnica (14.7km), and Winter Park Martinky (13.3km)¹².

Location of ski resorts** worldwide (2059 total resorts)¹¹



Concentration of Skier Visits Worldwide¹¹



Mountain Tourism - Country Comparison

Country	No. of Ski areas	No. of areas > 4 lifts	Number of major resorts (>1 mil Skier Visits)	Number of lifts	Skier visits	Skier visits/lifts	Proportion of domestic skiers (in % population)	Number of skiers (nationals)	% foreign skiers	Skier Visits per inhabitants	Skier Visits per foreign visitors
Alpine countries											
Austria	254	199	12	3 003	52 006 000	17 318	36%	2 953 992	66%	2,15	1,6
France	325	233	14	3 731	54 760 000	14 677	19%	12 170 980	28%	0,62	0,21
Italy	349	216	4	1 948	26 820 000	13 768	8%	4 651 626	15%	0,39	0,09
Switzerland	240	102	7	1 774	27 550 800	15 530	37%	2 805 162	50%	1,82	1,66
Germany	510	82	0	1 827	13 560 000	7 422	14%	11 531 737	10%	0,15	0,06
United States	481	354	7	2 970	58 201 000	19 596	4%	13 064 460	6%	0,18	0,06
Eastern Europe											
Czech Rep.	176	70	0	816	3 000 000	3 676	20%	2 044 182	35%	0,19	0,17
Hungary	34	5	0	70	500 000	7 143	5%	496 546	10%	0,05	0,01
Ukraine	41	8	0	98	800 000	8 163	2%	919 886	5%	0,02	0
Poland	72	11	0	832	4 000 000	4 808	6%	2 310 042	10%	0,09	0,03
Russia	170	31	0	414	3 000 000	7 246	3%	3 517 552	2%	0,02	0
Slovakia	91	47	0	489	3 900 000	7 975	18%	981 973	25%	0,54	0,75

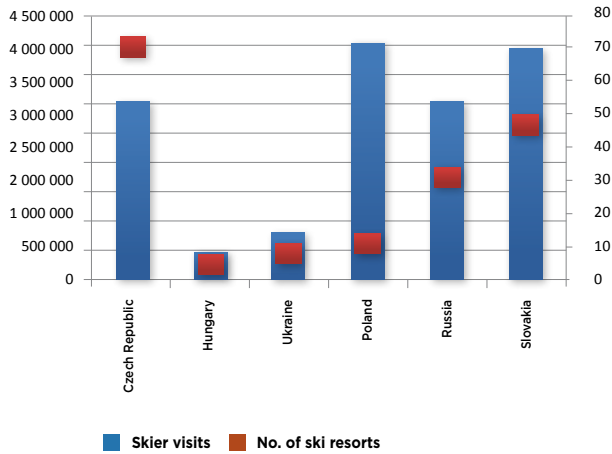
¹⁰ Source: vanat.com

¹¹ Source: vanat.com

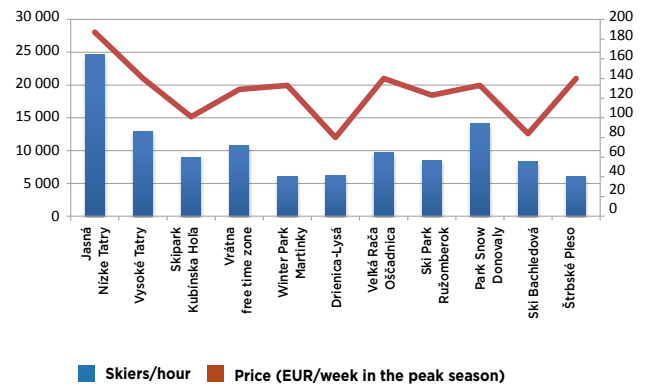
¹² Source: SACR - sacr.sk, Trend, TMR

**Ski resort is considered a ski area with more than 4 lifts.

Regional Mountain Tourism



Transport Capacity and Ski pass prices (EUR/week) of leading ski resorts in Slovakia (winter season 2010/2011)



Trails (km) of the leading ski resort in Slovakia during the winter season 2010/2011





RISK FACTORS AND RISK MANAGEMENT

Main risks that the Company faces can be divided into market, operational and financial risks. Management has the complete responsibility for defining and controlling the Group's risks. All of these factors are either external risks, which means they are completely beyond the management's control, whereas internal risks can be at least partially controlled by management.

MARKET RISKS

BUSINESS CYCLE

Majority of TMR's revenues depend on the number of visitors to TMR's resorts and hotels. The vacation choices of TMR's clients also depend on the business cycle of the economy and the level of their discretionary income. Development of such macroeconomic factor is an external risk for TMR. Years 2008 and 2009 negatively impacted tourism worldwide due to the global crisis, especially in Slovakia GDP fell in 2009 by 4.7%, whereas 2010 showed signs of improvement in macroeconomic indicators- GDP of Slovakia rose 4%, and 2011's GDP is estimated to grow another 3%. TMR's visitor numbers were consequently 8% weaker in 2009/2010, but the visit rate picked up in 2010/2011; up by 63%. The impact of Slovakia's GDP on TMR's operations is partially reduced by the fact that TMR's visitors come from different countries (see Corporate Strategy).

SEASONALITY

TMR's business model is primarily seasonal, although TMR's strategy involves building and promoting all-year vacation destinations. The busiest months are from January through March, especially in the number of skiers, and July and August in the aquapark and Vysoké Tatry resort. Management is continuously working on attracting visitors in the off-season, e.g. by providing snowmaking facilities, warm thermal water in the aquapark, vibrant marketing campaigns, and by organizing events in the resorts and hotels.

WEATHER

TMR's visitor numbers to a certain degree also depend on a successful winter season, meaning- on favorable weather conditions in terms of abundance of natural snow and temperatures below zero degrees Celsius. However, TMR man-

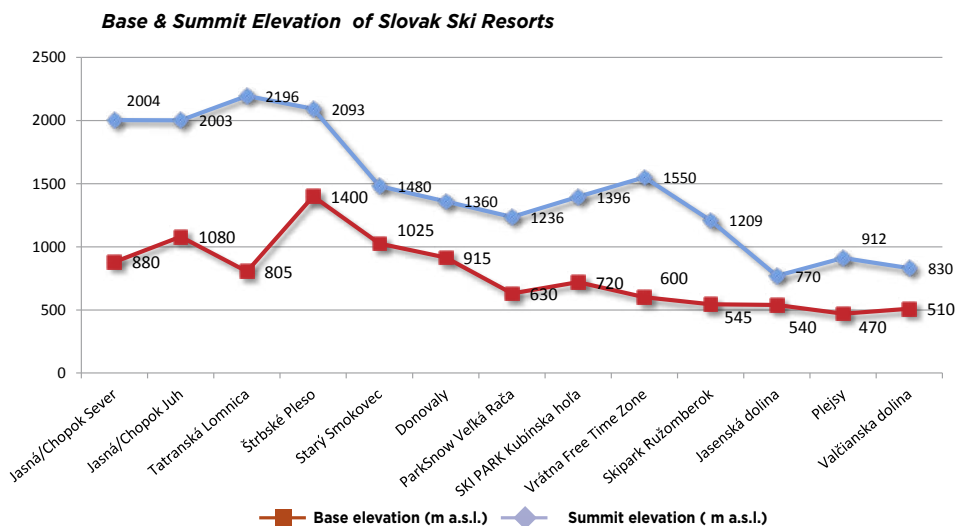
ages this risk factor with the already-mentioned snowmaking facilities. In the winter season 2010/2011 the snow coverage by snowmaking facilities was 21.4km, and snowmaking was expanded by 6km during 2010/2011, ready for the winter season 2011/2012. The extensive scope of coverage by technical snowmaking gives TMR an absolute advantage among competitors in Slovakia in case of shortage of natural snow. Historically, the Low Tatras area has had an average of 80 cm of snow during the winter season and the High Tatras 85 cm. On the other hand, warmer weather may increase the cost of technical snowmaking and reduce the scope of skiing area. At the same time, the resorts are located in a mountainous area with a generally colder climate. Also, in comparing with other Slovak mountain resorts, TMR's resorts have start and terminal cableway stations with the highest altitude. Warm thermal water in Tatrallandia partially offsets the cold weather effects, but favorable weather in the summer months is essential for hiking tourists, for instance.

ENERGY AND OIL PRICES

TMR's expenses are affected by gas consumption of trail-grooming vehicles. As for energy prices, higher energy costs are directly reflected in operational expenses of the resorts and hotels, such as energy consumption for operation of cableways and snowmaking guns. TMR partially manages the impact of energy prices on its operations by investing into latest technology of cableway equipment, e.g. building of Funitel by Doppelmayr (See Social Responsibility).

COMPETITION

TMR competes for visitors in a domestic oligopolistic market, with the position of the leader in terms of the market share and the range of services. In the European market the Company faces monopolistic competition with a large number of competitors that provide a wide supply for visitors. TMR relies on high quality services, reasonable prices in comparing to Alpine resorts, patriotism, and locality with the goal of attracting visitors. In the Aquapark subsegment TMR also has a leading position in the local market, although visitation of aquaparks also depends on the travel distance for the given visitor (See Market Analysis). Partially, TMR manages this type of risk with marketing tools, by utilizing its tangible and intangible assets, such as its strategic po-





sition in the Tatras mountain range, and by a well-defined corporate strategy described in the Corporate Strategy section.

OCCUPANCY RATE

The risk of lower occupancy rate is present only in the Hotels segment, and it is directly related to macroeconomic factors described above. The problem with a lower occupancy rate comes mainly in the off-season when mountain resort tourist activities are limited. The average occupancy rate of TMR's hotels in 2010/2011 was 50.4%, which was 28.5% higher than the year before. TMR's hotels follow the trend of the hotel industry in the Central and Eastern Europe, which is still recovering from the crisis. However, each capital in the region has a different development of the hotel industry, dependent on the current macroeconomic indicators. For the purpose of comparison, we use the hotel market in Bratislava as a domestic market reference, where occupancy improved by 6% to 52%, although average daily rates (ADR) in the Slovak capital dropped 7% to EUR 77¹⁴. Occupancy rate is partially managed through marketing activities, such as offering special seasonal- or weekend lodging packages in conjunction with events in the hotels or resorts, e.g. live cooking show, romantic spa weekends, lodging with a ski pass included, serving "brain food" for corporate clientele, etc.

REAL ESTATE MARKET

One of the three operational segments of TMR is focused on real estate, as described in the Company profile section. The revenues of this segment depend on sale and/or lease of land, residences and commercial space in the real estate projects. Even though this process is mainly still in the preparation phase, its success also depends on the state of the real estate market, which is an external risk factor. Current situation in this industry is not favorable and hardly predictable, hoping for a recovery. TMR mitigates the risk of low sales with revenues from lease of space, facility management, and operation. Also, TMR intends to capitalize on synergies from other segments, such as marketing, procurement of inventory, human resources, etc. In the Grand Resi-

dences Tatranská Lomnica project TMR takes advantage of low development costs since it utilizes the already existing space and services of Grandhotel Praha.

FINANCIAL RISKS

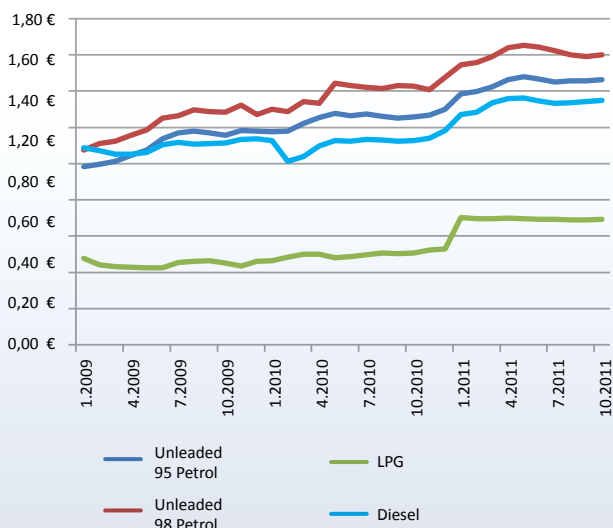
EXCHANGE RATES

Volatility of exchange rates in relation to euro is an external risk that affects the Company's revenues because majority of TMR's foreign clients come from countries outside of Eurozone- Czech Rep., Poland, Ukraine, Russia, etc., therefore their travel choices are impacted by currency movements. Appreciation of euro in respect to Polish Zloty, for instance, negatively impacts the number of visitors from Poland. The winter season 2010/2011 benefited from a depreciation of euro in respect to Polish Zloty and Russian Rubble. Investments into the resorts in terms of technology, procurement of inventory, and last year's acquisition were settled in euros, thus the currency impact was eliminated.

INTEREST RATES

The extent of this risk is equal to the amount of interest-earning assets and interest-bearing liabilities, where the interest rate at maturity or at the time of a rate change is different from the current interest rate. The period of a fixed rate for a financial instrument therefore reflects the risk for fluctuations in interest rates. The Company's loan portfolio is based on short- and long-term bank debt based on 1-month or 3-month EURIBOR rates. The Group considers the variable interest rate to manage the interest rate risk automatically. In case of an economic expansion, EURIBOR grows, but at the same time economic performance of the population grows, and the company is more profitable. In case of an economic recession, it is the exact opposite. Besides the borrowings, TMR holds its cash equivalents in J&T Private equity promissory notes with a fixed interest rate of 7.5%, thus the Group mitigates the risk of interest rate fluctuations downward. The Exposure to this risk is detailed in Consolidated Financial Statements, note 34.

Fuel Prices in Slovakia¹³



¹³Source: Statistical bureau SR

¹⁴Source: HVS 2011 European Hotel Valuation Index

FINANCIAL INVESTMENTS AND CREDIT RISK

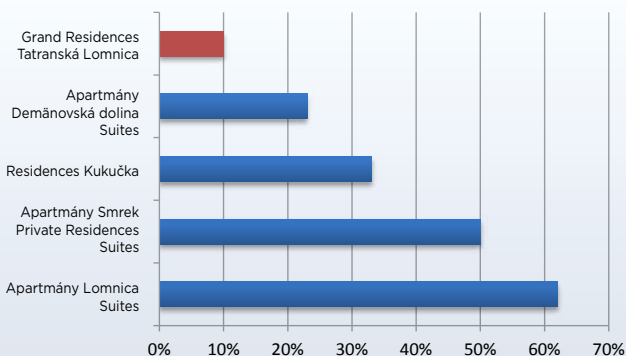
The group is primarily exposed to risk with trade receivables, receivables from leasing, other receivables, advances and loans granted. The extent of this risk is expressed in the book value of assets on the balance sheet. Book value of receivables, credits, and loans represent the highest possible accounting loss that would have to be accounted for in the event of counterparty's default- counterparty will fail to fully meet their contractual obligations and all guarantees and warrants would have nil value. Therefore, this value significantly exceeds the expected losses in the reserve for unredeemable receivables. The investment return from money market instruments, J&T Private Equity promissory notes, comes to a fixed rate of 7.5% APR. Further, TMR holds equity stock available for sale of Compagnie des Alpes (CDA) and Best hotel properties, a.s. (BHP), which are traded on the Paris Stock Exchange and Bratislava Stock Exchange. The investment in BHP shares is guaranteed a compensation by J&T Finance Group in case of drop in the principle investment value, thus the risk is mitigated. However, the investment into CDA is not substantial, thus the equity price risk for the Group is not significant. The extent of the risk exposure is detailed in Consolidated Financial Statements, note 34.

LIQUIDITY

Liquidity risk arises in the general financing of the Group's activities and financial positions. It includes the risk of being unable to finance assets at an agreed maturity and interest rate and inability to realize assets at a reasonable price in a reasonable time frame. Individual companies in the Group use different methods of managing liquidity risk. Group's Management focuses on managing and monitoring the liquidity of each company. In order to manage liquidity, the management changed the accounting year for the financial year ending on October 31. 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 resort Vysoké Tatry is balanced also by high summer season, and it provides more stable liquidity throughout the year. With the ownership of the promissory notes redeemable at sight the Group has sufficiently secured liquidity. The extent of the risk exposure is detailed in Consolidated Financial Statements, note 34.

Occupancy of Real Estate Projects in the Region¹⁵



¹⁵Source: hnonline.sk
¹⁶Source: finance.yahoo.com

OPERATIONAL RISKS

Operational 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 is faced by all companies within the Group. Operational risk also includes legal risk. The Group's goal is to manage the operational risk to avoid financial losses and harm the reputation of the Group while maintaining optimal costs and avoiding measures that would hinder initiatives and creativity. The Group's management has the main responsibility for implementation of controls related to the management of operational risk. This responsibility is supported by the development of standards for the management of operational risk common for the whole Group. The operational risk is managed by the system of directives, meeting minutes and control mechanisms. The Group has the controlling department where we try to eliminate all operational risks by regular checks.

SAFETY

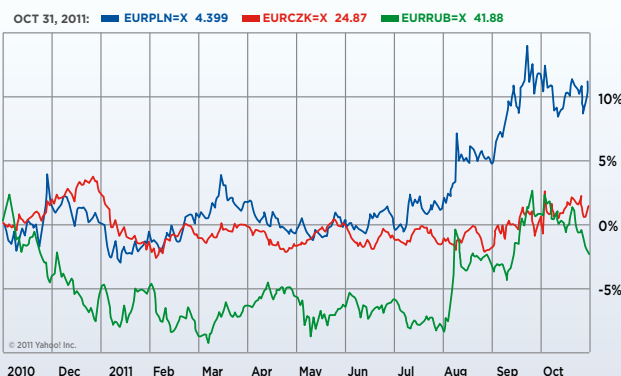
Safety is of great concern to TMR since the Company operates in types of business with varied safety risks. TMR is obliged to mitigate safety risk and guard its clients and employees in the following situations:

- In the course of developing, maintaining, and operating cableways, lifts, trails, and other resort facilities
- In relation to health risks when providing dining services in the restaurants and hotels
- In relation to operations of the lodging facilities
- Any accidents and incidents during promotional and collaborative events
- In relation to compliance with regulations governing provision of ready-made products and services to clients

IT SECURITY

The Group's business activities substantially depend on IT systems- on ticket sales platforms (interconnected in ski resorts because of universal ski passes); on lift turnstiles; on cableway equipment; and in shops, restaurants, and hotels. Therefore, the Group takes extraordinary measures to mitigate the risk of break-down with high quality software and hardware components and a strong IT support in order to be able to operate under contingency mode.

1-year performance of EUR¹⁶



A scenic mountain landscape under a clear blue sky. In the foreground, two people are seen from behind, looking out over a valley. One person is wearing a white cap and a light green jacket, pointing towards the distance. The other person is wearing a patterned jacket and white pants. A wooden railing runs across the bottom of the frame. In the middle ground, a red cable car is suspended from a cable, moving up a steep, rocky mountain slope. The cable car has 'TLD' and 'www.tld.ch' written on it. The background features rugged, grey rock formations and patches of snow or light-colored rock. The overall scene is bright and clear, suggesting a sunny day.

FINANCIAL PERFORMANCE REVIEW FOR THE YEAR

- Total consolidated revenues reached 38.8 mil euros (+59%);
- Operating consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) reached 12.2 mil euros (+84%)
- Operating profitability (EBITDA margin) reached 31.5% (+16 percentage points)
- Net consolidated profit was noted in the amount 9.03 mil euros (+57%)
- Net consolidated profit per share reached 1.35 euros
- Operating profitability improvement due to an increase of income without a proportional increase of fixed costs
- Like-for-like increase of income and operating profit (EBITDA) in both main segments Mountains & Leisure and Hotels year-over-year
- Total number of customers at 1.7 mil (+63%); number of customers in the mountain resorts at 1.2 mil (+20.5%)
- Cash flow from operating and investment activities reached -53.5 mil euros.

The positive results of operations reflected in the increase of income and operating profit (EBITDA) might be attributed to the successful corporate strategy. In particular, the results were emphasized by the return on capital investments realized in the previous year and acquisitions. The group successfully eliminated the impact of unfavorable weather in the winter season 2010/2011 through expansion of technical snowmaking. Within the acquisition activity the Group expanded its portfolio by aquapark Tatralandia in April 2011, which helped to balance out seasonality of operational activity and minimized the impact of unfavorable summer weather thanks to hot thermal springs. Operating profitability showed a notable improvement also due to maximum use of synergies among segments and subsegments in marketing campaigns, human resources or central purchase due to which variable costs did not increase proportionally with revenues. An extensive marketing campaign on the Slovak and Polish market and introduction of attractive special offers contributed to successful results. Expanded après ski activities (Music Club Happy End, wellness in Grand Jasná, Tri studničky) and additional services (Fashion Café) helped to increase revenues in segments and subsegments Dining, Sport stores and services, and Hotels.

Selected consolidated results (IFRS)

v €'000	2010/2011	2009/2010	Change (%)	2010/2011 (adjusted)*	2009/2010 (adjusted)*	Change (%)
Revenues	38 758	24 338	59,2%	39 948	26 034	53,4%
EBITDA	12 219	6 633	84,2%	11 539	6 682	72,7%
EBITDA margin	31,5%	27,3%	4,3%	28,9%	25,7%	3,2%
Depreciation and Amortization	-8 120	-6 831	18,9%			
EBIT	1 599	-703	NA			
Financial Activity, net	5 332	6 111	-12,7%			
Income Tax	-4 307	275	NA			
Net Income	9 027	5 759	56,7%			
Number of Shares Outstanding	6 707	6 707	0,0%			
Earnings per share	1,35	0,86	56,7%			

*For more relevant evaluation of operational performance the adjusted results are reported including 100% of the GH. S. Smokovec Vysoké Tatry equity, which, per IFRS, is accounted for by the equity method, the Provision created for revitalization of the High Tatras amounting to EUR 479 ths. is excluded due to its non-operational character, and the Gain on revaluation of properties is eliminated.

TOTAL REVENUES AND PROFIT

TOTAL REVENUES

Total consolidated revenues reached 38.8 mil euros (24.3 mil euros), which is a 59.2% increase year-over-year. Adjusted revenues in the scope of like-for-like reached 32.2 mil euros (26 mil euros), which is a 23.6 % increase.¹⁷

EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION (EBITDA)

Consolidated EBITDA reached 12.2 mil euros (6.6 mil euros), or showed an increase of 84.2%. Adjusted operating EBITDA reached 7.8 mil euros (6.7 mil euros), which is a like-for-like increase of 17.4% compared to last year.¹⁷ Consolidated operating profitability (EBITDA margin) improved by 15.7

percentage points to 31.5% (27.3%). EBITDA margin slightly dropped like-for-like by 1.3 percentage points to 24.4%.

ITEMS WITH IMPACT ON COMPARABILITY AND OPERATING PROFITABILITY

The acquisition of aquapark Tatralandia in April 2011 had a great impact on consolidated results of the Group. The overall impact on consolidated revenues is 7.8 mil. euros. Tatralandia participated on operating revenues (EBITDA) with 3.7 mil euros. Consolidated revenues and EBITDA were also impacted by a one-off provision for revitalizing the High Tatras in the amount of 479 ths. euros. Consolidated revenues exclude revenues from Grandhotel Starý Smokovec, which is accounted for according to IFRS by the equity method, but the Group analyzes operating profitability of 100% equity of the hotel. Gain on revaluation of properties does not have operating character either.

¹⁷ The adjusted like-for-like operating results evaluate the performance of business segments Mountains & Leisure, Hotels, and Real Estate; the Hotel segment includes results of 100% equity of Grandhotel St. Smokovec, Vysoké Tatry. Operating results exclude the impact of aquapark Tatralandia, which was added to TMR's portfolio in April 2011.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization increased by 1.3 mil euros or by 18.9% mostly because of the continual investment strategy and acquisition of the aquapark, resulting in an increase of fixed assets value by 56.5 mil euros.

FINANCE ACTIVITY

Finance income, net decreased by 12.7% to 5.3 mil euros (6.1 mil euros) due to a slight fall of interest income by 740 ths. euros due to a partial payment of interest-bearing promissory notes, which were used to finance the purchase of Tatralandia.

PROFIT/LOSS AFTER FINANCIAL ACTIVITY

The group recorded a loss from associates in the amount of -1.7 mil euros (-46 ths. euros) due to impairment of property of Grandhotel Starý Smokovec.

Negative Goodwill had a striking impact on Pre-tax income, in the amount of 8.1 mil euros (122 ths. euros), as a result of a change in fair value of Tatralandia, purchased for 30.5 mil euros.

TAX

Income taxes due were reported for the first time, in the amount of 1.2 mil euros. Deferred tax was in the amount of 3.2 mil euros.

NET INCOME

Net income for the year reached 9.03 mil euros (5.76 mil euros), which represent a significant growth of 57%. Earnings per share were in the amount of 1.35 euros (0.86 euros). Af-

ter the net change in fair value of financial assets, consolidated net income resulted in 9.18 mil euros (5.75 mil euros).

SIGNIFICANT EVENTS OF THE YEAR

Positive financial results can be attributed to the corporate strategy that the Group pursued through the following investment and acquisition steps:

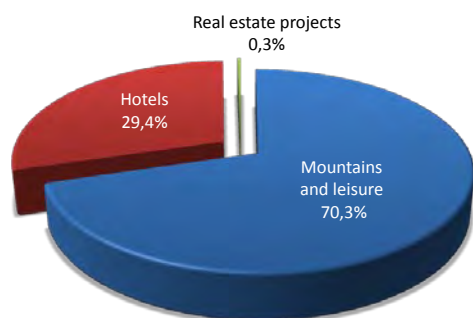
ACQUISITION

As per the second strategic pillar – growth through acquisitions and financial investments, the Group was successful with the acquisition of Tatralandia in April 2011. Tatralandia is the biggest resort of water entertainment in Slovakia. The rightness of this step was reflected in the total revenues for the period from April to the end of October 2011 in the amount of 7.8 mil euros from admissions to aquapark, and from restaurant and accommodation facilities (Holiday Village Tatralandia) in comparison to estimated 6 mil euros. The aquapark revenues were reflected in particular in the Mountains and Leisure segment and subsegments Aquapark, Dining, and in the Hotels segment. The acquisition also brought synergies from accommodation capacities, in the area of central purchase, marketing, facility equipment, IT, and human resources. The transaction value which included the purchase of the aquapark together with 156 bungalows was 30.5 mil euros. The former owners of Tatralandia became TMR shareholders and participated in management of TMR as members of the Board of Directors and Supervisory Board. With the integration of Tatralandia into TMR's portfolio, the Group gradually transforms into an all-season tourist resort provider.

CAPEX

In terms of organic growth also based on intensive policy of capital investments into development of the resorts and hotels, the Group invested 29.6 mil euros (26 mil euros) during the year, which means an increase of 13.2 % compared to the CAPEX budget last year. Investments flew especially into cableways, expansion of technical snowmaking coverage, development of services and attractions in the aquapark, and hotels renovation. From the beginning of the investment strategy (last 5 years) the Group invested 100 mil euros and another 56 mil euros are planned for capital investments within the organic growth by 2014.

Revenues Break-down



Investments 2010/2011

Vysoké Tatry	Nízke Tatry
1. 8-seat lift Buková hora – capacity expanded by 2400 persons per hour	1. Aquapark – new toboggan TRIO
2. Expansion of trails and technical snowmaking coverage by 3 km	2. Expansion of trails with technical snowmaking up to 1843 m.a.s.l., together 20 km trail
3. Completion of the addition to Grandhotel Praha and capacity expansion by 27 rooms and 6 apartments with fireplaces and renovation of the hotel wellness spa.	3. Start of Funitel construction with planned finish in 2012
4. New shop Tatry motion in Štrbské Pleso	4. New après ski bar at Music club Happy End
5. Expansion of restaurant Štart in Tatranská Lomnica	5. New shop Tatry Motion near Hotel Grand Jasná and new Intersport in Záhradky - modern shopping zone with designers brands and accessories on area of 1565 m ²
6. 400 new parking places	6. Reconstruction of 27 rooms in Hotel Grand Jasná
	7. Expansion of parking near Grand Jasná hotel
	8. 300 new parking places
	9. Bigger area for children school Maxiland in Jasná on 6,000 m ²

SEGMENT AND SUBSEGMENT RESULTS

Revenues in €'000*	2010/2011	2010/2011 like-for-like	2009/2010	Change (%)	Change (%) like-for-like
Mountains & Leisure	28 097	21 324	17 410	61,4%	22,5%
Mountain Resorts	17 849	17 849	14 934	19,5%	19,5%
Aquapark**	5 599	NA	NA	NA	NA
Dining	3 352	2 178	1 562	114,5%	39,4%
Sport Services & Stores	1 297	1 297	913	42,0%	42,0%
Hotels	11 732	10 684	8 329	40,9%	28,3%
Real Estate	119	119	296	-59,7%	-59,7%
Total revenues (operational)	39 948	32 128	26 034	53,4%	23,4%

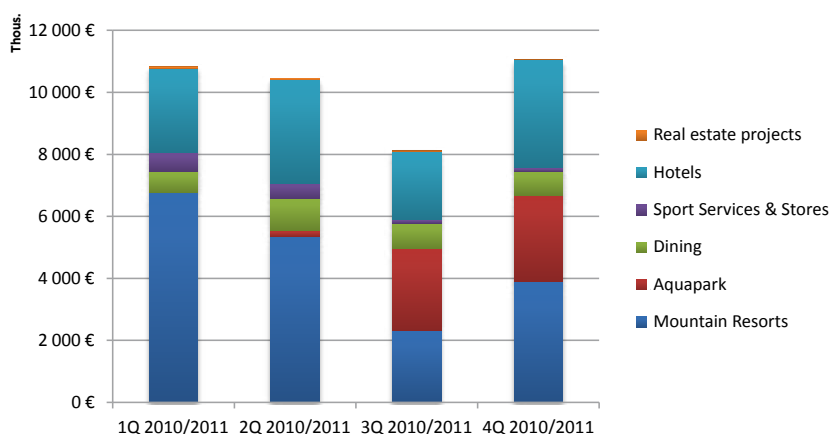
EBITDA in €'000	2010/2011	2010/2011 like-for-like	2009/2010	Change (%)	Change (%) like-for-like
Mountains & Leisure	8 764	5 321	4 952	77,0%	7,5%
Mountain Resorts	4 805	4 805	4 799	0,1%	0,1%
Aquapark**	2 926	NA	NA	NA	NA
Dining	814	297	127	539,5%	133,3%
Sport Services & Stores	219	219	25	762,3%	762,3%
Hotels	2 768	2 507	1 556	77,9%	61,1%
Real Estate	7	7	174	-96,2%	-96,2%
TOTAL EBITDA	11 539	7 835	6 682	72,7%	17,3%
EBITDA MARGIN	28,9%	24,4%	25,7%	3,2%	-1,3%

Revenues in €'000*	1Q 2010/2011	2Q 2010/2011	3Q 2010/2011	4Q 2010/2011	Total 2010/2011
Mountains & Leisure	8 054	7 071	5 904	7 562	28 097
Mountain Resorts	6 768	5 340	2 328	3 907	17 849
Aquapark	NA	194	2 629	2 776	5 599
Dining	691	1 056	826	779	3 352
Sport Services & Stores	595	481	121	100	1 297
Hotels	2 716	3 332	2 198	3 486	11 732
Real Estate	48	52	19	1	119
Total revenues (operational)	10 818	10 454	8 121	11 049	39 948
EBITDA MARGIN	28,9%	24,4%	25,7%	3,2%	-1,3%

*For more relevant evaluation of operational performance the adjusted results are reported including 100% equity of GH. S. Smokovec Vysoke Tatry, which, per IFRS, is accounted for by the equity method; the Provision created for revitalization of the High Tatras in the amt. of EUR 479 ths. is excluded due to its non-operational character; Gain on revaluation of properties and receivable write-offs are eliminated from EBITDA.

** Aquapark Tatralandia has been included in the portfolio only since April 2011 and, thus the aquapark results of are reported only for the period of seven months from 1st April to 31st October.

Operational revenues per quarter





FINANCIAL OPERATING RESULTS

MOUNTAINS AND LEISURE

The Mountains and Leisure segment recorded a double-figure increase of both revenues and operating profit (EBITDA), and improvement of operating profitability (EBITDA margin), while growth is recorded in all subsegments. The segment achieved the greatest operating revenues in the first quarter of the fiscal year. Like-for-like revenues and EBITDA without the impact of the acquisition of Tatralandia also recorded growth. Revenues from this segment comprise 70% of total Group's revenues. Like-for-like operating profitability slightly fell due to a decrease of EBITDA margin in Jasná Nízke Tatry, caused by notable one-off revenues from corporate clientele in 2009/2010 which were not reflected in operating expenses of that year. Positive overall results of the segment are mainly a result of the integration of Tatralandia that not only brought growth of revenues and operating profit but also synergic benefits into other segments and subsegments. In the like-for-like scope the revenue- and profit growth can be attributed to the successful capital investments in the resorts, realized during 2009/2010 and thanks to a strong marketing support.

MOUNTAIN RESORTS

Double-figure percentage increases of revenues can be observed in Vysoké Tatry and Jasná Nízke Tatry mountain resorts, although EBITDA remained almost unchanged resulting in a decrease of operating profitability (EBITDA margin). The reason is a decrease of 1.5 mil euros in EBITDA in Jasná because of major one-off revenues from corporate clientele in 2009/2010 that did not repeat in 2010/2011 and due to the low price of accommodation packages in Jasná. However, the fall of revenues and EBITDA in Jasná Nízke Tatry was balanced out by a 62% revenue increase and a 101% EBITDA increase in Vysoké Tatry. Great success in Vysoké Tatry might be attributed to successful cooperation with Štrbské pleso in terms of marketing, common ski passes, accommodation packages, and investments completed du-

ring previous year, for example a new cableway in Tatranská Lomnica, that considerably improved the quality of service for clients. Accommodation packages, within the cooperation with hundreds of accommodation providers who offered discount prices for ski passes of up to 30% with discount cards Liptov Region Card and Parksnow Card, had a great impact on the subsegment revenues. Both cards, in addition to reduced price for ski passes, offered other services in the resorts or special prices with other partners. Sale of 6-day ski passes increased by 59% in comparison to previous year. In regards to revenues, the strongest quarter was the first one.

AQUAPARK

Revenues from admission to aquapark Tatralandia only reached 5.6 mil euros during the period from April 2011 to the end of October 2011, which equals nearly the total Tatralandia's revenues planned for all segments and subsegments. Tatralandia reported the highest revenues in the last quarter of the fiscal year, which includes just the last month of the summer, August. EBITDA margin of this segment was the highest from the Mountains and Leisure segment. This might be attributed to effective management, maximum use of synergies with other segments and subsegments within marketing, human resources or central purchase, and to resistance against unfavorable weather due to hot thermal water and all-year operation.

DINING

The highest percentage revenue increase of the Group was noted in the Dining subsegment, +114.5% – thanks to dining facilities in the newly included aquapark Tatralandia. The like-for-like comparable revenue increases are based on the synergic impact of other subsegments and on the benefits of investments realized in 2009/2010, as well as on the increase of the average revenue per client. Increase of revenues and operating profit were noted in both resorts – Vysoké Tatry and Jasná Nízke Tatry.

	Investments of 2009/2010 with impact on results of 2010/2011	Investments contribution
Vysoké Tatry	<ol style="list-style-type: none"> 1. First 6-seat lift with heated seats and an orange closing shield in SR 2. Snowmaking above Čučoriedky up to Skalnaté pleso 3. First ski-in – ski-out parking lot – Tatranská Lomnica 	<ol style="list-style-type: none"> 1. Increase of transport capacity by 2600 persons per hour 2. Expansion of area with snowmaking by 6,1 ha, the resort now offers 30 ha of slopes with snowmaking and there is the longest trail in SR from Lomnické sedlo to Tatranská Lomnica – 6 km 3. Increase of parking capacity by 400 spots
Jasná Nízke Tatry	<ol style="list-style-type: none"> 1. 6-seat lift from Záhradky to Priehyba 2. Expansion of snowmaking on the trail Turistická to 17 km 3. Adjacent parking place in Lúčky 4. Music club Happy End 5. Expanded wellness in Hotel Grand and in Tri Studničky hotel a new congress hall built and a new SPA center and a luxurious shop FashionCafé under the brand Tatry Motion 	<ol style="list-style-type: none"> 1. Increase of transport capacity by 2400 persons per hour, decreased waiting time and the impact of weather conditions, the first step was made to connect Chopok North and South. 2. Expansion of area with snowmaking by 10ha 3. Increase of parking capacity by 400 spots 4. Offer of après ski activities was implemented in evening hours, 500 seat capacity, total capacity 1.000 people 5. Greater variety of ancillary services

SPORT SERVICES AND STORES

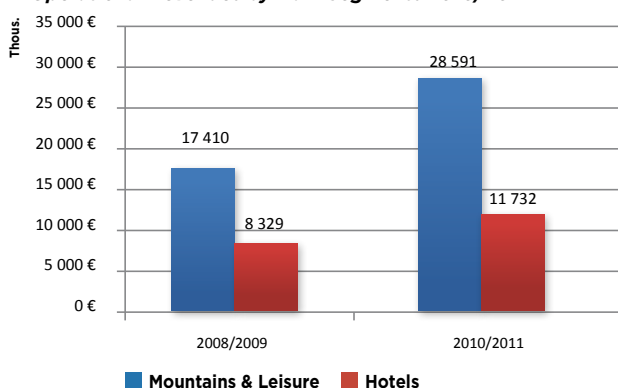
The results from the Sport services and stores subsegment show a growth trend in both revenues and operating profit (EBITDA) and do not include the impact of the acquisition of Tatralandia. The wider offer of services; such as the opening of luxurious Fashion Café under the Tatry Motion brand, had a great impact on the growth of this subsegment.

HOTELS

The Hotels segment revenues comprise 29.4% of total revenues. This segment noted total and like-for-like¹⁸ increases of revenues, operating profit, and EBITDA margin, too,

which points to success of the strategy in this segment. The most successful quarter, in terms of hotel revenues, was the last one mostly because of a successful summer season ending. The Group focuses on affluent clientele and, thus it gradually renovates hotels in the portfolio. Examples include a new wellness and the addition of 27 new rooms in Grandhotel Praha and 27 reconstructed rooms in hotel Grand Jasná. The Group also enlarged accommodation capacities. The portfolio enlarged by apartments Chalets Záhradky in December 2010 and Holiday Village Tatralandia with 156 bungalows in April 2011 as part of the aquapark's acquisition. Due to a strong marketing support revenues in the hotel segment strengthened in the off-season and corporate clientele grew.

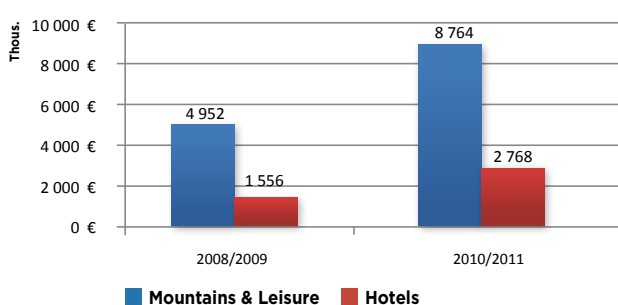
Operational Revenues by Main Segments 2010/2011



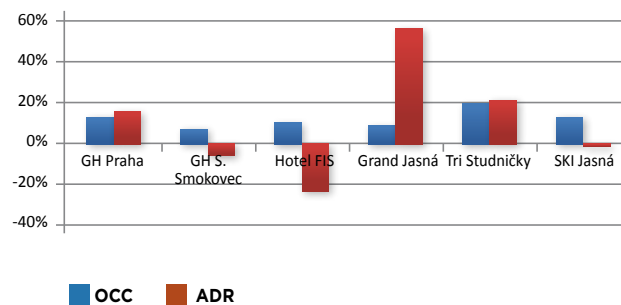
REAL ESTATE

Real estate revenues so far comprise an insignificant part – 0.3% of total revenues since majority of projects are in the preparation phase. Documentation process and building of infrastructure for real estate lands are in progress. The plan for the existing real estate projects in a given year was not met due to the unfavorable situation in the real estate market and the ongoing debt crisis. Under the project Grand Residences Tatranská Lomnica a deposit for one apartment in the amount of 144 ths. euros was paid during the reported period. With respect to the fact that the process of approval and ownership transfer of the project shall take place after this financial year, the revenue shall be realized and reported in the following fiscal year. Recorded revenues come only from the lease of hotels Srdiečko, Kosodrevina, and Liptov.

EBITDA by main segments 2010/2011



YOY Change of OCC and ADR (%)



Financial plan vs. actual

v €'000	2008/2009 actual	2009/2010 actual	2010/2011 actual	2010/2011 plan	Difference
Mountains & Leisure Revenues	15 239	17 409	28 097	21 991	28%
Hotels Revenues	6 160	8 329	11 732	9 874	19%
Real Estate Revenues		296	119	2 526	-95%
Total Operational Revenues	21 399	26 034	39 948	34 391	16%

v €'000	2008/2009 actual	2009/2010 actual	2010/2011 actual	2010/2011 plan	Difference
Mountains & Leisure EBITDA	3 571	4 951	8 764	7 010	25%
Hotels EBITDA	14	1 557	2 768	1 348	105%
Real Estate EBITDA		174	7	1 183	-99%
Total EBITDA	3 585	6 682	11 539	9 540	21%

¹⁸ Comparable like-for-like results in the Hotels segment do not include the results of Holiday Village Tatralandia hotel integrated in April 2011 and results of Chalets Záhradky, which were added in December 2010.

KEY PERFORMANCE INDICATORS (KPI'S)

MOUNTAINS AND LEISURE

The growth trend of the Group's results in the Mountains and Leisure segment might be attributed mostly to an increased resorts' visit rate, addition of Tatralandia, and to a large degree to an increased average revenues from dining and ancillary services.

The total number of visitors, so called person-days¹⁹, reached 1.67 mil (1.03 mil) in the Mountains and Leisure segment where comparable visit rate, excluding customers of Tatralandia, reached 1.24 mil. The overall 63% visit rate increase was mostly reflected in revenues growth.

Average revenues from admissions and ski pass sales per client fell slightly, while in comparison to last year, excluding Tatralandia, they increased by 1.17%. The average revenue fell in Jasná due to a lower price for accommodation packages that also included ski passes. The 7% fall of the average revenue in Jasná was off-set by a 15.5% increase in the High Tatras, while the highest average revenue per visitor remains in Jasná, the same as last year.

Slight growth of revenue per visitor in Dining and Sport services and stores contributed to an increase of revenues in these subsegments.

HOTELS

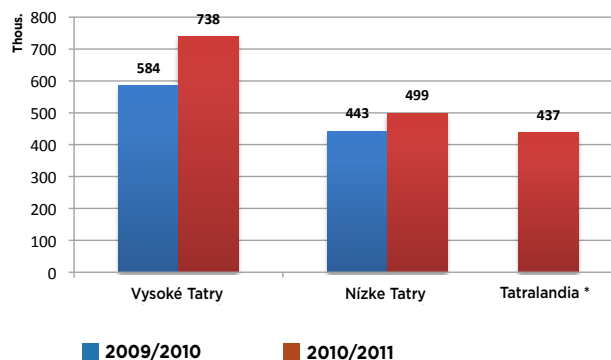
The financial results of the segment are evidenced in positive changes in key performance indicators of this segment. All average performance indicators of this segment recorded growth, which justifies the managerial and strategic decisions in the reported period. Occupancy of the hotels in the portfolio reached on average 51.3% (44.8%) while comparable occupancy²⁰ increased by 11.6%. The highest occupancy was reported by Grandhotel Praha - 70.3%.

Average daily price per room (ADR) increased in all the portfolio hotels by 28.5%, while the like-for-like increase was 11.3%. Hotels in the Low Tatras recorded nearly twice as high ADR as in the High Tatras, caused by a high ADR for apartments Chalets Záhradky. A half of the hotels reported an increase of ADR, while the other half posted a drop in ADR.

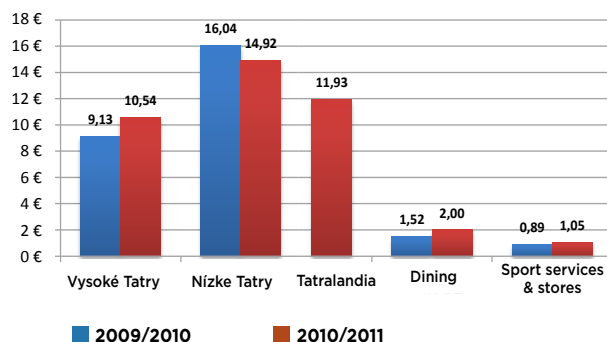
The total and comparable average length of stay in the hotels improved by 7%, while longer stays were observed both in the High and Low Tatras. The longest average stay was reported in Hotel FIS in the High Tatras - 3.9 days.



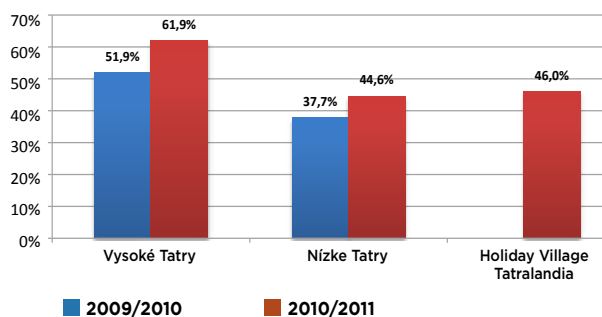
Visit rate in Mountain & Leisure



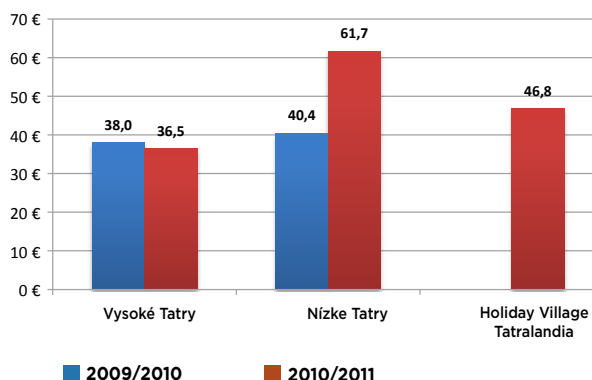
Average Revenues per Customer



Hotel occupancy (OCC)



Average daily price per room (ADR)



¹⁹ The number of skier visits is measured in terms of skier days; which means one person visiting a ski area for any part of day or night for the purpose of skiing, snowboarding or other downhill slide. For example, a 4-day ticket means 4 skier visits.

²⁰ Comparable like-for-like results in the Hotels segment do not include results of Holiday Village Tatralandia hotel integrated in April 2011 and results of Chalets Záhradky, which were added in December 2010.

GROUP'S POSITION AT THE END OF THE YEAR



FINANCIAL POSITION

LIQUIDITY

At the year-end 2010/2011 the value of short term liquid funds of the Group was 76.6 mil euros (107.3 mil euros) that indicates a decrease of 29% due to settlement of a part of bill receivables that were used to finance the investment strategy and acquisitions. Out of this amount, TMR held 6.4 mil euros (2.8 mil. euros) in cash and cash equivalents and 70.2 mil euros (104.5 mil euros) were other receivables (see Consolidated Financial statements, note 21)

BORROWINGS

The total amount of the Group's borrowings increased year-over-year by 3.7 mil euros and as of 31st October 2011 were at 17.9 mil euros (14.2 mil euros), while total debt-to-equity ratio was 6.6 % and total debt-to-capital ratio was 5.7%, an increase of 1 percentage point since last year.

TOTAL ASSETS

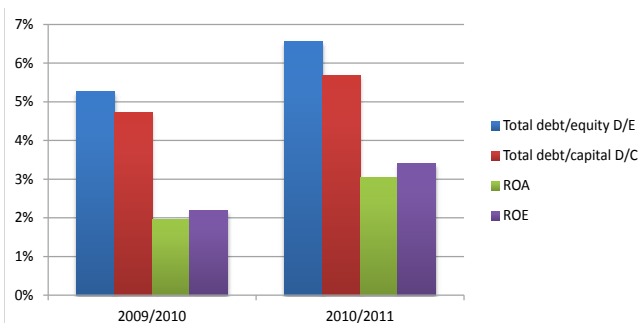
The book value of assets slightly increased by 14.6 mil euros to 315.1 mil euros (300.5 mil euros). Fixed assets increased by 56.5 mil euros due to new investments and acquisition of the aquapark. Non-current receivables increased by 17.9 mil euros. They include advance payments for assets related to unfinished business investments (construction of lifts, snowmaking, ski slopes and other operations) and future acquisitions.

EQUITY

Total value of equity changed only by the value of retained earnings from the previous year of 3.7 mil euros to 272.7 mil euros. Return on equity (ROE) comes to 3.4% (2.2%).

Financial position in €'000	31.10.2011	31.10.2010
Assets	315 125	300 547
Non-current assets	213 821	136 578
Current assets	101 304	163 969
Equity	272 686	269 009
Liabilities	42 439	31 538
Non-current liabilities	29 413	21 925
Current liabilities	13 026	9 613
Total debt	17 925	14 179
Total equity and liabilities	315 125	300 547

Return on Investment and Level of Debt



CASH FLOW

Increase was caused by better financial results and a time difference of operational receivables and payables, where a major portion of receivables from 2009/2010 was collected at the beginning of 2010/2011 and a part of payables was paid off in 2011/2012. For this reason the Group's operating profitability is shown more effectively in EBITDA (part Financial Performance Review for the Year). Outflow of investments reached -69.96 mil euros (43.68 mil euros) mostly due to the acquisition of Tatrallandia and capital investments. Cash flow from financing activity increased to 57.15 mil euros (47.86 mil euros) due to collecting bills receivable on display to finance capital investments and acquisitions.

Cash flows in €'000	1. 11. 2010 - 31. 10. 2011	1. 11. 2009 - 31. 10. 2010
Cash flows from operating activities	16 438	-3 276
Cash flows from investing activities	-69 964	-43 676
Cash flows from financing activities	57 148	47 859
Net increase in cash and cash equivalents	3 622	907

TRENDS AND OUTLOOK

GLOBAL TOURISM TRENDS

Tourism development and its attractiveness, measured by the Travel & Tourism Competitiveness Index (TTCI), have been ranked highest in advanced economies, whilst growth in the sector in recent years has been faster in emerging economies, such as China, Turkey, Malaysia, Mexico, Ukraine, and the Russian Federation. The expansion of the tourism market in recent decades has been beneficial especially for emerging countries, since currently there are approx. 100 countries receiving over 1 million international arrivals per year. Since August 2008 international arrivals on a global scale followed a V-shaped trend, with a biggest decline in March 2009 (-12%), with advanced economies declining by 0.3% for full Year 2008, but emerging ones even increasing by 5%. In 2009 advanced economies fell by 4.3% while emerging economies declined by 3.5%, and in 2010 the increases were 5.3% and 8.2%, respectively. From the world market share point of view, emerging countries raised their market share from 38% in 2000 to 47% in 2010 21. Based on these trend lines, the outlook for the next five years hints that emerging economies have potential to attract more tourists than the advanced ones, with growth powered by pro-tourism policies, infrastructure development, and marketing.

REGIONAL TOURISM TRENDS

Since TMR operates in an advanced economy, which was ranked the lowest among advanced economies in the Travel & Tourism Competitiveness Index in 2011, the regional tourism sector is projected to grow, but not at such a fast



pace, as for example Estonia, which is among emerging economies. Slovak tourism industry is projected to grow on average 4.8% annually till 2020, while direct and indirect contribution of the sector to Slovak economy should grow on average 6.3% annually till 2020. Growth of the Slovak tourism industry in the following years is estimated to be faster than e.g. Ukraine or the Czech Rep., but slower than Poland, and at the same rate as Russia²¹. In the mountain industry, observable trends include extending the variety of services in mountain resorts, such as ski schools, ski service, and shops, as well as non-skiing activities, such as après ski bars, nightlife, restaurants, family activities and events. As for summer activities, the focus is on adrenalin sports, summer family events, and cycling, evidenced by an increase in development of resorts, cycling tours, and by increased marketing. Based on the unfavorable weather in the region during 2010/2011 winter season, mountain resorts incline to expand technical snowmaking. Also, mountain resort tourists tend to be attracted to package deals on lodging and lift tickets, thus this trend is expected to continue. One can observe these trends in all the locations operated by TMR (See Corporate Strategy). One of the main target groups of TMR, Polish tourists, is expected to increase visits to Slovakia in coming seasons on a larger scale thanks to the airline connection between Gdansk, Warsaw, and Poprad operated by EuroLOT. Slovak tourism agency (SACR) is cooperating with resort- and lodging operators to come up with attractive deals for this client segment. Another big potential for regional, especially Slovak, tourism is Ukrainian market because of its proximity and size. Romanian tourists also started coming to Slovakia in larger numbers also thanks to their new membership in the EU²².

GROUP'S OUTLOOK

In the following fiscal year 2011/2012 TMR expects to continue to grow in terms of sales and the number of visitors, while not necessarily following the projected conservative growth in tourism in the region, as described above. In fact, TMR heavily relies on its capital intensive investment strategy, which will continue well through 2011/2012 and intends to capitalize on its rapidly developing resorts and services in its portfolio in order to attract more and more clients each year. Also in the new period the Company trusts its well-defined differentiation strategy, thanks to which it has become the principal trendsetter and leader in the region. The following period will be impacted by the realized investments from 2010/2011 in total amount of nearly 30 mil euros, in the form of increased visit rate in the mountain resorts and occupancy of the hotels. A positive impact on results is expected with the following strategic steps:

- Completion of Funitel and building of a new cableway from Kosodrevina that will connect northern and southern side of Chopok
- Expansion of areas with snowmaking
- Continuing reconstruction of hotels in response to demand
- Acquisition activities – Polish cableways, ski resorts in the Czech Republic
- Dual listing on stock exchanges in the region (Warsaw and Prague)
- Focus on affluent clients with real estate projects – sale

of apartments Grand Residences Tatranská Lomnica, launch of Centrum Tatranská Lomnica project development

Success of fiscal year 2011/2012 might be expected also due to a successful start of the winter season 2011/2012. In the Mountain resorts subsegment for November and December 2011 the Group recorded preliminary year-over-year increases in revenues of 15% to 2 mil euros and in the number of visitors of 9% to 250 thousand.

²¹Source: World Economic Forum, Travel & Tourism Competitiveness Report 2011/2011

²²Source: Trend

CORPORATE SOCIAL RESPONSIBILITY



ENVIRONMENT AND COMMUNITY ACTIVITIES

A big portion of TMR's business activities takes place in the area of national parks. It concentrates solely on traditional, already urbanized areas, where sport and tourism have been a tradition for decades.

From TMR's point of view protecting fauna and flora is a very important part of ongoing investments, and of continuing development of summer and winter tourism in the Tatras. Every investment is analyzed in terms of impact on the environment.

IMPACT OF BUSINESS ACTIVITIES ON ENVIRONMENT

The Company takes environment into consideration during the performance of business activities and tries to minimize impact in every segment. TMR's effort is to select services and products in such a way that the impact on environment is minimal. Moreover, the Company makes an effort to relatively restrict the use of natural resources and optimize waste production. TMR spreads this attitude towards the environment among its employees and externally within communities by means of initiatives and events.

The goal of TMR is to conduct business activities with minimal energy and fuel consumption. According to this goal, the Company also adapts its capital investments into new cableways that are built with the latest energy efficient technologies from top world producers, like Doppelmayr and Leitner. In every segment the Company aims to utilize efficient management of operations at an optimal level of energy consumption, and moreover, the Company consistently works on improving operational efficiency. TMR also invested in new trail-grooming vehicles that significantly decrease the impact on the environment.

PROJECTS OF 2010/2011

The Company implemented ski bus service not just because of the amount of exhaust gases. The main project's participant was Tatranský okrášľovaci spolok (Tatras beautifying club) whom the Company is in partnership with. The aim was to provide ski bus and innovation in the field of transport, increase comfort for customers of the mountain resorts. The ski bus service was operated by the first electric bus in Slovakia. There were 3 ski buses to transport nearly 22 thousand people in season 2010/2011.

After the winter season the Company started to revitalize forests together with ŠL TANAP-u (State forest of the Tatras National Park). The planting of trees took place over an area of approximately 1 ha at the beginning of May 2011. In addition, the Company applied hydro seeding. 8,570 m² were sowed by grass in Tatranská Lomnica and there were 5,000 new trees planted.

The education of positive attitude towards nature is included in two of the Company's projects focused on children. The first project of this kind was a fairy trail in Jasná, named Karkulka. Parents with children get to know the fauna and flora of the National Park Low Tatras in an amusing way. The Nature trail Karkulka on the north and south side of Chopok meets with a favorable response and for this reason was expanded. There is a similar project, stretching over a greater area in the High Tatras, called Tatranská divočina (Tatras wilderness) that was created thanks to the cooperation of

TMR with ŠL TANAP and Administration of TANAP. This fun and educational program for families with children is also free of charge. In the summer 2011 it was extended from Tatranská Lomnica and Hrebienok to Štrbské pleso. The best part of the project is eco-park Svišťa krajinka (The land of marmot) in Skalnaté pleso – a fun and educational eco-park for children which lies in the natural environment without any disturbances.

Tatranská divočina (Tatras wilderness) expanded with the help of Tatranský okrášľovaci spolok (Tatras beautifying club) is also in the capital city in the summer. Tatras wilderness mini-park with its playground and nature signs shall be built in the River Park in Bratislava.

TMR also participates in the project Clean Tatras, organized by Tatras beautifying club (TOS). The aim is to teach visitors of the Tatras not to throw away rubbish in mountain valleys and villages. There was a key idea that when an individual collects rubbish once, he will never throw it away anymore. Additional competition events were a motivation to fulfill this aim as an inherent complement and a motivating factor, too.

Traditional event Medvedie dni (Bears days) on 5th – 7th August 2011 attracted 20,000 people to Hrebienok. This unconventional event teaches children to love nature – especially the Tatras fauna – with the bear at the forefront. At the same time TMR conducted cleaning of tourist paths from Hrebienok to favorite mountain cottages.

The Company is a member of cluster Liptov, the High Tatras association and takes an active part in common projects for ecological cycling paths in the Low and High Tatras. The Company, with these associations, has a significant influence on the region development direction. It includes mostly projects of central booking system, or system of discount cards and common mountain regions marketing.

In addition, TMR supports sport events in its resorts as a partner or sponsor. Last year TMR took an active part for example in the following races:

- European Women's Cup the Demänovská caves Great Award
- European Cup Slope style
- Slovak Junior Championship in Slalom, Giant slalom and Super-G
- Ski Alpine Central Europe Cup
- Tatry Snow Bike Downhill
- Ski & Golf Slovakia



HUMAN RESOURCES

TMR is the most important employer in the field of tourism services in the High Tatras region. With respect to the development trend on the job market human resources paid attention to stabilizing job vacancies and improving the professional level of employees.

PERSONNEL

The average number of employees in the fiscal year 2010/2011 was 670 permanent employees and 652 seasonal employees.

Winter season 2010/11, was, as usual, the most important from the point of new recruitment and seasonal employees. Maximum effort was paid to cover needs for staff in all segments with respect to education and qualification. In December there was a staff increase to 234 employees and 208 seasonal employees, in total 442 people.

When the winter season finished there was a reduction in staff by 100 permanent employees and approximately 150 seasonal employees who performed necessary work by the end of April. For this reason the biggest reduction of both permanent and seasonal employees was shown in statistics in May 2011.

A balanced number of staff throughout the year was first of all due to Tatralandia's acquisition into the portfolio (+132 employees) in April 2011, as well as an increased number of employees in dynamically developing segment Sport services and stores with the TATRY MOTION brand and in the Dining subsegment.

TMR recorded an increase of seasonal staff from June 2011. This trend continued until the end of the financial year 2010/2011 because of a longer season with favorable weather.

Our Company tries to keep balance of the same opportunities as shown in the table. We employ 55.3% of men and 44.7% of women. The average age is 36.4; whereas the average age of women is 38.5, and of men 34.4.

The fact that we are a "young company" proves also information that 36.4% are employees between 23-30 years old and 26% are employees between 30-40 years. Generally 62.5% are employees not older than 40. Another 20.9% are

created by employees older than 40-50. Our long term aim is to provide employment for all age categories with no difference, and we consider it important that knowledge and experience from older generations is passed on to other employees.

The support staff is represented by employees responsible for real estate projects and constructional activity, marketing, human resources, accounting and IT support.

The most important criterion of employees' performance is the clients and customers' satisfaction and their return to the Tatras region. A high quality service is our target and the way to achieve it is planned by an Internal academy where experienced lecturers will hand over rich experience and professional knowledge to their younger colleagues. Providing quality service is our prime target and for this reason we continually pay attention to the education process of our employees.

INFORMATION ON EMPLOYEES

The human resources department announced recruitment for 75 vacancies in 2011 with the response of 5,198 applicants. This is another reason why TMR is an important and reliable employer in the region. Our aim is to continue to develop as a company as modern as possible with respect to the personal growth of employees. For this reason we prefer internal employees in the process of selection.

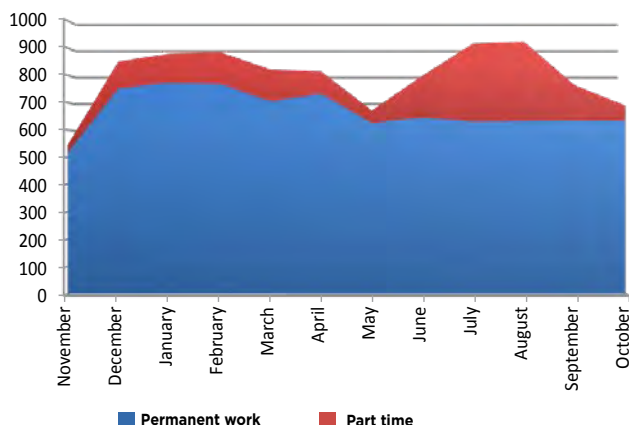
In our business segment there is not a seasonal balance with job vacancies. We recruit hundreds of employees for full time or part time work especially before the winter season. This is one of the reasons why we prepare projects for the adaptation of new employees, the aim of which is to ensure the best performance and employee's independence.

EDUCATION

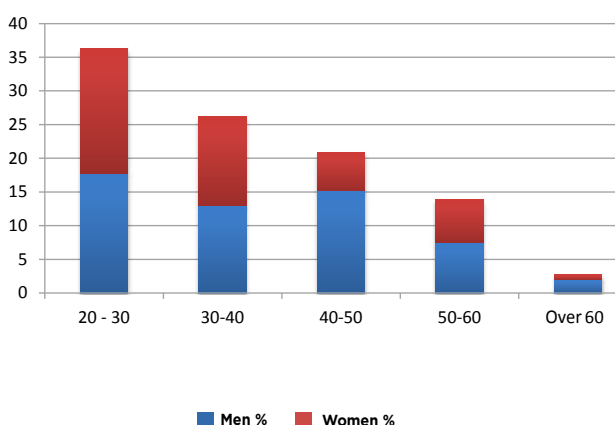
We have started a project of intensive cooperation and support with specialized secondary schools and universities, with a view to the great potential of the employment of our future employees.

In 2011 we paid maximum attention to seminars for employees on all categories from employees to top management. In total we trained up to 293 employees from various areas and on various levels of management.

Employment development



Average age structure by gender





Human resources successfully completed a training project in December 2011 with a contribution from the European social fund within the program “Employment and social inclusion”. The aim of TMR is to support adaptability through employees’ training. 16 training activities that trained 293 employees were performed during 19 months.

Virtue of this project is to make training effective with focus on the increase of qualifications, communication skills with both clients and internal customers. Educated employees have become TMR’s competitive advantage.

The most important training activities were activities for employees of the first contact, i.e. operation of cableways and lifts, cash desk and information centers, receptions, dining, hotels. Focus was on communication, problem solving, language skills, hotel standards and complementary sale specifications. The mentioned activities were achieved by means of all available methods of teaching.

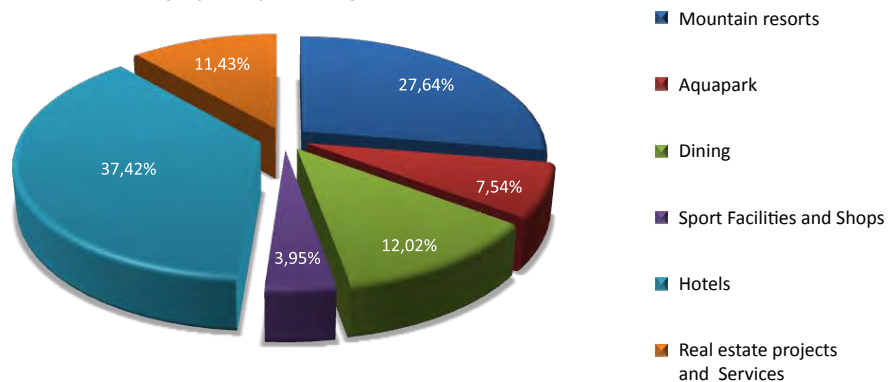
Some other activities were meant for executive and middle management, in particular: communication, work team leadership and management, self-marketing, time management, quality management and performance management. Middle and executive management activities are focused on efficiency improvement and managerial work quality.

SMART EDU system was installed and used for e-learning training that created and in the coming years will create e-learning tools for full training for all training cycle stages. The installation of technological tools was part of the program that will provide participants of e-learning with, so-called live video, and they will be able to connect with lecturers and participants of the training. The advantage of training by means of SMART EDU is time saving for employees; it means virtual, saving of lessons for later use and study of manuals, template contracts and discussions with colleagues.

Employees who were trained might use the acquired knowledge in TMR resorts with the goal of leadership in tourism in Slovakia.

The goal of TMR once the project is finished is to continue in employees’ training with their own funds and ensure the dynamic and continual supply of information and new trends.

Number of employees by (sub)segments



CORPORATE GOVERNANCE



BOARD OF DIRECTORS

Board of Directors is the statutory body of Tatry mountain resorts, a.s. The Board of Directors manages the Company's activities and decides on each matter of the Company unless by legal provision or statutes are to be restricted to the General Assembly or Supervisory Board. The Board of Directors presents the investment and financial plan proposal to the Supervisory Board for approval and takes full responsibility to fulfill the plan. The Board of Directors presents the statutes of the Company to the General Assembly. The Board of Directors shall summon the General Assembly at least once a year.

Two Board members together are entitled to act on the Company's behalf in all matters. Board members are appointed and released by the Supervisory Board. Term of office is five years, repeated appointment is possible. The Supervisory Board shall at the same time appoint the Chairman of the Board from the members. Remuneration for Board members are set in the rules of the remuneration and it is approved by the Supervisory Board.

The Board of Directors has neither their own statute nor Committees. The Board of Directors is called as needed, at least once in two months. They might make decisions with the absolute majority. The decision made by the Board of Directors is passed once half of the members have voted.

On the day of annual report publishing there were six members of the Board of Directors:

- Bohuš Hlavatý – chairman
- Branislav Gábriš – vice chairman
- Jozef Hodek – member
- Andrej Devečka – member
- Dušan Slavkovský – member
- Michal Krolák – member

TOP MANAGEMENT TMR



Ing. Bohuš Hlavatý
Chief Executive Officer

He is an ideal combination of professional and personal character in his management position. He considers his job a hobby; the Tatra mountains are his home and harbor. He is a lover of outdoor sports, an active climber, skier, tourist and a traveller and he also likes windsurfing and squash. Mr. Hlavatý has performed various managerial positions since 2006

in a hotel and resort business in the High and Low Tatras. He held the position of General Manager of JASNÁ Nízke Tatry, General Manager of Tatranské lanové dráhy and currently holds the role of CEO of Tatry mountain resorts, a.s. (TMR) where he contributed to the successful synergy of significant companies that under his management underwent successful revitalization and he managed a successful emission of TMR shares on the Bratislava Stock Exchange.

He served on top management posts:

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 currently a fan of billiard.

He currently works as a CFO in TMR. He started as a financial director in JASNÁ Nízke Tatry and later continued to financially cover and consolidate, together with JASNÁ, companies that are now part of TMR. The greatest

success in TMR was his participation in making the process in TMR more effective, emission of new shares and placement of shares on the Bratislava Stock Exchange.

Previous employment:

Pricewaterhouse Cooper Slovensko – auditor's assistant



Ing. Dušasn Slavkovský
Director of mountain resorts
and TMR Board Member

He cannot imagine life without mountains, winter and snow. He loves skiing, ice hockey, mountain cycling and he enjoys photography, too.

He has been recently working as a director of Lanové dráhy Vysoké Tatry and a Board Member. At the time of his participation there were significant changes in the High Tatras. The resorts, former providers of transport services in the summer month,

have become resorts of tourism offering complex and quality service with all-season possibilities.

Previous employment:

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



Ing. Michal Krolák
Hotels and Dining Director

He is a Tatras native, where he grew up in a hotel family. His hobbies include alpine skiing, hiking, sport flying, nature and gastronomy.

He has been working in the Company since March 2006 where he participated and operated a chain of 15 restaurants and dining facilities in the High and Low Tatras. He has been responsible also for the coordination

and development of six TMR's hotels since 2010. He cooperates with alpine resorts and hotels due to which he applies innovative methods of the segment development in the Tatras the result of which is income growth.

Previous employment:

Grandhotel Starý Smokovec – hotel manager
Hotel Slovan v Košiciach – F&B manager

During his studies he participated in opening and development of a travel agency and ski school in Štrbské pleso. In 2005 he founded and ran travel agency which performed several social dining events not only in the Tatras.



Ing. Matej Hulej
Sport services and stores
Director

With his position he manages mountain sport services and stores sector under Tatry Motion brand. Mountains and mountain sports are his hobby where he can use his potential. He likes skiing – freeriding, climbing and windsurfing. Services reached income growth under his management. Results have been achieved due to his work process

effectiveness, work team motivation and focus on client's needs and, of course, with continual increase of provided services quality.

Previous employment:

Flash Web spol. s.r.o. – Sales Director
Outdoor Bratislava – Product and Stock Manager
SAFL – Director of Civic Association under which he has been organizing an internationally recognized free ride skiing race already 9 years, one of ten Freeride World Qualification race well known as JASNÁ ADRENALIN



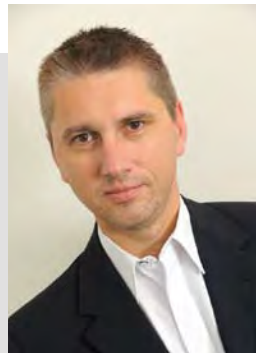
Ing. Vladimír Čukan
Infrastructure development
Director

Implementation of intensive construction and organizational projects in difficult mountain conditions is a challenge for him. He has already implemented various successful projects in Kysuce in the High and Low Tatras. He is currently the only person in this field who implemented, in such short time, projects with a total amount of approximately 50

mil euros in Slovakia, the Czech Republic and Poland. His complex knowledge in the fields of engineering, metallurgy, construction, as well as environmental issues and the legislation of these fields is the guarantee that modern, safe and financially acceptable technologies and methods shall be used to build cableways, trails, snow systems and other infrastructure constructions.

Previous employment:

SCR Velká Rača – Executive Director and Board Member
ZVL Kysucké Nové Město
Zlievareň firmy TOS Čelákovice



František Šoltis
Marketing & Sales Director

The region of Tatras is his birthplace, when he was young he was an active sportsman – hiking and football, he also likes skiing and plays squash.

He has been working as a marketing and sales director since 2007 in companies covered by Tatry mountain resorts, a.s. He participated in successful marketing campaigns of Jasná Nízke Tatry and Vysoké Tatry – Tatranská Lomnica.

ská Lomnica.

Since winter season 2009/2010 he has participated and managed project “stay packages” with almost 150 accommodation providers in the High and Low Tatras.

Previous employment:

Belvedere Slovensko – Director
Seagram Slovakia – Director

SUPERVISORY BOARD

The Supervisory Board is a controlling authority of the Tatry mountain resorts, a.s. It supervises the Board's executions of powers and the conduct of business activities. The Supervisory Board approves financial plans and important investments for a particular year, presented by the Board of Directors, and also the rules for remuneration of the Board's members and presents the results of controlling activity the General Assembly.

The Supervisory Board has nine member seats where six are elected by the General Assembly and three are elected by the employees of the Company. The term of Supervisory Board members' is five years. Repeated election is possible. Supervisory Board members are elected and removed from office by the General Assembly. If the Company, at the time of the election, has more than 50 full time employees, two thirds of members of Supervisory Board are elected and removed from office by the General Assembly and one third is elected and removed from office by the Company's employees.

At the time of publication of the Annual Report the Supervisory Board had the following five members elected by the General Assembly:

- Igor Rattaj –Supervisory Board Chairman (from 29th June 2009)
- František Hodorovský - Supervisory Board Vice Chairman (from 18th January 2011)
- Jiří Uvíra - Supervisory Board member (from 18th January 2011)
- Jan Marian Komornický - Supervisory Board member (from 18th January 2011)
- Boris Kollár - Supervisory Board member (from 30th April 2011)

Jozef Slabý, deputy elected by employees, terminated Supervisory Board membership in course of fiscal year (participated in position from 28th August 2006 to 28th August 2011).

AUDIT COMMITTEE

The Company has a committee for audit. The committee monitors consolidated financial statements and suggests the auditor to approve audit of consolidated financial statements. The rest of office is restricted by law and the Company's statutes. The Audit committee is formed by two members who are elected and removed by General Assembly upon the Board or shareholders' proposal.

At the time of publication of the Annual Report the audit committee had two members:

- Jozef Hodek
- Viera Prokopová

INFORMATION ON THE GENERAL ASSEMBLY ACTIVITIES, ITS POWERS, DESCRIPTION OF SHAREHOLDERS' RIGHTS AND METHOD OF THESE RIGHTS EXECUTION

The General Assembly is the most authoritative body of the Company. The General Assembly's scope of power is stated by the Act No. 513/1991 COLL Commercial Code as amended and statutes.

The General Assembly is formed by all present shareholders,

Board members, Supervisory Board or third party persons called by that authority or those shareholders who arranged the General Assembly. A shareholder is entitled to take part in the General Assembly, vote there, request information and explanations related to the Company's matters or persons managed by the Company that are in connection with the subject of the General Assembly meeting and apply proposals. Shareholders may exercise their rights at the General Assembly also by means of authorized agents who prove Power of Attorney in writing with scope of powers. Statutes do not restrict shareholders' rights to exercise voting rights. Number of a shareholder's votes is defined by ration of the nominal value of his/her shares and amount of his/her capital.

The General Assembly makes decisions according to the absolute majority of present shareholders' votes. Matters related to statutes changes, increase or decrease of capital, assigning the Board to increase the capital, issue priority bonds or exchangeable bonds, dissolving the Company or change of legal forms requires two-thirds majority of shareholders' votes and the notary protocol must be produced. Two-thirds majority of present shareholders' votes is also necessary to approve the General Assembly's decision on the Company's shares exchange trade termination and elect and remove a member of the Supervisory Board from office, decide that the Company shall not continue as a public limited company and becomes private limited liability company. Two-fifth majority of shareholders' votes is required to change statutes in connection with correspondent voting and statutes in connection with implementation and appointment of the presence on the General Assembly and electronic voting of a shareholder on the General Assembly. General Assembly protocols are available on www.tmr.sk.

The following General Assemblies were called in period from 1st November 2010 - 31st October 2011:

- On 18th April 2011 - the Extra General Assembly in order to discuss Tatralandia purchase and statutes amendments and supervisory board members' removal and election
- On 20th April 2011 - the Regular General Assembly in order to discuss and approve consolidated statement and annual report, approve the selection of auditors, profit/loss division, statutes amendments, and supervisory board members' election and approve the supervisory board members' rewards.

CORPORATE GOVERNANCE CODE

TMR is fully aware to maintain principals of the Corporate Governance. The Board of Directors announced to comply with the principals of Corporate Governance Code in Slovakia on 3rd November 2010. Announcement includes complete information on methods of management in the Company and information on deviation from the code in management of the Company. Information is available on www.tmr.sk.

OTHER INFORMATION

TMR and companies, included in consolidation in the area of research and development, did not have any expenses in fiscal year 2010/2011. TMR Group does not have any organizational part abroad and does not use any financial derivatives that would hedge financial risks. The Group manages financial and loan risks with diversified financing. Cash flow

and liquidity is regularly monitored. Equity price risk does not have any significant impact on activities of the Company and the whole Group. Internal control is ensured by regular monitoring of the financial plan and total financial situation. Basic information on administration and methods of management are included in the Company's statutes, organizational code of conduct and directives that are available at the Company's headquarters. Employees are fully familiar with them. Transferability of securities issued by the Company is not restricted. The Company has not concluded any agreements, which become effective, change or their validity ends as a result of control relations change, with connection to the offer of acceptance. The Company has not concluded any agreements with authorities or employees that would provide them with compensation in case that their position or employment terminates upon resignation, notice from an employee, their removal, dismissal from an employer without stating reason or if the position or employment terminates due to offer of acceptance.

PROPOSAL TO PROFIT DISTRIBUTION

TMR achieved consolidated net income amounting to EUR 9 177 366.5 for the year ending on 31st October 2011. Profit of the parent accounting entity is in the amount of EUR 8 590 246.53. As per the dividend policy, the Board of Directors of TMR proposes to pay out dividends amounting to 70% of the net consolidated income. According to the Slovak legal regulations the dividends might be paid out once the Company's loss from previous periods has been paid and the Company paid mandatory payments into the funds. According to Slovak legal regulations, the dividends are paid from the parent accounting entity's earnings. The Board of Directors shall on this basis distribute earnings as follows:

1. 10% of profit (of the parent accounting entity) shall be distributed into the reserve fund in the amount EUR 859 024.65.
2. Dividends amounting to EUR 6 438 910 (96 cents per share) shall be paid out
3. The rest, amounting to EUR 1 292 311.802 shall be transferred into the account of retained earnings.

A high-angle, top-down photograph of a skier in a bright green suit and helmet, descending a steep, snow-covered mountain slope. The skier is positioned in the upper-middle section of the frame, leaving a trail of snow behind them. The snow is marked with numerous parallel tracks, suggesting a well-used ski run. The lighting is bright, casting a distinct shadow of the skier onto the snow. In the top right corner, there is a small red square logo with a white mountain range silhouette. At the bottom of the page, there is a grey horizontal bar with a white mountain range silhouette on the right side.

SHAREHOLDER INFORMATION

SHAREHOLDERS CLUB

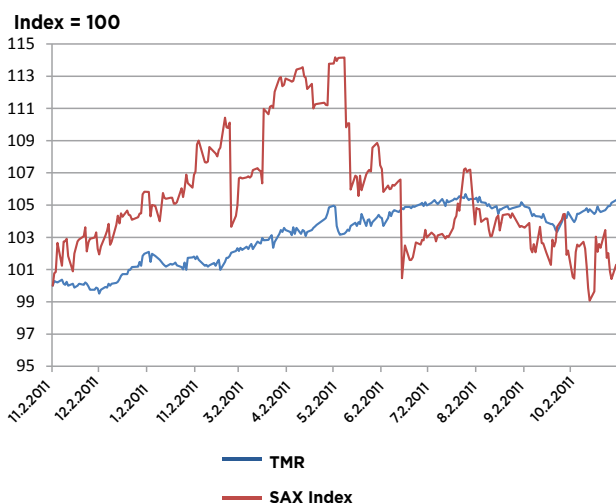
TMR and individual shareholders joined together in partnership based on trust in order to move successfully forward, create loyalty with special offers in the most successful resorts in Slovakia, and increase the number of registered shareholders. For this reason the Shareholders club was established at the beginning of 2010.

Shareholders who own 25 and more shares have the right to benefits that help them to get to know the Group and its activities better through special deals. You can find more information on: <http://www.tmr.sk/akcionarsky-klub.html>.

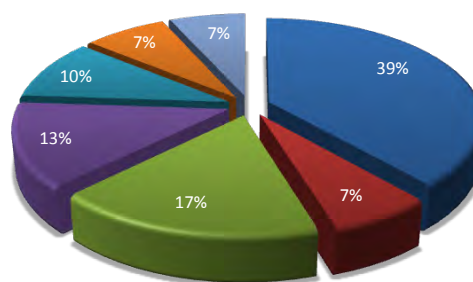
Shareholder Benefits

Number of Shares	Benefit
25	6 - entries *
40	12 -entries*
80	25 - entries *
130	season ticket **
250	2 x season ticket **
500	VIP CLUB: 2x all-year ticket * + benefits of VIP club
750	GOLD VIP CLUB: 2x all-year ticket * + benefits of GOLD VIP club

TMR Stock Performance



Structure of shareholders as of 31th October 2011



- Small shareholders
- TATRY INVESTMENT LIMITED
- Poštová banka, a.s.
- J&T BANKA, a.s.
- CLEARSTREAM BANKING S.A.
- TLD,s.r.o.
- Patria Finance, a.s.

Company name	number of shares	value	% issue
Small shareholders	2 583 740	€ 85 263 420	38,52%
TATRY INVESTMENT LIMITED	447 700	€ 14 774 100	6,67%
Poštová banka, a.s.	1 169 782	€ 38 602 806	17,44%
J&T BANKA, a.s.	902 566	€ 29 784 678	13,46%
CLEARSTREAM BANKING S.A.	657 894	€ 21 710 502	9,81%
TLD,s.r.o.	493 318	€ 16 279 494	7,36%
Patria Finance, a.s.		€ 14 922 534	6,74%
Total	6 707 198	€ 221 337 534	100%

FREQUENTLY ASKED QUESTIONS BY INVESTOR COMMUNITY

In 2011 the Company's management was asked questions from present and potential investors related to latest financial results of the Company, warranties of J&T Finance Group, a.s. and questions about strategic and acquisition targets of the Company. Investors were interested in matters of the planned and already completed investments into the resorts, as well as benefits that the Company offers to its shareholders. Here we select the most frequent questions being asked.

Q: What is TMR's debt?

A: Total loans and credits of TMR on 31st October 2011 are amounting to 17.925 mil euros. The ratio of total debt to equity (D/E ratio) is currently approximately 6.6%. For comparison this debt ratio ranges from 53% to 180% in other peer companies operating in the segment. Detailed debt analysis can be found in the consolidated financial statements, note 27.

Q: What does bill receivable in assets mean and how is the investment strategy being financed?

A: On the basis of the General Assembly on 29th June 2009 TMR raised its share capital with deposits from its existing shareholders amounting to 221 337 534 euros. These financial means that previous shareholders invested into TMR remained in the Company in form of bill receivables and are being used for current and planned acquisitions and development of the Tatras. 152 mil euros from the bills have already been used for acquisitions and investments and another 69 mil euros is planned to be used. Unused current funds are invested into a promissory note program JTPE with above-standard interest rate of 7.5% (see Consolidated financial statements, note 21).

Q: Where does money from sold TMR shares go?

A: Financial means from sale flow into the development of the Tatras. TMR currently disposes of sufficient financial means to implement its investment strategy. More than 100 mil euros have been invested (until the end of 2011), another 56 mil euros are planned to be invested during the course of next 3 years (until the end of 2014).

Q: Why is the guaranty by J&T Finance Group not included in the contract on share purchase?

A: J&T Finance Group (JTFG) committed to provide a guaranty for total return on TMR shares of 6 - 8% p.a. JTFG is an independent participant of the financial market who acts on its own behalf outside the contract relation client - stock broker who provides purchase of TMR. JTFG guaranty and TMR share purchase are two completely different legal acts of two different entities. Relevant legal documents can be found on www.jtfg.sk and www.tmr.sk.

Q: What strategic plans does the Company have for the following period?

A: We are currently working on entry to the Warsaw Stock Exchange market (WSE). Dual listing should provide access to local investors (since WSE is bigger and with higher liquidity, with respect to titles), promote information about TMR and boost investor demand; it means to increase liquidity and effectiveness of the Bratislava Stock Exchange with a resulting positive impact on TMR shares. The Company's transparency shall be increased together with Corporate Governance. Dual listing risk presents a possible drop of pri-

ce. For more information see announcement on 23rd June 2011 on <http://www.tmr.sk/financne-spravvy.html>.

Moreover, strategic plans include connection between Chopok North and South, new cableways on Chopok South and completion of development of Tatranská Lomnica. Investments into mountain resorts and hotels are planned at 56 mil euros until the end of 2014.

Q: What are the Company's other acquisition plans?

A: TMR is interested in acquisitions in Poland, PKL (Polskie Koleje Linowe S.A.) and Špindlerův Mlýn in the Czech Republic.

Q: What are legal regulations for TMR?

A: Regulations and Information requirements are related to each significant matter that would have a substantial impact on shareholders and investors in their decision making and holding of TMR shares, e.g.:

- Securities prospect approval by the National Bank of Slovakia,
- Publishing of financial reports every quarter under the article 36 of the Rules of Stock Exchange, consolidated financial statements, half year and annual report on management,
- Audits, tax and legal consultants, Corporate Governance,
- Moreover, TMR is under the close watch of media, shareholders, and various civil associations and so on as it deals with issues about the Tatras and the National park.

Q: Is the zonation of the Tatras a problem?

A: Zonation of the TANAP does not have influence on TMR's initiatives. TMR's projects are focused especially in traditional, already urbanized areas with history of sport and tourism for decades. These are resorts Tatranská Lomnica and Starý Smokovec.

More frequently asked question (FAQ) can be found on <http://www.tmr.sk/faq.html>.

**Tatry Mountain Resorts, a.s.
and Subsidiary Companies**

**Consolidated Financial Statements
for the period from 1 November 2010 to 31 October 2011**

**compiled under
International Financial Reporting
Standards (“IFRS”) as adopted by the European Union**

Tatry mountain resorts, a.s. and subsidiary companies

Consolidated income statement

<i>In thousands of EUR</i>	Note	1.11.2010 – 31.10.2011	1.11.2009 – 31.10.2010
Revenues	4	36 084	22 936
Other operating revenues	5	2 674	1 402
Total revenues		38 758	24 338
Cost of material and goods consumed	6	-5 397	-3 560
Purchased services	7	-12 110	-8 459
Personnel services	8	-8 764	-5 404
Other operating expenses	9	-1 020	-271
Gain on disposal of assets		362	66
Gain on revaluation of investments into property	15	394	-
Addition and release of adjusting items		-4	-77
Earnings before interest, taxes, depreciation and amortization (EBITDA)*		12 219	6 633
Depreciation and amortization	13,14	-8 120	-6 831
Assets value increase/decrease	13	800	-505
Goodwill value decrease	14	-3 300	-
Profit/(loss) before interest and tax (EBIT)		1 599	-703
Interest and similar income	10	7 556	8 296
Interest and similar expense	10	-518	-543
Financial instrument costs, net	11	-1 706	-1 642
Associate companies loss	16	-1 703	-46
Negative goodwill	3	8 106	122
Profit/(loss) before tax		13 334	5 484
Income tax	12	-4 307	275
Profit/(loss)		9 027	5 759
-equity holders of the Company		9 027	5 759
-non-controlling interests		-	-
Profit/(loss)		9 027	5 759
Other items of consolidated income			
Revaluation of securities to fair value	12	-15	-14
Revaluation of tangible assets for transfer to investments in properties	12	165	-
Total consolidated income for the period		9 177	5 745
- equity holders of the Company		9 177	5 745
- non-controlling interests		-	-
Earnings per share (in eur)	26	1,346	0,859

*EBITDA represents profit before tax, interest, amortization and depreciation adjusted by other income and revenues that are stated below EBITDA, exactly translated "Earnings before interest, taxes, depreciation and amortization."

The notes on pages 61 to 107 form an integral part of these consolidated financial statements. An overview of profit or loss according to individual segments is presented in Note 2 – Information about segments.

Tatry mountain resorts, a.s. and subsidiary companies

Consolidated statement of financial position

<i>In thousands of EUR</i>	Note	31.10.2011	31.10.2010
Assets			
Goodwill and intangible assets	14	3 805	3 897
Property, plant and equipment	13	171 639	115 174
Investments in real estate	15	4 194	3 714
Trade receivables	20	1 153	1 220
Loans provided	19	7 674	5 116
Other receivables	21	18 095	206
Investment in associate company	16	5 179	6 882
Deferred tax receivable	17	2 082	369
Total non-current (long-term) assets		213 821	136 578
Inventories	18	985	676
Trade receivables	20	4 046	6 273
Loans provided	19	236	48 272
Other receivables	21	70 225	104 498
Financial investments	23	17 337	85
Cash and cash equivalents	24	6 391	2 769
Other assets	22	1 626	1 396
Assets held for sale	25	458	-
Total current assets		101 304	163 969
Total assets		315 125	300 547
Equity			
	26		
Share capital		221 338	221 338
Share premium		30 430	30 430
Retained profit and other funds		20 918	17 241
Equity attributable to persons with a share of the equity of the parent company		272 686	269 009
Non-controlling interests		-	-
Total equity		272 686	269 009
Liabilities			
Loans and borrowings	27	14 807	11 924
Trade payables	28	13	73
Reserves	29	20	20
Other non-current (long-term) liabilities	30	611	879
Deferred tax liability	17	13 962	9 029
Total non-current liabilities		29 413	21 925
Loans and borrowings	27	3 118	2 255
Trade payables	28	4 915	2 798
Reserves	29	464	310
Current income tax liability		1 121	52
Other current liabilities	30	3 408	4 198
Total current liabilities		13 026	9 613
Total liabilities		42 439	31 538
Total equity and liabilities		315 125	300 547

The notes on pages 61 to 107 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

<i>In thousands of EUR</i>	Share capital	Share premium	Legal reserve fund	Funds from the revaluation	Retained earnings	Equity attributable to persons with shares on equity of parent company	Non-controlling interests	Total
Balance as at 1 November 2009	221 534	30 483	1 436	-	10 060	263 513	-	263 513
Profit (loss) for the period	-	-	-	-	5 759	5 759	-	5 759
Total consolidated income								
Other items of consolidated income								
Revaluation of securities to fair value	-	-	-	-14	-	-14	-	-14
Total other items of consolidated income	-	-	-	-14	-	-14	-	-14
Total consolidated income for the period	-	-	-	-14	5 759	5 745	-	5 745
Transactions with equity holders, charged directly into equity								
Decrease of share capital	-196	-53	-	-	-	-249	-	-249
Total transactions with equity holders	-196	-53	-	-	-	-249	-	-249
Balance as at 31 October 2010	221 338	30 430	1 436	-14	15 819	269 009	-	269 009

Tatry mountain resorts, a.s. and subsidiary companies

<i>In thousands of EUR</i>	Share capital	Share premium	Legal reserve fund	Funds from the revaluation	Retained earnings	Equity attributable to persons with shares on equity of parent company	Non-controlling interests	Total
Balance as at 1 November 2010	221 338	30 430	1 436	-14	15 819	269 009	-	269 009
Profit (loss) for the period	-	-	-	-	9 027	9 027	-	9 027
Total consolidated income								
Other items of consolidated income								
Revaluation of securities to fair value	-	-	-	-15	-	-15	-	-15
Revaluation of tangible assets for transfer of investments into property	-	-	-	165	-	165	-	165
Total other items of consolidated income	-	-	-	150	-	150	-	150
Total consolidated income for the period	-	-	-	150	9 027	9 177	-	9 177
Transactions with equity holders, charged directly into equity								
Contributions to the fund	-	-	965	-	-965	-	-	-
Dividends paid	-	-	-	-	-5 500	-5 500	-	-5 500
Total transactions with equity holders	-	-	965	-	-6 465	-5 500	-	-5 500
Balance as at 31 October 2011	221 338	30 430	2 401	136	18 381	272 686	-	272 686

The notes on pages 61 to 107 form an integral part of these consolidated financial statements.

Tatry mountain resorts, a.s. and subsidiary companies

Consolidated cash flow statement

In thousands of EUR

	Note	1.11.2010 – 31.10.2011	1.11.2009 – 31.10.2010
OPERATING ACTIVITIES			
Profit (loss)		9 027	5 759
Adjustments for:			
Gains (loss) on disposal of property, plant and intangible assets		-326	-66
Depreciation and amortization	13,14	8 120	6 831
Addition and release of adjusting items		4	77
Loss due to decrease of goodwill	14	3 300	-
Asset value increase/(decrease)	13	-800	505
Gain on revaluation of investments into property	15	-394	-
Share on loss of joint ventures and jointly controlled entities	16	1 703	46
Loss from financial instruments, net	11	1 706	1 642
Interest gains (loss), net	10	-7 038	-7 753
Negative goodwill	3	-8 106	-122
Change in reserves		154	-20
Income tax	12	4 307	-275
Change in trade receivables and other receivables and other assets		3 324	-8 965
Change in inventories		-309	64
Change in trade payables and other liabilities		1 824	-999
Cash generated from operating activities before income tax paid		16 496	-3 276
Income tax paid		-58	-
Cash flow generated from operating activities		16 438	-3 276
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and intangible assets	13,14,15	-29 377	-18 164
Gains on sale of property, plant and equipment and intangible assets		1 078	285
Expenses on business combinations, net cash acquired		-10 200	-25 700
Advances		-19 251	-
Costs of acquisition of investments		-16 860	-99
Interests received		4 329	2
Dividends received		317	-
Cash flow generated from investing activities		-69 964	-43 676
FINANCIAL ACTIVITIES			
Share capital reduction		-	-249
Gains on paid-up bills		94 690	110 657
New bills		-78 038	-12 184
Loans provided		-31 895	-50 562
Payments of loans and borrowings provided		75 488	4 275
Financial lease payments of payables		-830	-1 214
Payments of loans and borrowings received		-2 254	-2 248
New loans and borrowings		6 000	-73
Interest paid		-518	-543
Dividends paid		-5 495	-
Cash flow generated from financial activities		57 148	47 859

Tatry mountain resorts, a.s. and subsidiary companies

Consolidated cash flow statement (continued)

<i>In thousands of EUR</i>	Note	1.11.2010 – 31.10.2011	1.11.2009 – 31.10.2010
Net increase in cash and cash equivalents		3 622	907
Cash and cash equivalents at the beginning of the period	24	2 769	1 862
Effect of exchange rate fluctuations on cash and cash equivalents held		-	-
Cash and cash equivalents at the end of the period	24	6 391	2 769

The notes on pages 61 to 107 form an integral part of these consolidated financial statements.

Tatry mountain resorts, a.s. and subsidiary companies

Notes to the consolidated financial statements for the period from 1 November 2010 to 31 October 2011

Tatry mountain resorts, a.s. (hereafter referred to as "the Parent Company" or "the Company") is a joint-stock company with its registered headquarter and registered office at Demänovskej Dolina 72, Liptovský Mikuláš 031 01. The company was established on 20 March 1992 and was incorporated into the Commercial Register on 1 April 1992. The Company's identification number is 31 560 636 and tax identification number is 2020428036.

The Company is not a general partner with unlimited liability in any other accounting entity.

The 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 the calendar year to a fiscal year from 1 November to 31 October. The change was to make the accounting period more realistic, as the Company's operations were subject to seasonal variations.

The composition of the shareholders in the Company on 31 October 2011 and on 31 October 2010 was as follows:

31 October 2011	Interest in share capital		Voting rights
	TEUR	%	%
Postova bank, a.s.	38 603	17,44%	17,44%
J & T BANKA, a.s.	29 785	13,46%	13,46%
CLEARSTREAM BANKING S.A.	21 711	9,81%	9,81%
TLD, s. r. o.	16 279	7,36%	7,36%
Patria Finance, a.s.	14 923	6,74%	6,74%
TATRY INVESTMENT LIMITED	14 774	6,67%	6,67%
Small shareholders	85 263	38,52%	38,52%
Total	221 338	100%	100%

31 October 2010	Interest in share capital		Voting rights
	TEUR	%	%
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 LIMITED	26 471	11,96%	11,96%
J & T BANKA, a.s.	21 915	9,90%	9,90%
KEY DEE LIMITED	21 151	9,56%	9,56%
Postova banka, a.s.	16 691	7,54%	7,54%
J&T SECURITIES MANAGEMENT LIMITED	15 828	7,15%	7,15%
Small shareholders	24 698	11,16%	11,16%
Total	221 338	100%	100%

The consolidated financial statements of the Company for the period ended 31 October 2011 comprise the statements of the parent company and its subsidiary company (together referred to as the "Group") and the Group's interests in jointly controlled entities.

The principal activities of the Group include cable and sky lift operations, restaurants, the operation of ski and snowboard schools and hotel management. Since 29 March 2011, the Group has operated Aqua park Tatralandia and has thereby expanded its portfolio of services.

The average number of Group employees during the period from 1 November 2010 to 31 October 2011 was 670 out of which 30 were management (for the period from 1 November 2009 to 31 October 2010 it was 433, out of which 21 were management).

Tatry mountain resorts, a.s. and subsidiary companies

Notes to the consolidated financial statements for the period from 1 November 2010 to 31 October 2011

The Company's governing bodies have been:

Board of Directors:

Ing. Bohuš Hlavatý, chairman (from 29.6.2009)
Ing. Branislav Gábriš, vice-chairman (from 18.2.2011)
Ing. Andrej Devečka, member (from 14.12.2006)
Ing. Jozef Hodek, member (from 29.6.2009)
Ing. Dušan Slavkovský, member (from 1.5.2010)
Ing. Michal Krolák, member (from 18.2.2011)

Supervisory board:

Ing. Igor Rattaj (from 29.6.2009)
Ing. František Hodorovský (from 18.1.2011)
Jiří Uvíra (from 18.1.2011)
Jan Marian Komornicki (from 18.1.2011)
Boris Kollár (from 30.4.2011)
Jozef Slabý (from 28.8.2006 to 28.08.2011)

Significant accounting policies

(a) Statement of compliance

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 Accounting, as amended. The Consolidated financial statements are for the period of 1 November 2010 to 31 October 2011.

The consolidated financial statements were approved by the Board of Directors on 16 February 2012.

(b) Basis of Preparation

The consolidated financial statements have been prepared under the basis of acquiring costs, where real estate investments and securities available for sale and financial instruments at fair value have been revalued to their fair value through the income statement.

The consolidated financial statements of the Group have been prepared on a going concern basis.

The consolidated financial statements have been compiled in thousands of EUR. The accounting policies have been consistently applied by the Group companies and are consistent with those used in the previous accounting period.

Financial statements prepared in compliance with International Financial Reporting Standards require various judgments, assumptions and estimates to be exercised. These affect the reported amounts as assets, liabilities, income and expenses. Actual results will likely differ from these estimates. Critical accounting estimates and judgments made by management with a significant risk of material adjustment in the next year are discussed in Note 1 – Critical accounting estimates and assumptions.

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

The following International Financial Reporting standards, amendments and interpretation to standards and interpretations as adopted by the European union became effective for the accounting period starting on 1 November 2010, and have been applied in preparing the Group's consolidated financial statements:

Tatry mountain resorts, a.s. and subsidiary companies

Notes to the consolidated financial statements for the period from 1 November 2010 to 31 October 2011

The stated application of standards set out below does not have any significant impact on the financial statements of the Group.

Amendment to **IFRS 8 Operating Segments** to show information of a segmental analysis of assets, effective for accounting periods beginning on or after 1 January 2010.

Amendment to **IFRS 5 Non-current Assets Held for Sale and Discontinued operations** valid for annual accounting periods beginning on or after 1 January 2010. It clarifies the requested disclosures of fixed assets (or asset group) classified as held for sale or discontinued operations are specified in IFRS 5.

Amendment to **IAS 1 Presentation of Financial Statements** effective for annual periods beginning on and after 1 January 2010. 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 beyond 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 a division into current and non-current 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 shares shall not be taken into consideration in dividing the liabilities, even though this change represents one method of their payment. The Group does not anticipate any effect from the standard on the financial statements.

Amendment to **IAS 17 Leases**, effective for annual periods beginning on and after 1 January 2010, 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 the accounting and reporting of leases of land. The original version of the standard land lease for an indefinite period was classified as operative leases. According to the amended standard, the lease of land will be classified as either operative or financial in accordance with the principles of the amended standard.

Amendment to **IAS 36 Impairment** of assets effective for annual periods beginning on and after 1 January 2010 regarding the 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.

Amendment **IAS 39 Financial instruments: Recognition and Measurements** effective for annual periods beginning 1 January 2010 or later, brings clarification to 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.

International Financial Reporting Standards, amendments and interpretation to standards that have been approved by EFRAG (European Financial Reporting Advisory Group) during the year ended 31 October 2011, but have not yet been effective and are not applied in preparing the Group's financial statements:

Amendment to **IAS 24 Related Party Disclosures** effective for accounting periods beginning on or after 1. January 2011. The amendment modifies the definition of a related party and simplifies related party disclosure for government-related entities. The Group is currently analysing the impact of the amended standard on its financial statements.

Amendment to **IFRIC 14 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'** effective for accounting periods beginning on or after 1 January 2011 with and early adoption option. The amendment corrects unintended consequences of IFRIC 14. The amendment removes unintended consequences arising from the treatment of prepayments in some circumstances when there is a minimum funding requirement, which was not the intention of IFRIC 14 and thus the amendment corrects this problem. The amendment has to be applied retroactively up to the earliest comparable reporting period. This interpretation does not have any effect on current business activities and transactions of the Group.

Amendment to **IFRS 7 Financial Instruments: Disclosures** effective for accounting periods beginning on or after 1 January 2011. The amendment explicitly states that qualitative disclosures should be in the context of quantitative disclosure, to allow users to better assess the extent of risk arising from financial instruments.

Tatry mountain resorts, a.s. and subsidiary companies

Notes to the consolidated financial statements for the period from 1 November 2010 to 31 October 2011

Amendment to **IAS 1 Presentation of Financial Statements** effective for accounting periods beginning on or after 1 January 2011 states that, for each component of share capital, an accounting entity shall submit either a statement of changes in share capital or in the notes an analysis of other components of comprehensive income for each item.

Amendment to **IFRIC 13 Customer Loyalty Programmes** effective for accounting periods beginning on or after 1 January 2011. The amendment clarifies that the fair value of commitment of the compensation takes into account discounts or incentives that should otherwise be offered to customers, who did not receive commitment of the compensation.

Other International Financial Reporting Standards with amendments and interpretations adopted by the European Union, which are not effective as for yet and that are not applicable for the Group include amendments to IFRS 1 and IAS 34.

Other International Financial Reporting Standards

The Group has not adopted early any IFRS standards as amended by the EU where adoption is not mandatory at the balance sheet date. Where transition provisions in adopted IFRS give a company the choice of whether to apply new standards prospectively or retrospectively, the Group elects to apply the 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date of control starts to the date that control ceases.

(ii) Jointly controlled entities (joint ventures)

Jointly controlled entities are those enterprises over whose activities the Group 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 acquires between 20 to 50 percent of the voting rights. The consolidated financial statements include the Group's share of reported profits and losses of joint ventures using the equity method from the date the significant influence commences until the date the influence ceases. The investment is initially shown at the 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 joint control entities.

(iii) The scope of consolidation

On 31 October 2011 and 31 October 2010, the consolidation included four companies. All consolidated companies prepared their own financial statements to 31 October 2011. The list of companies is stated in note 39 – Companies within the Group.

(iv) Transactions eliminated on consolidation

Inter group balances and transactions, as well as any profits or losses arising from transactions internally within the group are eliminated from the consolidated statements.

(v) Acquisition method of accounting

The acquisition method of accounting is used to report the acquisition of subsidiaries. The consideration for each acquisition is measured within the business combination and 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.

Tatry mountain resorts, a.s. and subsidiary companies

Notes to the consolidated financial statements for the period from 1 November 2010 to 31 October 2011

Costs related to acquisitions are accounted directly to the income statement.

The identifiable assets, liabilities and contingent liabilities acquired that meet the conditions for recognition under IFRS 3 are recognized at their fair value at the date of acquisition.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquire, and the fair value of the acquirer's previously held equity interest in the acquire (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Otherwise, the arising difference is reassessed and the remaining part (negative goodwill) is recognized as a gain in the income statement.

(vi) Consolidation of accounting methods

The accounting method and procedures applied by consolidated companies in the consolidated financial statements have been consolidated and are in accordance with the principles of the parent company.

(d) Foreign currency

Foreign currency transactions

Items included in the financial statements of every company within the Group are reported in the functional currency. Consolidated financial statements are presented in thousands of Euros which are both the functional currency and the issuing currency of the Company. Foreign currency transactions are translated into Euros according to the actual exchange rate on the date of the performed transaction. Monetary assets and liabilities in foreign currency are translated into Euros at the date of the financial statements preparation using the exchange rate of the Central Bank of Europe prevailing at the appropriate date .

Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into the functional currency using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into the functional currency at the foreign exchange rates ruling at the dates the fair values are determined.

(e) Financial Instruments

(i) Classification

Loans and advances to customers and banks are non-derivative financial assets with fixed and determinable payments, which are not quoted in an active market, which are not classified as securities available for sale or held to maturity or as financial assets at fair value through profit or loss.

Securities available for sale are those non-derivative financial assets that are not designated at fair value through the income statement, loans and advances to banks and customers or financial assets held to maturity.

Financial Instruments at fair value through the income statement are those that the Group principally holds for trading, that is, with the purpose of short-term profit taking. .

(ii) Recognition

Loans and advances to customers and banks are recognised on the date the Group commits the purchase.

Financial instruments at fair value through the income statement and available securities for sale are recognised on the date the Group is bound to their purchase.

(iii) Measurement

Tatry mountain resorts, a.s. and subsidiary companies

Notes to the consolidated financial statements for the period from 1 November 2010 to 31 October 2011

Securities for sale and financial Instruments are measured upon initial recognition at fair value through the income statement. In the case of securities not measured at fair value through the income statement, this measurement will also increase costs related to the acquisition or issue of securities. Subsequently after the initial recognition, securities available for sale are measured at fair value.

Loans and advances to customers and banks are measured at amortized cost. Subsequent to initial recognition, financial liabilities are measured at amortized cost. In measuring amortized cost, any difference between cost and redemption value is recognised in the income statement over the period of the asset or liability on an effective interest rate basis.

(iv) Fair value measurement principles

The fair value of financial instruments is based on their quoted market price at the balance sheet date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated by management using pricing models or discounted cash flows techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate at the balance sheet date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market-related measures at the balance sheet date.

(v) Gains and losses on subsequent measurements

Gains and losses arising from a change in fair value are recognized in the income statement for financial instruments at fair value through the income statement. They are recognized in the income statement and securities available for sale are recognized directly in the share capital. A change in the fair value of securities available for sale is removed from the share capital to the income statement on a sale.

(vi) Derecognition

A financial asset is derecognised when the Group loses control over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or are surrendered by the Group. A financial liability is derecognised when the Group's obligations specified in the contract expire or are discharged or cancelled.

Assets available for sale, assets at fair value through profit or loss that are sold are derecognised and the corresponding receivables from the buyer for the payment are recognised as of the date the Group commits to sell the assets.

Loans and advances to customers are derecognised on the day they are repaid to the Group.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand and in banks, short-term highly liquid investments with original maturities of three months or less, and short-term highly liquid investments which are directly convertible to a known amount of cash.

(g) Inventories

Inventories are measured at the acquisition cost or at net reliable value, whichever is lower. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

Purchased inventory is stated at the acquisition cost, which includes the purchase cost and other directly attributable costs incurred in acquiring the inventories and bringing them to their existing location and condition.

(h) Off-setting

Financial assets and liabilities are off-set and the net amount is reported in the balance sheet when the Group has a legally enforceable right to set off the recognized amounts and the transactions are intended to be settled on a net basis.

(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 revalued at each date on which the financial statements are prepared to determine whether there is evidence of impairment. If such evidence exists, the recoverable value of the asset is estimated. Intangible assets with

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indefinite life are not subject to amortization. Impairment of these assets is reviewed annually as part of the 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 income 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 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.

An impairment loss related to investments in subsidiaries and joint ventures reported as held for sale shall not be terminated or reduced through the income statement. If the 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, it is recognized in the income statement. 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 greater of their fair value reduced by costs of 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. For assets that do not generate largely independent cash inflows, the recoverable amount is determined for a group of cash-generating units to which the asset belongs.

An impairment loss on receivables recognized at amortized cost is accounted for if the increase of recoverable amount can objectively be attributed to the event that occurred after the reduction of their value in the accounts.

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) Owned assets

Individual items of assets are valued at the acquisition price less accumulated depreciation (see below) and impairment losses of their value (see accounting policy i). The acquisition price includes all costs directly attributable to the acquisition of the assets. The 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 to bring back to its original state.

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

(ii) Leased assets

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Notes to the consolidated financial statements for the period from 1 November 2010 to 31 October 2011

Property lease contracts in which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. Leased assets are stated at an amount equal to the lower of their fair value less 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 expenditure

Subsequent expenditures are capitalised 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 expenditures, including routine maintenance of long-term assets are recognised in the income statement as an expense as incurred.

(iv) Depreciation

Other than in the cases stated below, depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of the relevant long term assets. Land is not depreciated. The estimated useful lives are as follows:

- Buildings 30 - 40 years
- Individual tangible assets and sets of tangibles
 - ♣ Geothermal borehole 40 years
 - ♣ Slides 25 years
 - ♣ Cable and ski lifts 12 - 20 years
 - ♣ Equipment 5 - 12 years
 - ♣ Inventory and others 5 - 10 years

The depreciation method, the estimated useful lives and the residual values are reviewed each year as at the balance sheet date. Some items of property (ski lifts, snow machines) apply progressive depreciation rates, because they are worn and torn in the latter years of their useful lives.

Each significant part of tangible fixed assets whose acquisition costs are significant, relative to the total cost of that item, is amortized separately.

(v) Capitalised borrowing costs

The financial costs associated with assets, which requires significant time to put into the state necessary for its use or sale, is included as part of the acquisition cost of the asset.

(k) Intangible assets

(i) Goodwill and intangible assets acquired in a business combination

Goodwill is measured as the excess sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. The goodwill on the acquisition of subsidiaries is included in intangible assets. The goodwill on acquisition of associates and jointly controlled associates is included in investments of joint ventures. 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 relating to the entity sold.

Negative goodwill arising on an acquisition is reassessed and any balance of negative goodwill after the reassessment is directly recognised in the income statement.

Intangible assets acquired in business combinations are recorded at fair value on the acquisition date if such intangible asset is separable or arises from contractual or other rights. Intangible assets with indefinite useful lives 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) Software and other intangible assets

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Software and other intangible assets acquired by the Group are stated at cost less accumulated amortization (see below) and impairment losses (see accounting policy i). The useful life of intangible assets is reviewed regularly.

(iii) Amortization

Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of the intangible assets, from the date the asset is available for use. The estimated useful lives are as follows:

- Software 4 – 5 years
- Valuable rights each item uses an individual plan of depreciation, it also includes trade marks, which represent non-depreciated assets

(l) Property investments

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

Property 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 in an 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, is be used. Any profit or loss resulting from the changes of fair value is recognised in the income statement.

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

Details of the property investments valuation are further specified in section 1(b) of this financial statement – critical accounting estimates and assumptions, valuation of investments in property.

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

(m) Reserves

The Group shall include a 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.

(i) Long-term employees benefit

Liabilities of the Group resulting from long-term employee benefits other than pension plans represent the estimated future value of benefits that employees are entitled to for work performed in the current and prior periods. The liability is calculated using the projected unit credit, discounted to its present value. A 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.

(ii) 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 is made for 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 to which they relate. Total costs for credits and loans are recognized in income statement.

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(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 were produced, and any adjustment to tax payable in respect of previous accounting periods.

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 it 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 the assets and liabilities, using tax rates prevailing at the date on which the financial statements are prepared, or approved .

Income tax is accounted directly in the income 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) Trade and other payables

Trade and other payables are stated at amortised cost.

(s) Income from services provided

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

- Cableways income
- Aqua park income
- Sport services and stores income
- Hotels income
- Gastro facilities income
- Real estate projects income

Revenues are accrued depending on which period the service was provided, excluding revenues from Aqua Park, hotels and gastro facilities, which are reported to the income statement after the service has been provided. Revenues for services provided do not include value added tax. They are also net of discounts and rebates (rebates, bonuses, credits, etc.).

(t) Dividends

Dividends are recognised in the statement of changes in equity and recorded as liabilities in the period in which they are declared.

(u) Long-term assets and group of 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 of sale, 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 income statement even if the revaluation reserve was created. The same applies to profits and losses at subsequent valuation. Recognized profits do not exceed the cumulative impairment loss.

Lands, buildings and equipment and intangible assets classified as held for sale are not depreciated.

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) Segmental 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 7 main segments, which are the ski lifts (cableways), aqua park, hotels, gastro facilities, sports and shop services, real estate projects and others.

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Notes to the consolidated financial statements for the period from 1 November 2010 to 31 October 2011

Notes to the consolidated financial statements

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1. Critical accounting estimates and assumptions

The preparation of financial statements in accordance with International Financial Reporting Standards as adopted by the European Union requires the use of certain fundamental accounting estimates. It also requires management to exercise its own judgments in the process of applying accounting principles of the company. These accounting estimates will, therefore, rarely conform to the related actual results. Estimates and assumptions that have 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 reviewed on an ongoing basis. If the review of accounting estimates applies only to one accounting period, it is reported in that period and when the revaluation affects current and future accounting periods, it is reported in the period of review and also in future periods.

(a) Business combinations and purchase price allocation

The acquiree's identifiable assets, liabilities and contingent liabilities are recognised and measured at their fair value on the date of acquisition. The allocation of the total purchase price among the net assets acquired for financial statement reporting purposes is performed with the support of professional advisors. .

The valuation analysis is based on historical and prospective information available as of the date of the business combination. Any perspective fact that may impact upon the fair value of the acquired assets is based on management's expectations of the competitive and economic environment that will prevail in the future and existed at the time of business combination.

The results of the valuation analyses are also used for determining the amortization and depreciation periods of the values allocated to specific intangible and tangible fixed assets.

A fair value adjustment resulting from business combinations carried out on 29 March 2011 (purchase of the asset – Aqua park Tatralandia) was reflected in the consolidated financial statements on 31 October 2011. Buildings and structures, a geothermal borehole, water slides, tangible assets and business names were revalued. The purchase price of the assets was 30 500 thousand EUR and the fair value after revaluation was stated at 38 606 thousand EUR. The result of this business combination was negative goodwill of 8 106 thousand EUR. Negative goodwill was created by the revaluation upward of all fixed assets (buildings and structures, geothermal borehole, water slides, tangible assets), which were valued at the replacement cost and by a revaluation of trade name upward using the method known in English as 'Relief-from-Royalty'. This method takes into consideration the projected future income of Aqua park Tatralandia.

The fair value adjustments arising from business combinations that occurred in the accounting period 1 November 2010 to 31 October 2011 and in accounting period 1 November 2009 to 31 October 2010 are listed below:

<i>In thousands of EUR</i>	Property, buildings and equipment	Intangible assets	Deferred tax receivable/ (payable)	Overall net impact on balance sheet
Purchased property				
Aqua park Tatralandia	5 791	2 315	-1 540	6 566

On 29 March 2011 the Group bought a property - Aqua park Tatralandia. This property was acquired for 30 500 thousand EUR.

<i>In Thousands of EUR</i>	Buildings, facilities and equipment	Deferred tax receivable/ (payable)	Overall net impact on balance sheet
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Notes to the consolidated financial statements for the period from 1 November 2010 to 31 October 2011

1. Critical accounting estimates and assumptions (continued)

Subsidiary Company

GRANDHOTEL PRAHA a.s. (100%)	15 369	-2 920	12 449
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On 28 December 2009 the Group gained a 100% share in the company GRANDHOTEL PRAHA a.s. The business share was acquired for 17 265 thousand eur.

In thousands of EUR

	Buildings, facilities and equipment	Deferred tax receivable/ (payable)	Overall net impact on balance sheet
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Affiliate

Interhouse Tatry s.r.o. (50%)	13 451	-2 556	10 895
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On 28 December 2009 the Group gained a 50% share in the company Interhouse Tatry s.r.o. The business share was acquired for 6 928 thousand EUR.

In thousand of EUR

	Other receivables	Deferred tax receivable/ (payable)	Overall net impact on balance sheet
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Parent company

adjustment due to purchase of GRANDHOTEL PRAHA a.s.	1 844	-350	1 494
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adjustment due to purchase of Interhouse Tatry s.r.o.	738	-140	598
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(b) Property(real estate) investments valuation

Property (real estate) investments are recognized at fair value. The fair value of property investments is determined either by an independent court expert or the 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 a transaction based on independent parties after 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 .

Investments in property represent three hotels (Ski, Liptov and Kosodrevina) with the book value of 1874 thousand EUR. These properties are leased to third parties and these third parties are operating them as forest areas and lands acquired by acquisition in 2009 in the book value of 2 320 thousands Euros. The hotels' value was determined by the hotels' management estimates, as described above. The 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%, the book value of investment property would be 419 thousands EUR higher or lower in comparison to amount recognized on 31 October 2011 (on 31 October 2010: 143 thousand Euros).

1. Critical accounting estimates and assumptions (continued)

(c) Goodwill and value decrease testing

As of the date of the financial statements, the Group assesses whether there was a reduction in goodwill. If the indicator of possible value decrease is not detected, the Group is, in accordance with IAS 36, testing goodwill recognised in business combinations during the current accounting period and goodwill recognised in prior accounting periods for possible value decrease annually on 31 October. Thus on the date of annual consolidated financial statements.

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

In the accounting period from 01.11.2009 to 31.10.2010 during the acquisition of GRANDHOTEL PRAHA a.s., the goodwill was generated in the amount 3 473 thousands Euros and at the acquisition of 50% share of the company Interhouse Tatry s.r.o. in the amount of 1 108 thousand EUR.

On 31 October 2010 there was a goodwill value decrease test carried out. The test results indicated a goodwill value decrease and subsequently goodwill was written off in the amount of 3 300 thousand EUR in GRANDHOTEL PRAHA a.s. and in the amount 1 108 thousand EUR in Interhouse Tatry s.r.o.

Impairment is determined by assessing the recoverable amount of CGU which goodwill relates to on the basis of value in use. This value was derived from the estimated future cash flow estimated by the management. The discount rate used for the fair value valuation was 9,2% (after considering income tax).

The 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, was the expected income evaluated by management, profitability and cost of capital used as a discount factor for future net cash flows. The expected income and profitability are based on changes in target groups of customers, stronger marketing and increased quality of service.

The projection 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 2,2% per year. The discount rates used in the projecting of cash flows were calculated as a weighted average 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 of using it in the case of Grandhotel Praha Tatranska Lomnica (GRANDHOTEL PRAHA a.s.) would drop by 1304 thousand EUR and in the case of Grandhotel Stary Smokovec (Interhouse Tatry s.r.o.) it would be lower by 828 thousands EUR. In both cases it would be the increase in consolidated impairment losses. In the case of Grandhotel Praha it would be the indicated amount and in the case of Grandhotel Stary Smokovec it would be 50% of the indicated amount.

(d) Assets impairment testing

At the reporting date the group assesses whether there has been an impairment of the Group's assets. IAS 36 requires impairment testing if there are internal or external indicators, which suggesting the possibility of assets impairment.

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Notes to the consolidated financial statements for the period from 1 November 2010 to 31 October 2011

1. Critical accounting estimates and assumptions (continued)

On 31 October 2011 after consideration of evidence, indications of the impairment of the Groups' assets arose. Therefore, the assets impairment test was performed for Hotel GRAND JASNÁ, Hotel Tri studničky, Grandhotel Praha Tatranská Lomnica a Grandhotel Starý Smokovec, for resort JASNÁ and resort Vysoké Tatry .

The test results on 31 October 2011 recognized impairment loss salvage for Grandhotel Starý Smokovec in the amount 642 thousand EUR and different results for Hotel GRAND JASNÁ and Hotel Tri Studničky showed that the proportion of provisions for property created in the previous accounting period was not justified, and therefore, was released into revenues. In the case of Hotel GRAND JASNÁ, there was an amount of 100 thousand EUR and in the case of Hotel Tri Studničky 700 thousand eur.

The test results on 31 October 2010 recognised impairment losses of residual value of Hotel GRAND JASNÁ in the 505 thousand EUR.

The group performs six main activities: operations of ski resorts, aqua park, gastro facilities, sport services and stores, hotels and real estate projects in three localities, Jasna (Nízke Tatry), in Vysoke Tatry and in Liptovsky Mikuláš. Each locality was assessed by management as independent units generating cash. The Group monitors performance and creates individual budgets for all units generating. The Group's capital was assigned to individual cash generating units by relevancy.

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 of using. Fair value was derived from the value of future cash flows adjusted to the present discounted value. A discounted rate used for testing the impairment of assets was 9.2% (after income tax). The discounted rate was calculated using the 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 for each and individual hotel. The financial plan was prepared for a period of five consecutive years. Projected cash flows for the following period after five years were derived from these financial plans. It is also assumed that during this extended period, there will be such achievement reached in operational and financial performance, which could be considered by management to be sustainable in the long run. On the basis of such standardized levels of cash flow, terminal value was calculated providing the cash flow growth annually at 2.2%.

The most critical key assumptions that affect the fair value are, in addition to the discounted rate, particularly planned prices and traffic. In estimating future prices, management considered also the prices of comparable resorts, hotels and aqua parks in other countries, taking into account differences among the target groups of visitors.

If the projected EBITDA on 31 October 2011, which is part of projected cash flows, was lower by 5% in comparison with management's estimates, the usage value for Grandhotel Praha Tatranská Lomnica would be lower by 1 304 thousand EUR, for Hotel GRAND JASNÁ it would decrease to 1 472 thousand EUR, for Hotel Tri Studničky it would be lower by 346 thousand EUR, for Grandhotel Starý Smokovec it would be lower by 828 thousand EUR. For the resort Jasná it would be lower by 4 152 thousand EUR and in the case of the resort Vysoké Tatry it would be lower by 3 149 thousand EUR. In this case, the consolidated impairment losses would increase by 6 946 thousand EUR.

If the projected EBITDA on 31 October 2010, which is part of the projected cash flows, was lower by 5% in comparison with management's estimates, the usage value for Hotel GRAND JASNÁ would decrease by 1,2 million EUR and for Hotel Tri Studničky it would decrease by 0,17 million EUR. In the case of cash-generating unit, which covers hotels in Jasna, the asset impairment loss would be higher by this amount.

1. Critical accounting estimates and assumptions (continued)

(e) Financial Instruments at fair value

Fair value of financial Instruments is stated based on:

Level 1: quoted market price (not adjusted) on active market for identical assets and liabilities

Level 2: inputs other than quoted prices included in level 1, which are comparable for asset or liability either directly (as prices of comparable Instruments) indirectly (derived from prices)

Level 3: inputs for assets and liabilities that are not stated based on data from comparable markets (incomparable inputs)

If the quoted market price is not available, the fair value of the instrument is estimated using valuation techniques. When using a valuation method, management uses estimates and assumptions which are consistent with available information about estimates and assumptions, which have been used by market participants to recognize prices of a particular financial instrument.

<i>In thousands of EUR</i>	31.10.2011				31.10.2010			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Securities available for sale	70	-	-	70	85	-	-	85
Financial instruments valued at fair value through the income statement	17 242	-	-	17 242	-	-	-	-

On 17 March 2010 the Group bought 3850 shares of the company Compagnie des Alpes (SA). Their value as of 31 October 2011 was 70 thousand EUR.

In the period from 1. November 2010 to 31 October 2011, the group acquired 1 525 839 shares of the company Best Hotel Properties a.s. and their value as of 31 October 2011 was 17 242 thousand EUR.

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Notes to the consolidated financial statements for the period from 1 November 2010 to 31 October 2011

2. Segment information

Business segmental information – Profit or loss consolidated statements

<i>In thousands of eur</i>	Cableways		Aqua park		Hotels		Gastro facilities		Sport services and shops		Real estate projects		Other		TOTAL	
	31.10.2011 <i>12 m</i>	31.10.2010 <i>12 m</i>	31.10.2011 <i>7 m</i>	31.10.2010	31.10.2011 <i>12 m</i>	31.10.2010 <i>12 m</i>	31.10.2011 <i>12 m</i>	31.10.2010 <i>12 m</i>	31.10.2011 <i>12 m</i>	31.10.2010 <i>12 m</i>	31.10.2011 <i>12 m</i>	31.10.2010 <i>12 m</i>	31.10.2011 <i>12 m</i>	31.10.2010	31.10.2011	
Revenue	17 408	14 660	5 536	-	8 573	3 165	1 562	1 283	913	296	-	-	-	36 084	22 936	
Other operating costs	920	274	63	-	1 491	187	-	13	-	-	-	-	-	2 674	1 402	
Cost of material and goods sold	-1 309	-1 036	-401	-	-2 205	-1 090	-530	-386	-354	-39	-	-	-	-5 397	-3 560	
Purchased services	-8 022	-6 443	-1 144	-	-2 241	-407	-285	-225	-210	-3	-	-	-	-12 110	-8 459	
Personnel expenses	-3 492	-2 560	-1 007	-	-2 829	-995	-609	-441	-319	-1	-	-	-	-8 764	-5 404	
Other operating costs	-490	-162	-122	-	-299	-46	-11	-27	-5	-79	-	-	-	-1 020	-271	
Gain on disposal of property	269	66	2	-	90	-	-	1	-	-	-	-	-	362	66	
Gain on revaluation of investments into property	-	-	-	-	-	-	-	-	-	394	-	-	-	394	-	
Addition and release of adjusting items	-	-	-	-	-4	-	-	-	-	-	-	-	-	-4	-77	
Depreciation and Amortization	-5 360	-5 000	-340	-	-1 679	-404	-241	-244	-186	-142	-	-	-	-8 120	-6 831	
Dissolution of loss on impairment of tangible assets	-	-	-	-	800	-505	-	-	-	-	-	-	-	800	-505	
Impairment loss on goodwill	-	-	-	-	-3 300	-	-	-	-	-	-	-	-	-3 300	-	
Interest income	-	-	-	-	-	-	-	-	-	-	7 556	8 296	-	7 556	8 296	
Interest expense	-455	-476	-5	-	-34	-15	-22	-9	-11	-	-	-	-	-518	-543	
Profit / (loss) of financial instruments, net	-2 500	-	-	-	70	-1 648	-	-	-	-	724	6	-	-1 706	-1 642	
Associate company loss	-	-	-	-	-1 703	-46	-	-	-	-	-	-	-	-1 703	-46	
Negative goodwill	-	-	8 106	-	-	-	-	-	-	-	-	122	-	8 106	122	
Profit/(loss) of segment before tax	-3 031	-677	10 688	-	-3 270	395	-136	-35	-172	307	32	8 280	8 424	13 334	5 484	
Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-4 307	275	
Consolidated Profit														9 027	5 759	

The Group generates income in the Slovak Republic. The segment elimination is included in amounts reported for each period. The total income share of 10% was not exceeded by any company.

Tatry mountain resorts, a.s. and subsidiary companies
Notes to the consolidated financial statements for the period from 1 November 2010 to 31 October 2011

2. Segment information (continued)
Business segmental information – Consolidated statement of financial position

<i>In thousands of eur</i>	Cableways		Aqua park		Hotels		Gastro facilities		Sport services and shops		Real estate projects		Other		TOTAL		
	31.10.2011	31.10.2010	31.10.2011	31.10.2010	31.10.2011	31.10.2010	31.10.2011	31.10.2010	31.10.2011	31.10.2010	31.10.2011	31.10.2010	31.10.2011	31.10.2010	31.10.2011	31.10.2010	31.10.2011
Goodwill and intangible assets	55	-	3 349	-	289	3 897	87	-	25	-	-	-	-	-	-	3 805	3 897
Property, plant and equipment	79 742	67 205	26 140	-	50 693	39 200	4 151	1 276	1 858	1 423	6 070	9 055	-	-	-	171 639	115 174
Investment in immovables	-	2 279	-	-	-	-	-	-	-	-	1 435	4 194	-	-	-	4 194	3 714
Inventories	475	250	154	-	234	211	86	108	36	103	-	-	4	-	-	985	676
Trade receivables	2 020	4 027	32	-	3 123	3 431	21	12	3	23	-	-	-	-	-	5 199	7 493
Investments in joint ventures	-	-	-	-	5 179	6 882	-	-	-	-	-	-	-	-	-	5 179	6 882
Other receivables	19 042	-	-	-	-	-	-	-	-	-	-	-	69 278	104 704	88 320	104 704	104 704
Financial investments	-	-	-	-	-	-	-	-	-	-	-	-	17 337	85	17 337	85	85
Other assets	934	216	123	-	413	351	113	-	43	-	-	-	-	829	1 626	1 396	1 396
Loans provided	7 910	-	-	-	-	-	-	-	-	-	-	-	-	53 388	7 910	53 388	53 388
Cash and cash equivalents	2 083	1 881	1 980	-	1 518	728	561	-	228	-	21	-	-	160	6 391	2 769	2 769
Deferred tax receivable	475	-	-	-	1 607	-	-	-	-	-	-	-	-	369	2 082	369	369
Assets available for sale	-	-	-	-	-	-	-	-	-	-	458	-	-	-	458	-	-
Total assets	112 736	75 858	31 778	-	63 056	54 700	5 019	1 396	2 193	1 549	13 728	7 505	86 615	159 539	315 125	300 547	300 547
Loans and long-term borrowings	13 493	10 183	-	-	745	899	350	566	219	276	-	-	-	-	14 807	11 924	11 924
Trade payable	-	73	-	-	13	-	-	-	-	-	-	-	-	-	13	73	73
Other payables	611	879	-	-	-	-	-	-	-	-	-	-	-	-	611	879	879
Loans and short-term borrowings	3 118	2 255	-	-	-	-	-	-	-	-	-	-	-	-	3 118	2 255	2 255
Trade liabilities	4 453	2 102	69	-	354	99	29	33	10	34	-	-	-	530	4 915	2 798	2 798
Other liabilities	2 924	4 073	43	-	354	-	62	104	25	21	-	-	-	-	3 408	4 198	4 198
Reserves	233	-	76	-	115	83	42	-	18	-	-	-	-	247	484	330	330
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	13 962	9 029	13 962	9 029	9 029
Current income tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	1 121	52	1 121	52	52
Total liabilities	24 832	19 565	188	-	1 581	1 081	483	703	272	331	-	-	15 083	9 858	42 439	31 538	31 538

The segment elimination is included in amounts reported for each period. Prices used between segments are based in the market prices for similar services and financing.

Tatry mountain resorts, a.s. and subsidiary companies

Notes to the consolidated financial statements for the period from 1 November 2010 to 31 October 2011

3. Investments in subsidiaries and associates

On 29 March 2011 the Group acquired the assets of Aqua park Tatralandia. The assets were acquired for 30 500 thousand eur. The purchase price was settled as follows: 16 300 thousand eur (10 200 thousand was the purchase price and 6 100 thousand was the VAT on the purchase price) was paid by a bank transfer to the seller. For the rest of the purchase price, in the amount of 20 300 thousand, a bill of exchange payable was remitted.

Aqua park Tatralandia is the largest area of water fun open all year round with accommodation in Slovakia, the Czech Republic and Poland. Aqua park Tatralandia and the accommodation complex Holiday Village Tatralandia are part of it. This Aqua park is located in the region of Liptov.

The acquisition of Aqua park had the following impact on the Group's assets and liabilities:

In thousand eur

	Value according to SAR	Revaluation on fair value	Difference
Assets			
Intangible assets	1 000	3 315	2 315
Property, plant and equipment	29 500	35 291	5 791
Assets total	30 500	38 606	8 106

The fair value exercise has led to the recording of a deferred tax liability amounting to 1 540 thousand eur. It has been done using entry Income tax in the consolidated statement.

In thousand eur

Negative goodwill	-8 106
Purchase price	30 500
Price paid, settled in cash	-10 200
Cash acquired	-
Net cash outflow	-10 200

At 31 October 2011, the assets of Aqua park Tatralandia were revalued by an independent reputable company. Buildings and structures, geothermal borehole, water slides, movables and brand name were revalued. The purchase price of the assets was 30 500 thousand eur and the fair value revaluation was 38 606 thousand eur. The result was a negative revaluation of goodwill of 8 106 thousand eur. Negative goodwill was the result of both positive revaluation of all fixed assets (property and structures, geothermal borehole, water slides, movables), which were valued at replacement cost, and by positive revaluation of brand name using the method known as 'Relief-from-Royalty', which is a method that takes future projected income into account

If Aqua park Tatralandia had been procured on the 1 November 2010, the Group's profit for the period from 1 November 2010 to 31st October 2011 would have been 8 896 thousand EUR and revenues for the same period would have been 38 279 thousand EUR.

The profit of Aqua park Tatralandia from the day it has been procured until 31 October 2011 was 11 293 thousand eur (including profit from negative goodwill in the amount 8 106 thousand eur). Revenues for the same period were in the amount of 7 764 thousand eur. These values include also those items of profit and revenues of Aqua park Tatralandia, which are reported under section 2 Business segment information reported in the category Hotels and Gastro facilities.

Tatry mountain resorts, a.s. and subsidiary companies

Notes to the consolidated financial statements for the period from 1 November 2010 to 31 October 2011

4. Revenues

<i>In thousand eur</i>	1.11.2010 – 31.10.2011	1.11.2009 – 31.10.2010
Cables	17 408	14 660
Aqua park	5 536	-
Hotels	8 573	5 505
Gastro facilities	3 165	1 562
Sport services and shops	1 283	913
Real estate projects	119	296
Total	36 084	22 936

5. Other operating revenues

<i>In thousand eur</i>	1.11.2010 – 31.10.2011	1.11.2009 – 31.10.2010
Penalties	1 539	1 130
Received state subsidies	278	40
Insurance compensations	11	52
Other operating revenues	846	180
Total	2 674	1 402

Penalties are mostly revenues from EBITDA contract, as at 31 October 2011 in the amount of 1 384 thousand eur and as at 31 October 2010 in the amount of 1 117 thousand eur. EBITDA contract is stemming from purchase agreements of shares in companies GRANDHOTEL PRAHA a.s. and Interhouse Tatry s.r.o. By purchasing these companies on 28 December 2009 the Group obtained a guarantee from the sellers that assets in these companies would yield an agreed profit (EBITDA) in the following four years. In case this profit is not achieved, the previous owners committed themselves to make good the difference in the four year period. Such penalties are planned to be used for the reconstruction of assets to which they belong .

As at 31 October 2011 a part of other operating revenues in the amount of 479 thousand eur represents revenue from the termination of the revitalization liability caused by a change in legislation.

6. Cost of material and goods sold

<i>In thousand. eur</i>	1.11.2010 – 31.10.2011	1.11.2009 – 31.10.2010
Material in hotel and gastro facilities	-1 724	-875
Goods	-1 391	-1 020
Fuel	-604	-431
Material for repair and maintenance	-292	-152
Other material and goods	-1 386	-1 082
Total	-5 397	-3 560

Tatry mountain resorts, a.s. and subsidiary companies**Notes to the consolidated financial statements for the period from 1 November 2010 to 31 October 2011****7. Purchased services**

<i>In thousand eur</i>	1.11.2010 – 31.10.2011	1.11.2009 – 31.10.2010
Advertising expenses	-3 558	-1 990
Energy consumption	-2 715	-2 150
Rent and other associated expenses	-1 680	-1 135
Transport, accommodation and travel expenses	-1 086	-722
Training expenses	-466	-67
Repair and maintenance expenses	-403	-404
Other administrative expenses	-350	-357
Costs of other intangible services	-244	-224
Services related to the premises owned	-220	-97
Accounting, audit, and other advisory services	-1 388	-1 313
Total	-12 110	-8 459

Costs of accounting, audit, and other advisory services comprise of costs associated with administration of the Group.

The Group makes use of KPMG Slovensko spol. s r.o. services to examine the consolidated financial statements, which is done based on decision of General Meeting. From the beginning of financial year 2011 the Group makes use of KPMG Slovensko spol. s r.o. also to examine individual financial statements of all its companies in the Group. The costs of these items from 1 November 2010 to 31. October 2011 amounts to 137 thousand eur (for the period ending on 31. October 2010: 126 thousand eur KPMG Slovensko spol. s r.o. for the consolidated financial statements and 34 thousand eur STRAKA & Partners, s. r. o. for the individual financial statement). Auditing companies have not provided any additional services.

8. Personnel expenses

<i>In thousand eur</i>	1.11.2010 – 31.10.2011	1.11.2009 – 31.10.2010
Wages and salaries	-6 290	-3 823
Compulsory social security contributions	-1 878	-1 235
Bonuses for management and members of statutory bodies	-316	-155
Other social contributions	-280	-191
Total	-8 764	-5 404

The average number of employees of the Group in the period from 1 November 2010 to 31 October 2011 was 670, 30 of which was management (from 1 November 2009 to 31 October 2010 it was 433, 21 of which was management) The number of seasonal employees was 634 (from 1 November 2009 to 31. October 2010: 219).

Tatry mountain resorts, a.s. and subsidiary companies

Notes to the consolidated financial statements for the period from 1 November 2010 to 31 October 2011

9. Other operating costs

<i>In thousand eur</i>	1.11.2010 – 31.10.2011	1.11.2009 – 31.10.2010
Fees and provisions	-660	-165
Insurance	-161	-32
Shortages and damages	-25	-34
Other operating costs	-174	-40
Total	-1 020	-271

10. Interest income and expense

<i>In thousand eur</i>	1.11.2010 – 31.10.2011	1.11.2009 – 31.10.2010
Interest income	7 556	8 296
Interest expense	-518	-543
Total	7 038	7 753

The Group has in its assets bill of exchange receivable with fixed interest of 7,5% ,payable on demand.

The Group uses credit of 5 loans from Tatra banka, a.s. in which interest is determined by 1-month and 3-month EURIBOR. The loans were issued to cover investments and a loan from a different bank. The Group also has lease contracts with which it finances cars, snow cats, snow mobile scooters, etc.

The Group currently has no capitalized financial costs.

11. Loss from financial instruments, nett

<i>In thousand eur</i>	1.11.2010 – 31.10.2011	1.11.2009 – 31.10.2010
Revaluation of advance for future acquisition	-2 500	-
Revaluation of receivables arising from EBITDA contract	70	-1 310
Revaluation of financial instruments valued by fair value through income statement	407	-
Other, nett	317	-332
Total	-1 706	-1 642

Advances for property are related to unfinished investments and to future acquisitions. The future acquisition relates to a company operating cables, which the Group would like to buy in the future. The agreement is closed with WEBIS, s.r.o and is fixed for 5 years. The value of the advance was discounted to fair value. The discounting rate used was 2,821%. The result of the revaluation of the advance was a loss of 2 500 thousand eur. Had the discounting rate changed for 5, the value of the loss would change by 114 thousand eur.

Tatry mountain resorts, a.s. and subsidiary companies

Notes to the consolidated financial statements for the period from 1 November 2010 to 31 October 2011

12. Income tax and deferred tax

<i>In thousand eur</i>	1.11.2010 – 31.10.2011	1.11.2009 – 31.10.2010
Tax payable:		
Tax for the year	-1 126	-52
	-1 126	-52
Deferred tax (expense):		
Origination and reversal of temporary differences	-3 181	327
Total income tax	-4 307	275

Deferred income tax is calculated using enacted tax rates, which validity is assumed in the period, in which a receivable is realized or a liability is settled.

Reconciliation of effective tax rate

<i>In thousand eur</i>	1.11.2010 – 31.11.2011		1.11.2009 – 31.10.2010	
	%		%	
Profit /(loss) before tax		13 334		5 484
Tax rate 19% (2010: 19%)	19,00%	2 534	19,00%	1 042
Tax non-deductable expenses	20,69%	2 758	20,35%	1 116
Non-taxable income	-5,16%	-688	-32,00%	-1 755
Previous tax losses for which a deferred tax asset was recognized in the current year	-2,23%	-297	-12,36%	-678
Total	32,30%	4 307	-5,01%	-275

Income tax reported in other items of consolidated financial statement

<i>In thousand eur</i>	1.11.2010 – 31.10.2011			1.11.2009 – 31.10.2010		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Revaluation of security available for sale at fair market value	-15	-	-15	-14	-	-14
Revaluation of tangible assets at time of allocation into investments into property	204	-39	165	-	-	-
Other items of consolidated statement in total	189	-39	150	-14	-	-14

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

13. Property, plant and equipment

In thousand eur

	Land and buildings	Individual tangible assets and sets of tangible assets	Assets under construction	Total
Acquisition cost				
Initial balance as at 1 November 2009	62 632	34 805	3 523	100 960
Additions	-	-	18 138	18 138
Increase following businesses combination	15 718	534	359	16 611
Disposals	-8	-211	-	-219
Relocation within assets	3 639	1 184	-4 823	-
Balance as at 31 October 2010	81 981	36 312	17 197	135 490
Initial balance as at 1 November 2010	81 981	36 312	17 197	135 490
Additions	4 675	6 782	17 842	29 299
Increase following businesses combination	34 974	317	-	35 291
Disposals	-51	-525	-261	-837
Relocation within assets	13 437	7 793	-21 230	-
Revaluation at fair value at time of allocation into investments into property	204	-	-	204
Relocation into assets held for sale	-	-	-356	-356
Relocation from/into investments into property	-86	-	-	-86
Balance as at 31 October 2011	135 134	50 679	13 192	199 005
Accumulated depreciation and losses from decrease of assets value				
Balance as at 1 November 2009	-10 120	-2 610	-597	-13 327
Depreciation of current accounting period	-2 841	-3 806	-	-6 647
Disposals	-	163	-	163
Impairment loss of assets	-505	-	-	-505
Balance as at 31 October 2010	-13 466	-6 253	-597	-20 316
Balance as at 1 November 2010	-13 466	-6 253	-597	-20 316
Depreciation of current accounting period	-3 705	-4 230	-	-7 935
Disposals	11	74	-	85
Dissolution of loss from assets impairment	800	-	-	800
Balance as at 31 October 2011	-16 360	-10 409	-597	-27 366
Residual value				
As at 1 November 2009	52 512	32 195	2 926	87 633
As at 31 October 2010	68 515	30 059	16 600	115 174
As at 1 November 2010	68 515	30 059	16 600	115 174
As at 31 October 2011	118 774	40 270	12 595	171 639

As at 31 October 2011 the carrying amount of 4 star hotel, which was acquired through the acquisition of GRANDHOTEL PRAHA a.s. in the year 2009, was 15 945 thousand eur (as at 31 October 2010 - 16 184 thousand eur).

In the period from 1 November 2010 to 30 April 2011 the parent company acquired the assets of Aqua park Tatralandia for a value of 35 291 thousand eur, which is recognized in items Property, plant, individual tangible assets and sets of tangible assets.

13. Property, plant and equipment (continued)

The increase in unfinished goods in the amount of 17 842 thousand eur consists of two 6-seats cableways, Gastro facility Happy End, snowmaking systems in ski resorts Jasná, Tatranská Lomnica and other assets.

Unused assets

The Group owns a building under construction, for which adjustment in the value of 100% has been created, which is 597 thousand eur. This asset is not in use by the Group.

Impairment loss

For the period ending on 31 October 2011 the Group recognized dissolution of property impairment loss in the amount of 800 thousand eur.

For the period ending on 31 October 2010 the result of a test was impairment loss in the amount of 505 thousand eur was

Insurance of assets

The Group insured its assets against natural disasters, theft, and vandalism and against general machinery risks. The Group is also insured against liability for damage. Total value of insurance against natural disasters is 158 105 thousand eur. Insurance against general machinery risks is in the amount of 12 081 thousand eur, in case of insurance against liability for damage it is 449 thousand eur and against vandalism it is 58 663 thousand eur.

Guarantee

As at 31. October 2011 Land, property and equipment in the value of 125 840 thousand eur was used to secure the bank loans. (As at 31 October 2010: the value was 99 513 thousand eur)

Capitalized financial costs

The Group doesn't register any capitalized financial costs at the moment.

14. Goodwill and intangible assets

In thousands of EUR

	Goodwill	Valuable rights	Software	Total
<i>Cost or deemed cost</i>				
Balance as at 1 November 2009	651	655	54	1 360
Additions	-	-	26	26
Additions due to combination of businesses	3 473	-	22	3 495
Balance as at 31 October 2010	4 124	655	102	4 881
Balance as at 1 November 2010	4 124	655	102	4 881
Additions	-	-	78	78
Additions due to combination of businesses	-	3 315	-	3 315
Disposals	-	-	-9	-9
Balance as at 31 October 2011	4 124	3 970	171	8 265
<i>Accumulated depreciation and impairment losses</i>				
Balance as at 1 November 2009	-651	-132	-17	-800
Depreciation for the accounting period	-	-162	-22	-184
Balance as at 31 October 2010	-651	-294	-39	-984
Balance as at 1 November 2010	-651	-294	-39	-984
Depreciation for the accounting period	-	-155	-30	-185
Disposals	-	1	8	9
Impairment losses	-3 300	-	-	-3 300
Balance as at 31 October 2011	-3 951	-448	-61	-4 460
<i>Net book values</i>				
As at 1 November 2009	-	523	37	560
As at 31 October 2010	3 473	361	63	3 897
As at 1 November 2010	3 473	361	63	3 897
As at 31 October 2011	173	3 522	110	3 805

Tatry mountain resorts, a.s. and subsidiary companies

Notes to the consolidated statements for the period from 1 November 2010 to 31 October 2011

15. Property investments

In thousands of EUR

	31.10.2011	31.10.2010
Acquired price		
Balance as at 1 November 2010/1 November.2009	3 714	3 714
Transfer from tangible assets	86	-
Revaluation to fair value	394	-
Balance as at 31 October 2011/31 October 2010	4 194	3 714

Property investments comprise three hotels (Ski, Liptov a Kosodrevina) in the amount of 1 874 thousand EUR, which are leased to the third parties. These parties operate them as forest areas and lands acquired in 2009 by acquisition in the amount of 2 320 thousand EUR.

During the year, the Company completed the contract of lease of Hotel Srdiečko with a third party and began to operate the hotel themselves. Likewise, a lease contract of hotel Ski was completed and it was included into property investments. These operations resulted into recorded profits from the revaluation of property investments in the amount of 394 thousand EUR. Similarly, there was also the positive valuation difference of the transfer of tangible assets into property investments recorded in the amount of 204 thousand EUR (see Note 12 – Income and deferred tax)

During the period from 1 November to 31 October 2011 revenues from property investments were recorded at 132 thousand EUR and direct operating costs related to property investments were recorded at 99 thousand EUR (1 November 2009 to 31 October 2010: property investment revenues amounted to 98 thousand EUR and direct property investment costs amounted to 78 thousand EUR).

Property investments are valued at fair value (see note 1b – Critical accounting estimates and assumption, Valuation of property investments)

Guarantees

As at 31 October 2011 all property investments were used as securities for a bank loan in the amount of 4 194 thousand EUR (As at 31 October 2010: in the amount of 3 714 thousand EUR)

16. Investments in jointly controlled entity

The Group has one jointly controlled entity, Interhouse Tatry s.r.o.

	Country	Group's interest	
		31.10.2011	31.10.2010
Jointly controlled entity		%	%
Interhouse Tatry s.r.o.	Slovakia	50	50
<i>In thousands of EUR</i>			
		Value of investment	
		31.10.2011	31.10.2010
Acquisition cost of the jointly controlled entity		7 526	7 526
EBITDA contract adjustment		-598	-598
Loss of goodwill impairment		-1 108	-
Group's share of loss of jointly controlled entity (current period)		-595	-46
Group's share of loss of jointly controlled entity (previous period)		-46	-
Total		5 179	6 882

Tatry mountain resorts, a.s. and subsidiary companies**Notes to the consolidated statements for the period from 1 November 2010 to 31 October 2011****16. Investments in jointly controlled entity (continue)**

Summary financial information of the company Interhouse Tatry s.r.o presented in total amounts (100%) as at 31 October 2011:

<i>In thousands of EUR</i>	Profit	Loss	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity
Interhouse Tatry s.r.o.	1 668	-1 190	427	13 810	496	3 384	10 357

Profit and loss of the company present profit and loss for the period from 1 November 2010 to 31 October 2011.

Summary financial information of the company Interhouse Tatry s.r.o presented in total amounts (100%) as at 31 October 2010:

<i>In thousands of EUR</i>	Profit	Loss	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity
Interhouse Tatry s.r.o.	1 226	-92	509	15 142	812	3 292	11 547

Profit and loss of the company present profit and loss for the period from 28 December 2009 to 31. October 2010 (period since the Group started to consolidate this) and not the full accounting period of the Group (1.11.2009 – 31.10.2010).

17. Deferred tax receivable, deferred tax payable

Deferred tax receivables (payable) were charged for following items:

<i>In thousands of EUR</i>	31.10.2011	31.10.2010
Temporary differences related to:		
Property, plant and equipment	-13 337	-8 787
Property, plant and equipment	1 474	89
Intangible assets	-473	-
Property investments	90	7
Tax losses	-	205
Other deferred tax receivables	608	68
Other deferred tax payables	-242	-242
Total	-11 880	-8 660

Deferred tax receivable was not charged for following items:

<i>In thousands of EUR</i>	31.10.2011	31.10.2010
Tax losses	6 853	7 285
Total	6 853	7 285

Tatry mountain resorts, a.s. and subsidiary companies**Notes to the consolidated statements for the period from 1 November 2010 to 31 October 2011****17. Deferred tax receivable, deferred tax payable (continued)**

Deferred tax receivables from the previous losses were not amortized and are recorded only up to the amount at which they will be probably amortized against future tax profits. A tax loss for which no deferred tax receivable was recorded on 31 October 2010 was gained by acquisition of subsidiaries during the accounting period. Anticipated last periods to amortize deferred tax losses are as follows:

<i>In thousands of EUR</i>	2012	2013	2014	2015	after 2015
Tax losses	-	-	143	1 159	5 551

The maximum deadline to amortize the deferred tax losses is 5 years (losses after 1 January 2010 have an amortization deadline of 7 years).

18. Inventories

<i>In thousands of EUR</i>	31.10.2011	31.10.2010
Material	537	435
Goods	448	241
Total	985	676

As at 31 October 2011 inventories were used as securities to bank loans in the amount of 52 thousand EUR (as at 31 October 2010: 154 thousand EUR).

19. Loans provided

<i>In thousands of EUR</i>	31.10.2011	31.10.2010
Current	236	48 272
Non-current	7 674	5 116
Total	7 910	53 388

As at 31 October 2011 non-current loans are mainly loans provided to the company WEBIS, s.r.o. in amount of 5 693 thousand EUR (as at 31 October 2010: 5 116 thousand EUR). This loan is provided at a fixed interest rate of 5%, the amount of outstanding cumulative interest on this amount is 373 thousand EUR as at 31 October 2011 (as at 31 October 2010: 113 thousand EUR). The other loan is provided to the company I. Tatranská, joint stock company, in the amount of 1 905 thousand EUR at fixed interest 7%. The amount of outstanding cumulative interest on this loan is 48 thousand EUR as at 31 October 2011.

As at 31 October 2010 current loans are mainly loans provided into J&T Bank Switzerland Ltd. in the amount of 48 142 thousand EUR. This loan was provided at a fixed interest rate of 7,5%. The amount of outstanding cumulative interest on this loan is 2 201 thousand EUR as at 31 October 2010.

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Notes to the consolidated statements for the period from 1 November 2010 to 31 October 2011

20. Trade receivables

<i>In thousand of EUR</i>	31.10.2011	31.10.2010
Trade receivables	5 632	7 922
Adjustments to receivables	-433	-429
Total	5 199	7 493
<i>Current</i>	4 046	6 273
<i>Non-current</i>	1 153	1 220
Total	5 199	7 493

As at 31 October 2011 trade receivable are mainly from sale of Guesthouse Energetik (1 739 thousand EUR). The rest are mainly common operating and barter revenues, and revenues of debt redemption for the settlement of financial leasing (as at 31 October 2010: trade receivable of Guesthouse Energetik (1 739 thousand EUR), contract with a contractor (3 596 thousand EUR), who buys transportation and accommodation capacity (this receivable was paid in November 2010), a surcharge for penalties in amount of 1 117 thousand EUR (Note 5 – Other operating receivables), and the rest are common operating receivables).

As at 31 October 2011 and also as at 31 October 2010 the amount of adjustments to receivables is mostly from the discounting of non-current receivables from the sale of Guesthouse Energetik in the amount of 338 thousand eur, the rest are adjustments to the common operating receivables.

An analysis of receivables according to their due date is as follows:

<i>In thousands of EUR</i>	31.10.2011			31.10.2010		
	Gross	Adjustmen t	Net	Gross	Adjustmen t	Net
due date met	3 729	-338	3 391	7 215	-338	6 877
after due date of 30 days	317	-	317	470	-	470
after due date for 30 to 180 days	513	-	513	113	-	113
after due date for 180 to 365 days	608	-	608	21	-	21
after due date for more than 365 days	465	-95	370	103	-91	12
Total	5 632	-433	5 199	7 922	-429	7 493

Development of adjustments to receivables in the course of accounting period is shown in the following table:

<i>In thousands of EUR</i>	31.10.2011	31.10.2010
Balance as at 1 November 2010/1 November 2009	429	13
Adding/releasing adjusting item	4	416
Balance as at 31 October 2011/31 October 2010	433	429

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Notes to the consolidated statements for the period from 1 November 2010 to 31 October 2011

21. Other receivables

<i>In thousands of EUR</i>	31.10.2011	31.10.2010
Receivables from bills of exchange	66 806	98 662
EBITDA contract	1 343	1 273
Advances provided	20 171	4 769
Total	88 320	104 704
<i>Current</i>	70 225	104 498
<i>Non-current</i>	18 095	206
Total	88 320	104 704

As at 31 October 2011 the value of outstanding bills of exchange is 66 806 thousand EUR (as at 31 October 2010 outstanding bills of exchange were : 98 662 thousand EUR). Bills of exchange are payable on presentation and are issued at the interest rate of 7,5%. As at 31 October 2011 bills of exchange in the amount 66 806 thousand EUR were issued to the company J&T Private Equity B.V. (as at 31 October 2010 bills of exchange were: 98 662 thousand EUR) according to the portfolio management contract with J&T Bank Switzerland Ltd. is deposited for safekeeping.

An EBITDA contract arose in connection with the purchase agreement of shares of the GRANDHOTEL PRAHA a.s. and Interhouse Tatry s.r.o. With the purchase of these companies on 28 December 2009, the Group acquired a guarantee that the assets of these companies would 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 the agreed profitability in the period of four years. These payments are planned to be used mainly to reconstruct assets to which they relate.

Advances provided on assets relate to unfinished investment activities and future acquisitions. The future acquisition is the company operating ski lifts, which the Group has an interest to buy in the future. The contract is settled with the company WEBIS, s.r.o for a period of five years. The value of the advances provided was discounted to fair value. The discounted rate used was at 2,821%. By revaluation of the advances, a loss was created in the amount of 2 500 thousand eur. If the value of the discounted rate changed by 5%, the amount of loss would be changed by 114 thousand EUR.

22. Other assets

<i>In thousands of EUR</i>	31.10.2011	31.10.2010
Future period's cost and revenues	568	351
Other tax receivables	547	280
Other receivables	511	765
Total	1 626	1 396
<i>Current</i>	1 626	1 396
<i>Non-current</i>	-	-
Total	1 626	1 396

As at 31 October 2011 the item „Other tax receivables“ include mainly VAT receivables in the amount of 545 thousand EUR (as at 31 October 2010: 280 thousand EUR).

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Notes to the consolidated statements for the period from 1 November 2010 to 31 October 2011

23. Financial investments

<i>In thousands of EUR</i>	31.10.2011	31.10.2010
Financial instruments valued at fair value in profit or loss	17 242	-
Securities available for sale	70	85
Other financial investments	25	-
Total	17 337	85

In the period from 1 November 2010 to 31 October 2011 the Group procured 1 525 839 shares of the company Best Hotel Properties a.s. (hereinafter „BHP“), which manages the hotel chain. Their value as at 31 October 2011 is 17 242 thousand EUR. For the purchase based on contract on consulting with the company J&T FINANCE GROUP, a.s., the Group received a guarantee that the purchase of shares in BHP earns a minimum of 7% p.a. for the period of 3 years.

On 17 March 2010 the Group purchased 3 850 shares of the company Compagnie des Alpes (SA), which is a French company that is traded on the Paris Stock exchange, and which operates the business of ski resorts and summer amusement parks. The Group purchased these shares as a financial investment. The shares are available for sale and are revalued at fair value into share capital under the current price at stock market. Their value as at 31 October 2011 is 70 thousand EUR (as at 31 October 2010: 85 thousand EUR).

The Group also made a cash contribution to Tatranske dopravné družstvo, which deals with intermediary activities for services. The value of contribution as at 31 October 2011 is 25 thousand EUR.

24. Cash and cash equivalents

<i>In thousands of EUR</i>	31.10.2011	31.10.2010
Cash on hand	151	148
Cash equivalents	49	29
Current bank accounts	6 191	2 592
Total	6 391	2 769

25. Assets available for sale

Assets available for sale include unfinished assets and receivables, which the Group intends to sell.

Detailed analysis of the assets available for sale as at 31 October 2011 is as follows :

<i>In thousands of EUR</i>	31.10.2011	31.10.2010
Unfinished assets	356	-
Assets advances provided	102	-
Assets total	458	-

As at 31 October 2010 the Group did not have any assets for sale.

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Notes to the consolidated statements for the period from 1 November 2010 to 31 October 2011

26. Share Capital (Equity)

Share capital and share premium

The authorized, issued and fully paid share capital as at 31 October 2011 and 31 October 2010 comprises 6 707 198 ordinary shares with a par value of EUR 33 each.

On 12 April 2010 the issue of shares under the name ISIN: CS0009011952, series 01,02 , ISIN: SK1120002110, series 01, ISIN: SK1120005527, series 01, ISIN: SK1120006061, series 01, ISIN: SK1120009156, series 01 ceased and merged into a single issue ISIN-u SK1120010287.

On 30 April 2011 an Annual General Meeting of Tatry mountain resorts, a.s. took a place. The General Annual board decided a profit distribution of the company Tatry mountain resorts, a.s., which arose during period from 1 November 2009 to 31 October 2010 in the amount 9 454 thousand EUR and so that part of the profit in the amount of 945 thousand EUR was used to replenish the reserve fund of the company. An amount of 5 500 thousand EUR was used to pay dividends to shareholders , which represented a dividend per share of 0,82 EUR. In addition, the rest of the balance of profit in amount of 2 329 thousand EUR was transferred to the account of retained earnings.

The shareholders are entitled to receive dividends and the value of votes per shares at general meetings of the Company's shareholders is defined as the ratio of the value of one share of the total amount of capital. In the following table there are shareholders of the Company listed with the number of shares owned and with the voting rights.

31 October 2011	Number of shares	Shares owned in %	Voting rights in %
Poštová banka, a.s.	1 169 782	17,44%	17,44%
J & T BANKA, a.s.	902 566	13,46%	13,46%
CLEARSTREAM BANKING S.A.	657 894	9,81%	9,81%
TLD, s. r. o.	493 318	7,36%	7,36%
Patria Finance, a.s.	452 198	6,74%	6,74%
TATRY INVESTMENT LIMITED	447 700	6,67%	6,67%
Small shareholders	2 583 740	38,52%	38,52%
Total	6 707 198	100%	100%

31 October 2010	Number of shares	Shares owned in %	Voting rights in %
CONTIGY DEVELOPMENT LIMITED	1 046 281	15,60%	15,60%
Deutsche Bank Aktiengesellschaft	921 051	13,73%	13,73%
RMSM1 LIMITED (TIPPRA)	898 863	13,40%	13,40%
TATRY INVESTMENT LIMITED	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%
Small shareholders	748 407	11,16%	11,16%
Total	6 707 198	100%	100%

26. Share capital (continue)

Earnings per share

	31.10.2011	31.10.2010
Profit for the period in thousands of EUR	9 027	5 759
Weighted average number of ordinary shares	6 707 198	6 707 198
Earnings per share (EUR)	1,346	0,859

Non-distributable reserves

Non-distributable reserves are comprised in retained earnings and consist of a legal reserve fund of EUR 2 401 thousand (as at 31 October 2010: 1 436 thousand EUR). In Slovakia the creation of a legal reserve fund is required at a minimum of 10% of net profit (annually) of the company and up to a minimum of 20% of registered share capital (cumulative balance). The legal reserve fund can only be used to cover losses of the Company and it may not be distributed as dividend. The calculation of the legal reserve is based on local statutory regulations.

Decrease in share capital

An Extraordinary General Meeting took place on 15 March 2010 and approved a decrease in share capital of the Company from the amount of EUR 221 534 128,694362 to the amount of EUR 221 337 534. The reason for the reduction in share capital was to achieve one nominal value for all shares, namely the value of EUR 33 per share.

Profit distribution

Management of the Group proposes the following profit distribution for financial year 2011:

- Allocation to the reserve fund in the amount of 859 thousand EUR,
- Dividend payments in the amount of 6 439 thousand EUR,
- The remaining amount transferred to retained earnings from previous years.

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Notes to the consolidated statements for the period from 1 November 2010 to 31 October 2011

27. Loans and borrowings

In thousands of EUR

	31.10.2011	31.10.2010
<i>Current</i>	3 118	2 255
<i>Non-current</i>	14 807	11 924
Total	17 925	14 179

Creditor	Type of the interest rate	Maturity date	Amount outstanding as at 31.10.2011 <i>In thousands of EUR</i>
Tatra-Leasing, s.r.o. (Ltd.)	3M EURIBOR+margin	30.9.2013	17
Tatra banka, akciová spoločnosť (Engl. Join stock company)	1M EURIBOR+ margin	30.9.2013	823
Tatra banka, akciová spoločnosť	1M EURIBOR+ margin	30.9.2016	2 850
Tatra banka, akciová spoločnosť	1M EURIBOR+ margin	31.12.2016	1 568
Tatra banka, akciová spoločnosť	1M EURIBOR+ margin	31.12.2016	3 150
Tatra banka, akciová spoločnosť	1M EURIBOR+ margin	30.9.2017	4 461
Tatra banka, akciová spoločnosť	3M EURIBOR+ margin	30.9.2017	4 382
Tatra banka, akciová spoločnosť	1M EURIBOR+ margin	31.12.2018	674

Creditor	Type of the interest rate	Maturity date	Amount outstanding as at 31.10.2011 <i>In thousands of EUR</i>
Tatra banka, akciová spoločnosť	1M EURIBOR+ margin	30.9.2013	1 161
Tatra banka, akciová spoločnosť	3M EURIBOR+ margin	30.9.2013	24
Tatra banka, akciová spoločnosť	1M EURIBOR+ margin	31.12.2016	1 908
Tatra banka, akciová spoločnosť	1M EURIBOR+ margin	30.9.2017	5 174
Tatra banka, akciová spoločnosť	3M EURIBOR+ margin	30.9.2017	5 112
Tatra banka, akciová spoločnosť	1M EURIBOR+ margin	31.12.2018	800

In the period from 1 November 2010 to 31 October 2011 the weighted average of interest rates on loans from banks was 3,16% (from 1 November 2009 to 31 October 2010: 2,78%). Interest is payable on a monthly basis. For more information see Section 10 – Interest and similar income and expenses.

Bank loans securities

To secure bank loans, the Company used following security: lands, water areas, technology and service buildings of mountain lift equipment: ski lifts, chair cableways, terrestrial cableways, hanging cableways, cabin cableways, transformers, operating building and structures: Hotel Srdiečko, Hotel Kosodrevina, Hotel Liptov, Hotel Grand, Hotel SKI, former telecommunications building, Bungalows. In the case of Hotel SKI being used as security and also former telecommunications building, the company Tatra banka, a.s. is second in line (See also section 33 – Financial lease). All tangible assets and trade receivables are also used as securities.

As at 31 October 2011 the Company used to secure bank loans: Property, buildings and equipment, property investments and receivables in the amount of 135 224 thousand EUR (as at 31 October 2010: in amount of 108 381 thousand EUR).

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28. Trade payables

<i>In thousands of EUR</i>	31.10.2011	31.10.2010
Trade payables	4 318	2 299
Unbilled deliveries	584	572
Retention	26	-
Total	4 928	2 871
<i>Current</i>	4 915	2 798
<i>Non-current</i>	13	73
Total	4 928	2 871

Trade payables comprise of constructions investment liabilities and common operating purchases. As at 31 October 2011 outstanding payables were in the amount of EUR 1 137 thousand (as at 31 October 2010: 222 thousand EUR).

29. Provisions (reserves)

<i>In thousands of EUR</i>	Unused vacation	Others	Total
Balance as at 1 November 2010	310	20	330
Provisions during the year	463	-	463
Provisions reversed during the year	-4	-	-4
Use of provisions during the year	-305	-	-305
Balance as at 31 October 2011	464	20	484
<i>Current</i>			464
<i>Non-current</i>			20

<i>In thousands of EUR</i>	Unused vacation	Others	Total
Balance as at 1 November 2009	268	19	287
Additions due to business combinations	63	-	63
Provisions during the year	183	7	190
Provisions reversed during the year	-46	-	-46
Use of provisions during the year	-158	-6	-164
Balance as at 31 October 2010	310	20	330
<i>Current</i>			310
<i>Non-current</i>			20

Tatry mountain resorts, a.s. and subsidiary companies**Notes to the consolidated statements for the period from 1 November 2010 to 31 October 2011****30. Other liabilities**

<i>In thousands of EUR</i>	31.10.2011	31.10.2010
Financial lease liabilities	1 146	1 976
Advances received	662	285
Deferred revenues	531	865
Other liabilities to employees and partners	421	293
Employee benefits	8	34
Other liabilities	1 251	1 624
Total	4 019	5 077
<i>Current</i>	3 408	4 198
<i>Non-current</i>	611	879
Total	4 019	5 077

As at 31 October 2011 other liabilities to employees and partners also comprise social fund liabilities in the amount of 18 thousand EUR (as at 31 October 2010: 13 thousand EUR).

As at 31 October 2011 the amount of deferred revenues is mainly 167 thousand EUR in a subsidy to education project (ZASI), 100 thousand EUR subsidy to Hotel Tri studničky, 142 thousand EUR in paid lease revenue for 6-chair cableway in Jasna (as at 31 October 2010: 438 thousand EUR subsidy for education project (ZASI), 103 thousand EUR subsidy to the hotel Tri studničky, 242 thousand EUR in paid lease revenue for 6-chair cableway in Jasna).

As at 31 October 2011 the amount of other liabilities comprises of mainly 210 thousand EUR in social fund liabilities, 190 thousand EUR in accrued expenses, and 287 thousand EUR in liabilities of VAT advances paid (as at 31 October 2010: 150 thousand EUR – Social fund liabilities, 482 thousand EUR - revitalization liabilities, 252 thousand EUR – liabilities of VAT advances paid. eur and 409 thousand EUR liabilities resulting from valuable rights of Slovak Ski Association).

The creation and use of social funds during the accounting period are shown in the table below:

<i>In thousands of EUR</i>	31.10.2011	31.10.2010
Balance as at 1 November 2010/1 November 2009	13	16
Addition due to acquisition	-	1
Creation against expenses	25	7
Drawings	-20	-11
Balance as at 31 October 2011/31 October 2010	18	13

31. Fair value information

The following table presents a comparison of the carrying amounts and fair values of the Group's financial assets and liabilities that are not carried at fair value:

<i>In thousands of EUR</i>	Carrying amount		Fair value	
	31.10.2011	31.10.2010	31.10.2011	31.10.2010
<i>Financial assets</i>				
Cash and cash equivalents	6 391	2 769	6 391	2 769
Loans provided	7 910	53 388	6 947	53 550
Trade receivables	5 199	7 493	5 199	7 493
Other receivables	88 422	104 704	88 422	104 704
Financial investments	25	-	25	-
Other assets	1 626	1 396	1 626	1 396
<i>Financial liabilities</i>				
Loans and borrowings	17 925	14 179	20 422	14 783
Trade payables	4 928	2 871	4 928	2 871
Other payables	4 019	5 077	4 019	5 077

The balances shown as at 31 October 2011 include also the portion of assets held for sale in the amount of 102 thousand EUR.

Estimation of fair values

The following paragraphs summarize the major methods and assumptions used in estimating the fair values of financial assets and liabilities reflected in the table above:

Loans and prepayments: Fair value is calculated based on expected future discounted cash flows from repayments of principal and interest. Expected future cash flows are estimated considering credit risk and any indication of impairment. The estimated fair values of loans reflect changes in credit status since the loans were provided and changes in interest rates in the case of fixed rate loans.

Other assets include, among others bills of exchange receivable in the amount of 66 806 thousand EUR (2010: 98 662 thousand EUR), which are repayable on demand, and therefore, their carrying value does not differ significantly from their fair value.

Trade receivables/payables and other assets/liabilities: For receivables/payables with a remaining life of less than one year, the nominal amount is deemed to reflect the fair value. Other receivables/payables are discounted to determine the fair value.

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32. Operating lease

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 of the land leases are made for the period of 30 years with the prolonged option for another 10 years. The most significant agreements have 1-year notice period.

Operating lease costs for the period ending on 31 October 2010 recognized in profit or loss statements were presented in the amount of 1680 thousand EUR (for the period ended on 31 October 2010: 947 thousand EUR).

The rents for the period, in which the contracts cannot be terminated are as follows:

<i>In thousands of EUR</i>	31.10.2011	31.10.2010
Less than one year	480	564
From 1 to 5 years	31	51
More than 5 years	-	-
Total	511	615

33. Financial lease

Maturity of financial lease liabilities as at 31 October 2011 was as follows:

<i>In thousands of EUR</i>	Principal	Interest	Payments
Less than one year	543	39	582
From 1 to 5 years	603	34	637
More than 5 years	-	-	-
Total	1 146	73	1 219

Securities

The following assets and equipments were used to secure financial lease liabilities: chair cableway (subject of lease) and buildings: Hotel SKI and former telecommunication building (see also section 27 – Loans and borrowings). Chair cableway is in the process of termination of lease since as of 31 October 2011 there was a last installment of the repayment Schedule paid.

34. Risk management policies and disclosures

This section provides detail of the Group's exposure to financial and other risks to which the Group is exposed and of the way it manages such risks.

The group is exposed to the following risks:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

The Group's management is fully responsible for the establishment and oversight of the Group's risk management framework.

34. Risk management policies and disclosures (continued)

Credit risk

The Group's primary exposure to credit risk arises through its trade receivables, lease receivables, other receivables and advances and loans provided. The amount of credit exposure is represented by the respective carrying amounts of these assets in the balance sheet. The carrying amount of receivables, advances and loans provided represents the maximum accounting loss that would be recognised if counterparties completely failed to perform as contracted and any collateral or security proved to be of no value. This amount, therefore, highly exceeds expected losses that are included in provision for doubtful receivables.

As at 31 October 2011, the Group was exposed to the following credit risks:

In thousands of EUR

	Corporate	Banks	Other financial institutions	Other	Total
<i>Assets</i>					
Cash and cash equivalents	-	6 191	-	200	6 391
Trade receivables	5 199	-	-	-	5 199
Loans provided	7 910	-	-	-	7 910
Other receivables	88 422	-	-	-	88 422
Financial investments	17 337	-	-	-	17 337
Other assets	1 063	2	12	549	1 626
	119 931	6 193	12	749	126 885

The balances as at 31 October 2011 include also the portion of assets held for sale in the amount of 102 thousand EUR.

As at 31 October 2010, the Group was exposed to the following credit risk:

In thousands of EUR

	Corporate	Banks	Other financial institutions	Other	Total
<i>Assets</i>					
Cash and cash equivalents	-	2 592	-	177	2 769
Trade receivables	7 493	-	-	-	7 493
Loans provided	5 246	-	48 142	-	53 388
Other receivables	104 704	-	-	-	104 704
Financial investments	85	-	-	-	85
Other assets	1 112	2	-	282	1 396
	118 640	2 594	48 142	459	169 835

As at 31 October 2011 the value of outstanding bills of exchange was 66 806 thousand EUR (as at 31 October 2010 outstanding bills of exchange were : 98 662 thousand EUR). Bills of exchange are payable on maturity and have been issued at an interest rate of 7,5%. As at 31 October 2011 bills of exchange in the amount 66 806 thousand EUR have been issued to J&T Private Equity B.V. (as at 31 October 2010 bills of exchange were: 98 662 thousand EUR) in accordance with the portfolio management contract with J&T Bank Switzerland Ltd. They are deposited for safekeeping.

34. Risk management policies and disclosures (continued)

Liquidity risk

Liquidity risk arises in the general funding of the Group's activities and in the management of financial positions. It includes both the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame. Individual companies in the Group use different of managing liquidity risk. Management of the Group focuses on managing and monitoring liquidity of each company.

In order to manage liquidity management has changed financial year to the fiscal year ended 31 October. The Group has a winter season in the first half of its fiscal year, which represents 55% of Group's income. The Group can in sufficient time influence the side of income and costs according to the development in the first half of the year to maintain sufficient liquidity. The High Tetras resort is balancing seasonality also with strong summer season, which ensures its stable liquidity throughout the year. By owning a bill of exchange payable on display (more in Section 21 – Other receivables), the Group has secured sufficient liquidity.

The following table presents and analysis of the Group's financial assets and liabilities grouped by their due dates. This analysis is the most conservative scenario of the residual maturities. Therefore, in the case of liabilities, the earliest possible repayment date is presented while for assets the latest possible repayment date is disclosed. Those assets and liabilities that do not have a contractual maturity date are grouped together in the „undefined maturity“.

As at 31 October 2011 the Group was exposed to following liquidity risk:

In thousands of EUR

	Carrying amount	Future cash flow	Up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Unspecified
Assets							
Cash and cash equivalents	6 391	6 391	6 391	-	-	-	-
Trade receivables	5 199	5 536	3 826	220	1 490	-	-
Loans provided	7 910	10 224	236	-	82	9 906	-
Other receivables	88 422	91 121	70 225	102	1 542	19 252	-
Financial investments	17 337	17 337	-	-	-	-	17 337
Other assets	1 626	1 626	1 148	478	-	-	-
	126 885	132 235	81 826	800	3 114	29 158	17 337
Liabilities							
Trade payables	4 928	-4 928	-4 896	-19	-13	-	-
Loans and borrowings	17 925	-20 184	-534	-3 130	-11 185	-5 335	-
Other payables	4 019	-4 092	-3 031	-416	-637	-8	-
	26 872	-29 204	-8 461	-3 565	-11 835	-5 343	-

The balances as at 31 October 2011 include also the portion of assets held for sale in the amount of 102 thousand EUR.

Other receivables up to three months comprise also bills exchange receivable, which are payable on display. These bills of exchange will not be payable up to three months. The Group draws financial funds from the bills of exchange as necessary for the purpose of financing investment activities and acquisitions. Projected depletion of bills of exchanges i on the horizon up to 2 years.

34. Risk management policies and disclosures (continued)

As at 31 October 2010 the Group was exposed to following liquidity risk:

In thousands of EUR

	Carrying amount	Future cash flow	Up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Unspecified
Assets							
Cash and cash equivalents	2 769	2769	2 769	-	-	-	-
Trade receivables	7 493	7 831	3 649	2 624	1 558	-	-
Loans provided	53 388	55 414	48 784	-	-	6 630	-
Other receivables	104 704	104 873	98 662	5 783	428	-	-
Financial investments	85	85	-	-	-	-	85
Other assets	1 396	1 396	223	1 173	-	-	-
	169 835	172 368	154 087	9 580	1 986	6 630	85
Liabilities							
Trade payables	2 871	-2 871	-82	-2 716	-73	-	-
Loans and borrowings	14 179	-15 901	-439	-2 228	-11 080	-2 154	-
Other payables	5 077	-5 077	-206	-3 992	-579	-300	-
	22 127	-23 849	-727	-8 936	-11 732	-2 454	-

Foreign exchange risk

The Group is not exposed to the foreign exchange risk because almost all transactions are kept in EUR.

Interest rate risk

The Group's operations are subject to the risk of interest rate fluctuations. The volume of the risk equals the sum of interest-earning assets and interest-bearing liabilities for which the interest rate differs at maturity or re-pricing compared to current interest rates. The period for which the interest rate of a financial instrument is fixed therefore indicates to what extent it is exposed to interest rate risk. The table below provides information on the extent of the Group's interest rate exposure based on the contractual maturity date of its financial Instruments.

As at 31 October 2011 and as at 31 October 2010, the Group had the following financial assets and liabilities pertaining to the interest rate:

In thousands of EUR

	31.10.2011	31.10.2010
Fixed interest rate		
Assets	74 716	152 050
Liabilities	-	-
	74 716	152 050
Variable interest rate		
Assets	-	-
Liabilities	-17 925	-14 179
	-17 925	-14 179

34. Risk management policies and disclosures (continued)

Sensitivity analysis for Instruments with variable interest rate

A change of 100 basis points in interest rates would have the following effect on the income statement:

<i>In thousands of EUR</i>	Profit (loss)	
	100 bb increase	100 bb decrease
31 October 2011		
Instruments with variable interest rate	-179	179
Cash flow sensitivity	-179	179

<i>In thousands of EUR</i>	Profit (loss)	
	100 bb increase	100 bb increase
31 October 2010		
Instruments with variable interest rate	-142	142
Cash flow sensitivity	-142	142

Interest-bearing liabilities of the Group bear variable interest rates based on EURIBOR. The Group considers a variable interest rate to be a self-management of interest rate risk. When there is an economic expansion then EURIBOR increase, but economic performance of population increases too as well as society has better revenues and profits. When there is an economic recession, every indicator behaves oppositely.

Operational risk

Operational risk is the risk of loss arising from fraud, unauthorized activities, error, omission, inefficiency or system failure. This risk arises from all the Group's activities and is a risk faced by all companies within the Group. Operational risk includes legal risk as well.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation, while at the same time addressing costs effectiveness and avoiding procedures which restrict initiative and creativity.

The primary responsibility for the implementation of controls to address operational risk is assigned to the Group's management. This responsibility is supported by the development of the overall standards applicable for the whole Group. Operational risk is managed through a system of directives, minute meetings and control mechanisms. The Group has established a controlling department, through which regular checks are performed with the goal to eliminate all operational risks.

The Group is also at risk of adverse weather-related conditions. The resort attendance is dependent on the number of times and amount of snow. Adverse conditions negatively affect the number of skiers and the Group's revenues or profit or loss. Warm weather may disproportionately increase the cost of production of artificial snow and change the area for skiing. Historically the region of Low Tatras had an average of 80 cm of snow during the winter season and the High Tatras region had 85 cm of snow. The start of the winter season and the snow conditions affect the perception of the whole season by skiers. The Group cannot in any way reliably predict snow conditions at the beginning of the winter season. However, snow conditions during the winter season are consistent every year.

35. Related parties

Identification of related parties

As shown in the following list, the Group is in the relationship of related parties with its shareholders, who have significant impact on the Group and to other parties, as at 31. October 2011 and 31 October 2010 or during the period from 1 November 2010 to 31 October 2011 and 1 November 2009 to 31 October 2010:

- (1) Entities with joint control or significant influence over the company and its subsidiaries or associates
- (2) Joint ventures in which the Group is a venturer
- (3) Associates
- (4) Key management personnel of the Company or the Group's shareholders (See also section 8 – Personnel Expenses)
- (5) Other related parties

The information about remuneration of members of statutory bodies and senior management are given in section 8 – Personnel Expenses.

Since none of the shareholders of the Group has ownership of over 20% or otherwise has significant influence in the Group, shareholders are not recognized as related parties and above described transactions, and any balances are not understood as transactions with related parties.

The Group has transactions listed below with related parties:

In thousands of EUR

	Note	Receivables 31.10.2011	Payables 31.10.2011	Receivables 31.10.2010	Payables 31.10.2010
Interhouse Tatry s.r.o. ¹	3	368	-	311	-

In thousands of EUR

	Note	Revenues 1.11.2010 – 31.10.2011	Costs 1.11.2010 – 31.10.2011	Revenues 1.11.2009 – 31.10.2010	Costs 1.11.2009 – 31.10.2010
Interhouse Tatry s.r.o. ¹	3	32	-15	40	-9

¹ By buying a 50% share in joint venture company Interhouse Tatry s.r.o. (Ltd.) on 28 December 2009, this company has been identified as a related party.

Tatry mountain resorts, a.s. and subsidiary companies

Notes to the consolidated statements for the period from 1 November 2010 to 31 October 2011

36. Events occurring after the date of the statement of financial position

After the date of the financial statements the following events occurred:

On 1 November 2011, the Group purchased Hotel FIS at Štrbské pleso, which had been leased and operated by the Group. The purchase price of the hotel was 4 854 thousand EUR and it has been paid in full.

On 19 December 2011, the Group purchased Hotel Slovakia in Tatranska Lomnica. The purchase price of the hotel was 1 688 thousand EUR and it has been partially paid.

Because the above two cases were only purchases of property, the Group's management provisionally assessed that it is not a business combination.

On 8 November 2011 Tatry mountain resorts, a.s. established a 100% subsidiary company Tatry mountain resorts operations, a.s. for the further opportunities of acquisitions. The share capital of the company Tatry mountain resorts operations, a.s. is 25 thousand EUR and it has been paid in full.

In January 2012, the Group, in cooperation with Tatra banka, a.s., issued a bank guarantee in favour of the cableways contractor in the amount of 4 146 thousand EUR valid until January 2013.

37. Capital commitments and capital management

The Group has no significant capital commitments as at 31 October 2011.

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 have external requirements to manage capital.

During the period from 1 November 2010 to 31 October 2011 there were no changes in Group's management approach to capital management.

38. Contingent assets and contingent liabilities

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

On 31 October 2007 the Group concluded a contract with a pledge over the business, receivables and tangible assets for the benefit of the creditor Tatra banka, a.s. (joint-stock company), the subject of which is a pledge right to liabilities in full amount of liabilities recognized in the balance sheet at 31 October 2010 and at 31 October 2011.

The group is in a number of lawsuits. In two cases, the Group lost the lawsuits and the amount of compensation is being calculated. The maximum amount of compensation in these lawsuits may be up to 1 205 thousand EUR s and court costs.

Tatry mountain resorts, a.s. and subsidiary companies

Notes to the consolidated statements for the period from 1 November 2010 to 31 October 2011

39. Companies within the Group

Companies within the Group as at 31st of October 2011 and as at 31st of October 2010 are stated in the table below:

	Country of registration	31.10.2011			31.10.2010	
		Consolid. %	Control form	Consolidation method	Consolid. %	Control form
Tatry mountain resorts, a.s.	Slovakia	100	direct	full	100	direct
GRANDHOTEL PRAHA a.s.	Slovakia	100	direct	full	100	direct
Tatry mountain resorts services, a.s.	Slovakia	100	direct	full	100	direct
Interhouse Tatry s.r.o.	Slovakia	50	direct	equivalent	50	direct

On 11 October 2010, the group acquired 100% share in subsidiary company Tatry mountain resorts services, a.s.

Bohuš Hlavatý
*chairman of Board
of Directors*

Jozef Hodek
*member of Board of
Directors*

Tomáš Kimlička
*person responsible for
consolidated financial statements*

Marian Klas
*person responsible for
accounting*

KPMG Slovensko spol. s r.o.
Dvorako nabrezie 10
P.O.Box 7
820 04 Bratislava 24
Slovakia

Telephone +421 (0)2 59 98 41 11
Fax +421 (0)2 59 98 42 22
Internet www.kpmg.sk

Translation of the Auditor's Report originally prepared in Slovak language

Independent Auditor's Report

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

We performed audit of the attached consolidated financial statements of Tatry mountain resorts, a.s. ("the Company") and its subsidiaries (jointly referred to as "the Group"), which comprise the consolidated statement of financial position as at 31. October 2011, consolidated statement of consolidated income, consolidated statement of changes in own equity, consolidated cash flow statement for the year ending on 31 October 2011, notes comprising significant accounting policies and methods together with explanatory information.

Responsibility of Statutory Body of the Company

Statutory body of the Company is responsible for the compilation of consolidated financial statements, which provide true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated 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 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 consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatements of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the consolidated financial statements that give a truth and fair view in order to design audit procedures

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Cooperative ("KPMG International")
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Commercial register
of District Court Bratislava I,
Section Sro, file no. 4864/B

License number of statutory auditor: 96

Registration no. 31 348 238

that are appropriate in 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 management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 October 2011, and of its consolidated financial performance and its consolidated cash flows for the year ended on 31 October 2011 in accordance with International Financial Standards as adopted by the European Union.

28 February 2012
Bratislava, Slovak Republic

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



Responsible auditor
Ľuboš Vančo
License SKAU No. 745

Round stamp: Slovak commerce of auditors, Slovakia, spol. s r.o., SKAU, License No. 96, KPMG Slovensko spol. s r.o.

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Translation of the Report on the compliance originally prepared in Slovak language

Report on the compliance

of annual report and consolidated financial statements according to section 23 article 5 act No. 540/2007 Col. about auditors, audit and surveillance over audit.

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

We performed audit of the attached consolidated financial statements of Tatry mountain resorts, a.s. ("the Company") and its subsidiaries (jointly referred to as "the Group") as at 31 October 2011, which is included in the attachments of the Annual report. On 28 February 2012 we issued Independent Auditor's Report as follows:

Independent Auditor's Report

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

We performed audit of consolidated financial statements of Tatry mountain resorts, a.s. ("the Company") and its subsidiaries (jointly referred to as "the Group"), which comprise the consolidated statement of financial position as at 31. October 2011, consolidated statement of consolidated income, consolidated statement of changes in own equity, consolidated cash flow statement for the year ending on 31 October 2011, notes comprising significant accounting policies and methods together with explanatory information.

Management's Responsibility for the Financial Statements

Management as represented by the statutory body of the Company is responsible for the compilation of consolidated financial statements, which provide true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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of District Court Bratislava I,
Section Sro, file no. 4864/B

License number of statutory auditor: 96

Registration no. 31 348 238

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 consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatements of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in 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 management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 October 2011, and of its consolidated financial performance and its consolidated cash flows for the year ended on 31 October 2011 in accordance with International Financial Standards as adopted by the European Union.

28 February 2012
Bratislava, Slovak Republic

Auditing company:
KPMG Slovensko spol. S.r.o.
Licencia SKAU No. 96

Responsible auditor
Ľuboš Vančo
License SKAU No. 745

Round stamp: Slovak commerce of auditors, Slovakia, spol. s r.o., SKAU, License No. 96, KPMG Slovensko spol. s r.o.

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Section Sro, file no. 4864/B

License number of statutory auditor: 96

Registration no. 31 348 238

Report on the compliance of annual report and consolidated financial statements

In accordance with Accounting act we confirmed the compliance of annual report with the consolidated financial statements.

Management of the Company is responsible for the annual report. Our role is to confirm the compliance of annual report with the consolidated financial statements and based on that issue appendix to the Auditor's report about the compliance of annual report with the consolidated financial statements.

We conducted our confirmation in accordance with International Auditor's Standards. Those standards require that we plan and perform the confirmation to obtain reasonable assurance about whether information in the annual report, which is used in consolidated financial statements are in every aspect in compliance with the consolidated financial statements.

We compared the compliance of information published in the annual report with the information in the consolidated financial statement as at 31 October 2011. Other data and information such as accounting information from consolidated financial statement and accounting books were not subject of our confirmation. We believe that confirmation executed is evidence sufficient and appropriate to provide a basis for our opinion.

In our opinion, the accounting information in annual report is in every aspect in compliance with the consolidated financial statements as at 31 October 2011, which is included in the attachments of the Annual report.

28 February 2012
Bratislava, Slovak Republic

Auditing company:
KPMG Slovensko spol. S.r.o.
Licencia SKAU No. 96



Responsible auditor
Ľuboš Vančo
License SKAU No. 745

Round stamp: Slovak commerce of auditors, Slovakia, spol. s r.o., SKAU, License No. 96

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Section Sro, file no. 4864/B

License number of statutory auditor: 96

Registration no. 31 348 238

Tatry Mountain Resorts, a.s.

Individual Financial Statements
for the period from 1 November 2010 to 31 October 2011

compiled under
applicable Slovak regulations

INCOME STATEMENT

as at 31 10 2011 (in whole euros)

Tax identification number (DIČ)

2 0 2 0 4 2 8 0 3 6

Identification number (IČO)

3 1 5 6 0 6 3 6

SK NACE

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Financial statements

ordinary
 extraordinary

Financial statements

prepared
 approved

For period

Month	Year
1 1	2 0 1 0
1 0	2 0 1 1

(check)

Preceding

period	
from	1 1 2 0 0 9
to	1 0 2 0 1 0

Legal name (designation) of the accounting entity

T a t r y m o u n t a i n r e s o r t . a . s .

Registered office of the accounting entity, street and number

D e m ä n o v s k á D o l i n a 7 2

Zio code

0 3 1 0 1

Municipality

L i p t o v s k ý M i k u l á š




Telephone number

0 4 4 / 5 5 9 1 5 0 5

Fax

0 4 4 / 5 5 9 1 5 1 1

E-mail

Prepared on 16.2.2012	Signature of the person responsible for bookkeeping: 	Signature of the person responsible for the preparation of the financial statements: 	Signature of the accounting entity's statutory body or a sole trader who is the accounting entity: 
Approved on 16.2.2012			

DIČ: 2020428036

Income Statement Úč POD 2-01

Designation a	Text b	Line No. c	Actual data	
			Current accounting period 1	Preceding accounting period 2
I.	Revenues from the sale of merchandise (604, 607)	01	1 109 516	895 132
A.	Cost of merchandise sold (504, 505A, 507)	02	935 215	614 432
+	Trade margin line 01 – line 02	03	174 301	280 700
II.	Production line 05 + line 06 + line 07	04	33 632 487	18 353 173
II.1.	Revenue from the sale of own products and services (601, 602, 606)	05	33 603 147	18 307 880
2.	Changes in internal inventory (+/- accounting group 61)	06	6	0
3.	Own work capitalized (accounting group 62)	07	29 334	45 293
B.	Production line 09 + line 10	08	17 568 634	8 899 355
B.1.	Consumed raw materials, energy consumption, and consumption of other non-inventory supplies(501, 502, 503, 505A)	09	6 324 493	3 579 178
2.	Services (accounting group 51)	10	11 244 141	5 320 177
+	Added value line 03 + line 04 - line 08	11	16 238 154	9 734 518
C.	Personnel expenses total (line 13 to16)	12	7 115 868	3 950 769
C.1.	Wages and Salaries(521, 522)	13	5 156 550	2 814 330
2.	Remuneration of board members of company or cooperative(523)	14	200 626	117 367
3.	Social security expenses (524, 525, 526)	15	1 516 452	903 833
4.	Social expenses (527, 528)	16	242 240	115 239
D.	Taxes and fees(accounting group 53)	17	140 779	86 657
E.	Amortization and value adjustments to non-current intangible assets and depreciation and value adjustments to property, plant and equipment (551, 553)	18	4 892 818	2 936 706
III.	Revenue from the sale of non-current assets sold and raw materials sold (641, 642)	19	1 035 438	153 473

F.	Carrying value of non-current assets sold and raw materials sold (541, 542)	20	748 517	30 066
G.	Creation and reversal of value adjustments to receivables (+/- 547)	21	-21 590	68 536
IV.	Other operating income(644, 645, 646, 648, 655, 657)	22	2 624 441	1 282 752
H.	Other operating expenses (543, 544, 545 546, 548, 549, 555, 557)	23	90 898	54 268
V.	Transfer of operating income (-) (697)	24	0	0
I.	Transfer of operating expenses (-) (597)	25	0	0
*	Profit/loss from operations line11 - line12 – line 17 - line 18 + line 19 - line 20 – line 21 + line 22 - line 23 + (-line 24) - (-line 25)	26	6 930 743	4 043 741
VI.	Revenues from the sale of securities and shares (661)	27	0	3 025
J.	Securities and shares sold (561)	28	0	0
VII.	Income from non-current financial assets line 30 + line 31 + line 32	29	484 406	2 888
VII.1	Income from securities and ownership interests in a subsidiary and in a company where significant influence is held (665A)	30	0	0
2.	Income from other non-current securities and shares (665A)	31	484 406	2 888
3.	Income from other non-current financial assets (665A)	32	0	0
VIII.	Income from current financial assets (666)	33	0	0
K.	Expenses related to current financial assets (566)	34	0	0
IX.	Gains on revaluation of securities and income from derivative transactions (664, 667)	35	0	0
L.	Loss on revaluation of securities and expenses related to derivative transactions (564, 567)	36	0	0
M.	Creation and reversal of value adjustments to financial assets +/- 565	37	2 499 902	0
X.	Interest income (662)	38	7 542 194	8 309 018
N.	Interest expenses (562)	39	514 738	444 799
XI.	Exchange rate gains (663)	40	1 456	34
O.	Exchange rate losses(563)	41	2 504	373
XII.	Other income from financial activities (668)	42	9 055	2 485

P.	Other expenses related to financial activities (568, 569)	43	678 939	141 199
XIII.	Transfer of financial income(-) (698)	44	0	0
R.	Transfer of financial expenses (-) (598)	45	0	0
*	Profit/loss from financial activities line 27 - line 28 + line 29+ line 33 - line 34 + line 35 - line 36 - line 37 + line 38 - line 39 + line 40 - line 41 + line 42 - line 43 +(- r. 44) -(- r. 45)	46	4 341 028	7 731 079
**	Profit/loss from ordinary activities before tax line 26 + line 46	47	11 271 771	11 774 820
S.	Income tax on ordinary activities line 49 + line 50	48	2 681 525	2 320 710
S.1	- current (591, 595)	49	1 140 899	0
2.	- deferred (+/- 592)	50	1 540 626	2 320 710
**	Profit/loss from ordinary activities after tax line 47 – line 48	51	8 590 246	9 454 110
XIV.	Extraordinary income (accounting group 68)	52		
T.	Extraordinary expenses (accounting group 58)	53		
*	Profit/loss from extraordinary activities line 52 - line 53	54	0	0
U.	Income tax on extraordinary activities line 56 + line 57	55	0	0
U.1.	- current (593)	56		
2.	- deferred (+/- 594)	57		
*	Profit/loss from extraordinary activities after tax line 54 - line 55	58	0	0
***	Profit/loss for the accounting period before tax (+/-) [line 47 + line 54]	59	11 271 771	11 774 820
V.	Transfer of net profit/net loss shares to partners (+/- 596)	60		
***	Profit/loss for the accounting period after tax (+/-) [line 51 + line 58 – line 60]	61	8 590 246	9 454 110

BALANCE SHEET

as at 31 10 2011 (in whole euros)

Tax identification number (DIČ)

2 0 2 0 4 2 8 0 3 6

Financial statements

ordinary
extraordinary

Financial statements

prepared
approvedfrom
to

For period

Month Year

1 1
1 02 0 1 0
2 0 1 1

Identification number (IČO)

3 1 5 6 0 6 3 6

SK NACE

5 5 . 1 0 . 0

(check)

Preceding

period

from
to1 1
1 02 0 0 9
2 0 1 0

Legal name (designation) of the accounting entity

T a t r y m o u n t a i n r e s o r t . a . s.

Registered office of the accounting entity, street and number

D e m ä n o v s k á D o l i n a 7 2

Zio code

0 3 1 0 1

Municipality

L i p t o v s k ý M i k u l á š

Telephone number

0 4 4 / 5 5 9 1 5 0 5

Fax

0 4 4 / 5 5 9 1 5 1 1

E-mail

Prepared on

16.2.2012

Signature of the person
responsible for
bookkeeping:Signature of the person
responsible for the preparation
of the financial statements:Signature of the accounting
entity's statutory body
or a sole trader who is
the accounting entity:

Approved on

16.2.2012

DIČ:

2020428036

Balance Sheet
Úč POD 1-01

Designation a	ASSETS b	Line No. c	Current accounting period			Preceding accounting period
			1		2	3
			Gross-part 1	Correction-part 2	Net	Net
	Total assets line 002 + line 030 + line 061	001	336 561 848	38 193 169	298 368 679	287 608 381
A.	Non-current assets line 003 + line 011 + line 021	002	254 673 752	38 126 485	216 547 267	129 097 219
A.I.	Non-current intangible assets – total (line 004 to 010)	003	1 836 271	541 754	1 294 517	415 825
A.I.1.	Capital development costs (012) - /072, 091A/	004	0	0	0	0
2.	Software (013)-/073, 091A/	005	204 885	109 524	95 361	43 769
3.	Valuable rights (014)-/074, 091A/	006	1 757 736	558 580	1 199 156	370 796
4.	Goodwill (015) - /075, 091A/	007	-143 376	-143 376	0	0
5.	Other non-current intangible assets (019, 01X) - /079, 07X, 091A/	008	17 026	17 026	0	1 260
6.	Acquisition of non-current intangible assets (041) - 093	009	0	0	0	0
7.	Advance payments made for non-current intangible assets (051) - 095A	010	0	0	0	0
A.II.	Non-current tangible assets (property, plant and equipment) – total (line 012 to 020)	011	182 253 022	35 084 829	147 168 193	97 159 322
A.II.1.	Land (031)-092A	012	20 397 260	380 587	20 016 673	6 832 477
2.	Structures (021) - /081, 092A/	013	84 702 206	14 647 079	70 055 127	43 232 974
3.	Individual tangible assets and sets of tangible assets (022)-/082, 092A/	014	56 710 859	19 460 155	37 250 704	25 170 273
4.	Perennial crops (025)-/085, 092A/	015	0	0	0	0
5.	Livestock (026)-/086, 092A/	016	0	0	0	0
6.	Other non-current tangible assets (029, 02X, 032)-/089, 08X, 092A/	017	29 450	0	29 450	29 974
7.	Acquisition of non-current tangible assets (042)-094	018	18 083 802	597 008	17 486 794	17 160 301
8.	Advance payments made for non-current tangible assets (052)-095A	019	2 329 445	0	2 329 445	4 733 323
9.	Value adjustment to acquired assets (+/- 097) +/- 098	020	0	0	0	0
A.III.	Non-current financial assets -total (lines 022 to 029)	021	70 584 459	2 499 902	68 084 557	31 522 072
A.III.1.	Shares and ownership interests in a subsidiary(061) - 096A	022	18 795 792	0	18 795 792	18 795 792
2.	Shares and ownership interests with significant influence over enterprises(062) - 096A	023	7 525 778	0	7 525 778	7 525 778
3.	Other non-current shares and ownership interests (063, 065)-096A	024	17 337 442	0	17 337 442	84 777
4.	Intercompany loans (066A) - 096A	025	0	0	0	0
5.	Other non-current financial assets(067A, 069, 06XA) - 096A	026	7 674 182	0	7 674 182	5 115 725

6.	Loans with maturity up to one year (066A, 067A, 06XA) - 096A	027	0	0	0	0
7.	Acquisition of non-current financial assets (043) - 096A	028	0	0	0	0
8.	Advance payments made for non-current financial assets (053) - 095A	029	19 251 265	2 499 902	16 751 363	0
B.	Current assets line 031 + line 038 + line 046 + line 055	030	81 413 135	66 684	81 346 451	158 269 634
B.I.	Inventory - total (lines 032 to 037)	031	903 946	0	903 946	594 965
B.I.1.	Raw material (112, 119, 11X) - /191, 19X/	032	464 865	0	464 865	354 034
2.	Work in progress and semi-finished products (121, 122, 12X) - /192, 193, 19X/	033	0	0	0	0
3.	Finished goods (123)-194	034	0	0	0	0
4.	Animals (124) - 195	035	0	0	0	0
5.	Merchandise (132, 133, 13X, 139) - /196, 19X/	036	439 081	0	439 081	240 931
6.	Advance payments made for inventory (314A) - 391A	037	0	0	0	0
B.II.	Non-current receivables – total (lines 039 to 045)	038	1 691 007	0	1 691 007	1 728 007
B.II.1.	Trade receivables (311A, 312A, 313A, 314A, 315A, 31XA) - 391A	039	1 691 007	0	1 691 007	1 728 007
2.	Net value of the contract(316A)	040	0	0	0	0
3.	Receivables from a subsidiary and a parent entity (351A) - 391A	041	0	0	0	0
4.	Other intercompany receivables (351A) - 391A	042	0	0	0	0
5.	Receivables from participants, members and association (354A, 355A, 358A, 35XA) - 391A	043	0	0	0	0
6.	Other receivables (335A, 33XA, 371A, 373A, 374A, 375A, 376A, 378A) - 391A	044	0	0	0	0
7.	Deferred tax receivable (481A)	045	0	0	0	0
B.III.	Current receivables - total (lines 047 to 054)	046	72 611 344	66 684	72 544 660	153 820 226
B.III.1.	Trade receivables (311A, 312A, 313A, 314A, 315A, 31XA) - 391A	047	4 602 615	66 684	4 535 931	6 165 076
2.	Net value of the contract (316A)	048	0	0	0	0
3.	Receivables from a subsidiary and a parent entity (351A) - 391A	049	0	0	0	0
4.	Other intercompany receivables (351A) - 391A	050	0	0	0	0
5.	Receivables from participants, members, and association(354A, 355A, 358A, 35XA, 398A) - 391A	051	0	0	0	0
6.	Social security (336) - 391A	052	0	0	0	0
7.	Tax receivables and subsidies (341, 342, 343, 345, 346, 347) - 391A	053	953 697	0	953 697	689 666
8.	Other receivables (335A, 33XA, 371A, 373A, 374A, 375A, 376A, 378A) - 391A	054	67 055 032	0	67 055 032	146 965 484
B.IV.	Financial accounts – total (lines 056 to 060)	055	6 206 838	0	6 206 838	2 126 436
B.IV.1.	Cash on hand (211, 213, 21X)	056	184 924	0	184 924	158 827

2.	Bank accounts (221A, 22X +/- 261)	057	6 021 914	0	6 021 914	1 967 609
3.	Bank accounts with notice period exceeding one year 22XA	058	0	0	0	0
4.	Current financial assets (251, 253, 256, 257, 25X) - /291, 29X)	059	0	0	0	0
5.	Acquisition of current financial assets (259, 314A) - 291	060	0	0	0	0
C.	Accrual/deferrals - total (lines 062 to 065)	061	474 961	0	474 961	241 528
C.1.	Prepaid expenses – Non-current (381A, 382A)	062	0	0	0	0
2.	Prepaid expenses - Current (381A, 382A)	063	202 392	0	202 392	169 386
3.	Accrued income – Non-current (385A)	064	0	0	0	0
4.	Accrued income -Current (385A)	065	272 569	0	272 569	72 142

Designation a	Liabilities and Equity b	Line No. c	Current accounting period 4	Preceding accounting period 5
	Total equity and liabilities lines 067 + 088 + 121	066	298 368 680	287 608 381
A.	Equity lines 068 + 073 + 080 + 084 + 087	067	265 728 517	262 246 274
A.I.	Share capital - total (lines 069 to 072)	068	221 337 534	221 337 534
A.I.1.	Share capital (411 or +/- 491)	069	221 337 534	221 337 534
2.	Own shares and own ownership interests (/-/ 252)	070	0	0
3.	Change in share capital +/- 419	071	0	0
4.	Receivables related to unpaid share capital (/-/353)	072	0	0
A.II.	Capital funds - total (lines 074 to 079)	073	31 090 398	30 698 497
A.II.1.	Share premium (412)	074	30 430 378	30 430 378
2.	Other capital funds (413)	075	282 588	282 587
3.	Legal reserve fund (Non-distributable fund) from capital contributions(417, 418)	076	0	0
4.	Differences from revaluation of assets and liabilities (+/- 414)	077	377 432	-14 468
5.	Investment revaluation reserves (+/- 415)	078	0	0
6.	Differences from revaluation in the event of a merger, amalgamation into a separate accounting entity or demerger (+/- 416)	079	0	0
A.III.	Funds created from profit - total (lines 081 to 083)	080	2 381 097	1 435 686
A.III.1.	Legal reserve fund (421)	081	2 381 097	1 435 686
2.	Non-distributable fund (422)	082	0	0
3.	Statutory funds and other funds (423, 427, 42X)	083	0	0
A.IV.	Net profit/loss of previous years line 085 + line 086	084	2 329 244	-679 553
A.IV.1.	Retained earnings from previous years (428)	085	2 329 244	0
2.	Accumulated losses from previous years (/-/429)	086	0	-679 553
A.V.	Net profit /loss for the accounting period after tax lines +/- line 001 - (line 068 + line 073 + line 080 + line 084 + line 088 + line 121)	087	8 590 244	9 454 110
B.	Liabilities lines 89 + 94 + 106 + 117 + 118	088	32 122 390	24 525 158
B.I.	Provisions - total (line 090 to 093)	089	526 637	542 619
B.I.1.	Legal provisions non-current (451A)	090	0	0
2.	Legal provisions current (323A, 451A)	091	499 946	515 928
3.	Other non-current provisions (459A, 45XA)	092	26 691	26 691
4.	Other current provisions (323A, 32X, 459A, 45XA)	093	0	0

B.II.	Non-current liabilities – total (lines 095 to 105)	094	5 705 037	4 499 189
B.II.1.	Non-current trade liabilities (321A, 479A)	095	0	0
2.	Net value of a contract (316A)	096	0	0
3.	Non-current unbilled supplies (476A)	097	0	0
4.	Non-current liabilities to a subsidiary and a parent entity (471A)	098	0	0
5.	Other non-current intercompany liabilities (471A)	099	0	0
6.	Non-current advance payments received (475A)	100	0	0
7.	Non-current bills of exchange to be paid (478A)	101	0	0
8.	Bonds issued (473A/-/255A)	102	0	0
9.	Liabilities related to social fund (472)	103	14 687	11 524
10.	Other non-current liabilities (474A, 479A, 47XA, 372A, 373A, 377A)	104	555 464	893 405
11.	Deferred tax liability (481A)	105	5 134 886	3 594 260
B.III.	Current liabilities – total (lines 107 to 116)	106	7 983 227	5 328 633
B.III.1.	Trade liabilities (321, 322, 324, 325, 32X, 475A, 478A, 479A, 47XA)	107	4 875 311	3 235 983
2.	Net value of a contract (316A)	108	0	0
3.	Unbilled supplies (326, 476A)	109	652 467	246 299
4.	Liabilities to a subsidiary and a parent entity (361A, 471A)	110	0	0
5.	Other intercompany liabilities (361A, 36XA, 471A, 47XA)	111	0	0
6.	Liabilities to partners and association (364, 365, 366, 367, 368, 398A, 478A, 479A)	112	4 770	0
7.	Liabilities to employees (331, 333, 33X, 479A)	113	293 079	190 735
8.	Liabilities related to social security (336, 479A)	114	158 446	107 027
9.	Tax liabilities and subsidies (341, 342, 343, 345, 346, 347, 34X)	115	1 177 230	19 711
10.	Other liabilities (372A, 373A, 377A, 379A, 474A, 479A, 47X)	116	821 924	1 528 878
B.IV.	Current financial assistance (241, 249, 24X, 473A, /- /255A)	117	0	0
B.V.	Bank loans lines 119 + 120	118	17 907 489	14 154 717
B.V.1.	Non-current bank loans (461A, 46XA)	119	15 060 261	11 907 489
2.	Current bank loans (221A, 231, 232, 23X, 461A, 46XA)	120	2 847 228	2 247 228
C.	Accruals/Deferrals – total (lines 122 to 125)	121	517 772	836 949
C.1.	Accrued expenses non-current (383A)	122	0	0
2.	Accrued expenses current (383A)	123	0	562
3.	Deferred income non-current (384A)	124	0	0
4.	Deferred income current (384A)	125	517 772	836 387

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS AS AT 31 OCTOBER 2011

A. INFORMATION ON THE ACCOUNTING ENTITY

1. Business name and registered office:

Tatry mountain resorts, a.s.
Demänovská Dolina 72
031 01 Liptovský Mikuláš

Tatry mountain resorts, a.s. (hereinafter referred to as “company“ or “Company”) is a Joint-stock company with its registered seat in Demänovská Dolina 72, 031 01 Liptovský Mikuláš. The Company was established on 20 March, 1992 and registered in the Commercial Register on 1 April, 1992 (Commercial Register of the District Court Žilina, Section: Sa, File No.: 62/L. Company Registration Number 31 560 636 and Tax Registration Number 2020428036).

2. Principal activities of the Company include:

- Operation of cableways and lifts
- Hotel business
- Dining service and catering
- Operation of aqua park
- Running of ski school

3. Average number of employees

The average number of employees in 2011 was 205, out of which 24 were managing positions (in 2010 there were 323 out of which 21 were managing positions).

4. Information on unlimited liability

The Company is not an unlimited liability partner in any other company in accordance with Article 56 (5) of the Commercial Code.

5. Legal ground for the Financial Statements preparation

The Financial Statements as at 31 October 2011 were prepared as legitimate Financial Statements in accordance with Article 17 (6) of the NR SR Act no. 431/2002 COLL on the accounting for the period from 1 November 2010 to 31 October 2011.

6. Date of approval of the Financial Statements for the preceding period

The Financial Statements of the Company as at 31 October 2010, the preceding period, were approved by the Company's General Assembly on 30 April 2011.

7. Publication of the Financial Statements for the preceding period

The Financial Statements of the Company as at 31 October 2010 including the Annual report and auditor's report on the audit of the Financial Statements as at 31 October 2010 were filed in the collection of deeds of the Commercial Register on 16 May 2011. The balance sheet and Profit and Loss Statements from the preceding period were published in the Commercial gazette no. 155 on 11 August 2011.

8. Appointment of the auditor

The General Assembly on 30 April 2011 appointed KPMG spol. s.r.o. to be the auditor of the Financial Statements for the period from 1 November 2010 to 31 October 2011.

B. INFORMATION ON THE AUTHORITIES OF THE ACCOUNTING ENTITY

Company's authorities are the following:

Board of Directors:

Ing. Bohuš Hlavatý, chairman (from 29.6.2009)
 Ing. Branislav Gábriš, vice chairman (from 18.2.2011)
 Ing. Jozef Hodek, member (from 29.6.2009)
 Ing. Dušan Slavkovský, member (from 1.5.2010)
 Ing. Michal Krolák, member (from 18.2.2011)
 Ing. Andrej Devečka, member (from 14.12.2006)

Supervisory Board:

Ing. Igor Rattaj (from 29.6.2009)
 Ing. František Hodorovský (from 18.1.2011)
 Jiří Uvíra (from 18.1.2011)
 Jan Marian Komornicki (from 18.1.2011)
 Boris Kollár (from 30.4.2011)
 Jozef Slabý (from 28.8.2006 to 28.08.2011)

C. INFORMATION ON THE CONSOLIDATED UNIT AND INFORMATION ON THE PARTNERS OF THE ACCOUNTING ENTITY

The structure of the Company's shareholders as at 31 October 2011 and 31 October 2010 was as follows:

31 October 2011	Number of securities	Value of 1 share	Interest in basic capital	Voting rights
	pc	in EUR	in thousand EUR	%
Poštová banka, a.s.	1 169 782	33	38 603	17,44%
J & T BANKA, a.s.	902 566	33	29 785	13,46%
CLEARSTREAM BANKING S.A.	657 894	33	21 711	9,81%
TLD, s. r. o.	493 318	33	16 279	7,36%
Patria Finance, a.s.	452 198	33	14 923	6,74%
TATRY INVESTMENT LIMITED	447 700	33	14 774	6,67%
Minority shareholders	2 583 740	33	85 263	38,52%
Total	6 707 198		221 338	100%

31 October 2010	Number of securities	Value of 1 share	Interest in basic capital	Voting rights
	pc	in EUR	in thousand EUR	%
CONTIGY DEVELOPMENT LIMITED	1 046 281	33	34 527	15,60%
Deutsche Bank Aktiengesellschaft	921 051	33	30 395	13,73%
RMSM1 LIMITED (TIPRA)	898 863	33	29 662	13,40%
TATRY INVESTMENT LIMITED	802 142	33	26 471	11,96%
J & T BANKA, a.s.	664 091	33	21 915	9,90%
KEY DEE LIMITED	640 937	33	21 151	9,56%
Poštová banka, a.s.	505 782	33	16 691	7,54%
J&T SECURITIES MANAGEMENT LIMITED	479 644	33	15 828	7,15%
Minority shareholders	748 407	33	24 698	11,16%

Total	6 707 198	221 338	100%	100%
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The Company is included in the Financial Statements of the Tatry mountain resorts group. The Financial Statements are available directly at the Company's registered seat. The address of the registered court, entered in the Commercial register, where the Financial Statements are filed is the District Court of Žilina, Pavla Orságha Hviezdoslava 28, 01001 Žilina.

D. INFORMATION ON THE ACCOUNTING PRINCIPLES AND ACCOUNTING METHODS

(a) Basis for the Financial Statements preparation

The Financial Statements were prepared using the going concern assumption.

Accounting methods and general accounting principles were consistently applied by an accounting entity, except for:

- Accounting the difference between the recognized share value and the book value of invested assets on the investor's side. Such differences with investment in kind are accounted with respect to economic results, and not to capital, from 1 January 2010;
- Interest from other sources which arose before the non-current intangible assets were included in use and which do not create part of acquisition price of the non-current intangible assets from 1 July 2010.

(b) Non-current intangible assets and non-current tangible assets

Purchased non-current assets are valued at their acquisition price which includes the acquisition price and expenses related to acquisition (customs duty, transport, assembly, insurance, etc.).

With effect from 1 January 2003 an acquisition price of non-current tangible assets includes neither interest from other sources nor exchange rate differences that arose before the non-current assets were being put into use.

With effect from 1 July 2010 an acquisition price of non-current intangible assets does not include interest from other sources that arose before the non-current assets were being put into use.

Non-current assets produced by our own activity are valued as working expenses. Working expenses are direct expenses used in production or other activity and indirect expenses, which relate to production or other activity.

Depreciation

Depreciation of non-current tangible and intangible assets is based on the expected period of life and expected way of wear. Depreciation starts on the first day of the non-current assets being put into use. Minor non-current tangible assets with an acquisition price (or working expense) of 996 EUR or less are being depreciated in a single way at the time of putting assets into use. Real estate land is not being depreciated. Minor non-current intangible assets with an acquisition price (or working expense) of 1666 EUR or less are being amortized in a single way at the time of putting assets into use.

Depreciation is entered into profit and loss Statements on a linear basis during the anticipated life of individual items in non-current assets, except the cases presented below. Anticipated life is as follows:

- Buildings 30 - 40 years
- Individual movable assets and groups of movable assets
 - Geothermal drill 40 years
 - Toboggans 25 years
 - Cableways and lifts 12 - 20 years
 - Equipment 5 - 12 years
 - Inventory and other 5 - 10 years

Depreciation methods, anticipated life and residual value are valued every year on the day when the Financial Statements are being prepared. Progressive depreciation is applied to some assets items (cableways, snow system), since greater wear comes in the last years of their life. Each significant item of non-current tangible assets with an acquisition price significant in relation to total acquisition expenses of the subject item is depreciated separately.

The tax write-off is applied according to linear rates in the Income tax act.

(c) Securities and shares

Securities and shares are valued at their acquisition price including acquisition expenses. The decreased value of securities and shares is deducted from the acquisition price.

(d) Inventory

The inventory is valued at the following value, whichever is lower: the acquisition price (purchased inventory) or working expenses (inventory produced by own activity) or net realizable value.

The acquisition price includes the price of the inventory and expenses related to acquisition (duty, transport, insurance, commission, discount, etc.). Interest from other sources is not included in the acquisition price. Purchased inventory is valued at the weighted arithmetic mean from the acquisition price.

Working expenses include direct expenses (direct material, direct wages and other direct expenses) and a part of indirect expenses directly related to the inventory produced by own activity (direct product overheads). Direct product expense is included in working expense in relation to the degree of such inventory in progress work. Administrative overheads and sales expenses are not included in working expenses. Interest from other sources is not included in working expenses.

Net realizable value is the estimated selling price excluding the estimated expenses for their completion and anticipated expenses related to their sale.

The reduced value of inventory is regulated by adjusting the item.

(e) Made-to-order production

Made-to-order production is reported by percentage-of-completion-method.

(f) Receivables

Receivables are valued at their nominal value at the time of their occurrence; advanced receivables and receivables gained via contribution to the capital are valued at the acquired price including expenses related to acquiring. Such valuation is reduced by the doubtful and unenforceable receivables.

Non-current and current receivables, liabilities, loans and credits. Such items in the balance sheet are differentiated at the time of the liability and receivable occurrence according to the agreed date of maturity. Receivables and liabilities with a maturity date less than 12 months are reported as current, and receivables and liabilities with a maturity date longer than 12 months are non-current ones.

(g) Cash, stamps and vouchers

Cash, stamps and vouchers are valued at their nominal value. Their reduced value is regulated by adjusting the item.

(h) Prepaid expenses and accrues income

Prepaid expenses and accrued income are presented in accordance with the matching principle in terms of substance and time.

(i) Provisions

Provisions are created in case of future loss and liabilities that are likely to occur according to the preceding events and which might be anticipated. Provisions are liabilities with indefinite time or amount definition; they are created to cover known risks or loss from business activities. Provisions are valued at the expected amount of liability.

(j) Liabilities

Liabilities are valued at their nominal value at the time of their occurrence. Liabilities are valued at their acquisition price at the time of their receiving. If reconciliation procedures reveal that the actual amount of liabilities differs from the amount recorded in the accounting book, the actual value shall be used to value these liabilities in the accounting book and financial statements.

(k) Tax

Income tax is calculated at the amount 19% of the tax basis, which was calculated by exclusion and deductible items adjustment of economy accounting result before tax.

(l) Deferred tax

The Company presents deferred tax in accordance with the principles of accounting, i.e. from 1 January 2003 the Company uses the balance sheet method to report temporary differences between the carrying and tax value of the assets and liabilities, possibility to carry forward the tax losses to future periods and possibility to carry unused tax deductions and other tax claims to future periods. There is an income tax rate of 19% that shall be applied in future periods. In the event of deferred tax liability, its feasibility to the tax base in the future, is taken into consideration. If the liability is assumed as not feasible, the adjusting item is presented.

Deferred tax (deferred tax receivables and deferred tax liability) relate to the following:

- a) Temporary difference between the carrying value of assets and carrying value of liabilities presented in the balance sheet and their tax base,
- b) Tax losses are possible to carry forward to future periods, being understood as the possibility of deducting these tax losses from the tax base in the future,
- c) Unused tax deductions and other tax claims, which are possible to carry forward to future periods.

(m) Accrued expenses and deferred income

Accrued expenses and deferred income are presented in accordance with the matching principle in terms of substance and time.

(n) Grant from the state budget

A grant from the state budget is recorded if it is more than likely to assume that the Company will receive the grant once the conditions are complied with.

A grant for agricultural activity is first recorded as revenue from future periods and into the profit and loss statements is recorded as revenue from agricultural activities in terms of time and substance connection with expenses provided for a particular purpose.

A grant to acquire non-current tangible and non-current intangible assets is first recorded as revenue from future periods and into the profit and loss statements is recorded as revenue from agricultural activities in terms of time and substance connection to the recorded amortization from such non-current assets.

(o) Leasing

Operating leases. Assets leased through operating lease are presented by their owner, not by the lessee.

Financial leases (with a purchase option; with the purchase option is considered to be an operating lease).

Assets leased with a contract concluded before 31 December 2003 are presented by the owner, not by the lessee. Assets leased with a contract concluded on 1 January 2004 and later are presented by the lessee, not by the owner.

(p) Derivatives

Derivatives are valued at their fair value.

Changes at the fair values of hedging derivatives are recorded directly to the equity, with no impact on net profit/loss.

Changes in the fair values of derivatives held for trading on a domestic stock exchange, foreign stock exchange, or other public market are recorded with an impact on net profit/loss.

Changes in the fair value of derivatives held for trading on a non-public market are recorded directly to equity, with no impact on net profit/loss.

(q) Assets and liabilities hedged by derivatives

Assets and liabilities hedged by derivatives are valued at their fair value. Changes in the fair values of assets and liabilities hedged by derivatives are recorded directly to equity, with no impact on net profit/loss.

(r) Foreign currency

Assets and liabilities denominated in foreign currency are translated to Euro as at the date of the accounting transaction by the reference exchange rate determined and declared by the European Central Bank or National Bank of Slovakia as at the date of the accounting transaction.

Assets and liabilities denominated in a foreign currency (except for advance payments made and advance payments received) are translated to Euro at the balance sheet date according to the reference exchange rate determined and declared by the European Central Bank or National Bank of Slovakia as at the balance sheet date, and are recorded with no impact on profit or loss.

Advance payments made and advance payments received in foreign currencies to or from bank account maintained in this currency are translated to Euro by the reference exchange rate determined and declared by the European Central Bank or National Bank of Slovakia on the date preceding the date of the accounting transaction. Advance payments are not translated to Euro as at the balance sheet date.

(s) Revenue

The Company records six basic types of service income:

- Cableways revenues
- Aqua park revenues
- Sport facilities and shops revenues
- Hotels revenues
- Gastro facilities revenues
- Real estate projects revenues

Revenues differ in time according to the period when the service was provided, with the exception to revenues from aqua park, hotels and gastro facilities, which are presented in profit and loss statement after the service was provided. Revenues for provided services exclude value added tax. Revenues are also reduced by discounts and Decreases (rebates, bonuses, discounts, credit notes, etc.)

E. INFORMATION ABOUT DATA ON THE ASSET SIDE OF THE BALANCE SHEET

1. Non-current intangible assets and non-current tangible assets

Information on the Transfers of non-current intangible assets and non-current tangible assets from 1 November 2010 to 31 October 2011 and for the comparative period from 1 November 2009 to 31 October 2010 is shown in the table on the following 4 pages.

The Company purchased Aquapark Tatralandia on 29 March 2011. The property was acquired for 30 500 thousand euros. The purchase price was settled as follows: 16 300 thousand euros (10 200 thousand euros was the purchase price and 6 100 thousand euros was VAT of the purchase price) was paid via bank transfer into the seller's bank account and the remaining purchase price amounting to 20 300 thousand euros was settled by the bill receivable.

Aquapark Tatralandia is the largest all-year water park area with accommodation in Slovakia, the Czech Republic and Poland. It includes Aquapark Tatralandia and the accommodation area Holiday Village Tatralandia. It lies in the Liptov region.

The Company's lease includes (financial lease, contracts were concluded after 1 January 2004) cableways machinery, snow scooters, equipment in gastro facilities and 9 vehicles that are recorded as its own property. The remaining value of the assets is shown in the table below:

Description	2011 EUR	2010 EUR
Snow track vehicle	732 698	981 504
LED screen	327 226	0
Conveyor belt	198 526	134 388
Gastro equipment	189 861	226 773
Vehicle	125 702	7 985
Ski service	120 538	137 974
Excavator	60 436	69 748
Seat cableway	0	3 848 352
Tubing circuit	0	32 044
Snowmobil	0	7 949
Total	1 754 987	5 446 717

The Company used the following assets to secure loans: real estate land, water areas, technology, operational buildings of lift facilities: lifts, seat cableways, ground cableways, hanging cableway, cabin cableway, substations, administration buildings and buildings: Hotel Srdiečko, Hotel Kosodrevina, Hotel Liptov, Hotel Grand, Hotel SKI, former telecommunication building, Bungalows. Tatra banka, a.s. is the second in order in the case of security by Hotel SKI and the former telecommunication building. In addition, as security are used all tangible assets and receivables from business relations.

In order to secure loans as at 31 October 2011 were used Property, plant and equipment, inventory and receivables amounting to 121 479 thousand euros (as at 31 October 2010: in the amount of 101 860 thousand euros).

The Company insured assets against natural disasters, theft, vandalism and all mechanical risks. In addition, the Company is insured against liability for damage. The total amount of the asset insured in the case of a natural disaster is 158 105 thousand euros. The amount of insurance against general mechanical risks is 12 081 thousand euros, in case of liability to damage 449 thousand euros and vandalism 58 663 thousand euros.

Notes to the Individual Financial Statements of Tatra mountain resorts, a.s. as at 31 October 2011

in EUR

		Common accounting period as at 31.10.2011									
Non-current tangible assets		Real estate land	Buildings	Individual tangible assets and set of tangible assets	Cultivation units of permanent vegetation	Basic flock and draft animals	Other non-current tangible assets	Acquisition of non-current tangible assets	Provided advanced payments for non-current tangible assets	Total	
A		b	c	d	e	f	g	h	i	j	
Initial evaluation											
Balance at the beginning of accounting period		7 213 064	55 970 005	42 418 904	0	0	29 974	17 757 107	4 733 323	128 122 377	
Increases		13 165 978	26 020 487	11 524 627	0	0	0	6 920 594	4 110 530	61 742 216	
Decreases		887	61 360	1 034 392	0	0	524	0	6 514 408	7 611 571	
Transfers		19 105	2 773 074	3 801 720	0	0	0	-6 593 899	0	0	
Balance at the end of accounting period		20 397 260	84 702 206	56 710 859	0	0	29 450	18 083 802	2 329 445	182 253 022	
Accumulated depreciation											
Balance at the beginning of accounting period		0	12 737 031	17 248 631	0	0	0	0	0	29 985 662	
Increases		0	1 971 407	3 245 916	0	0	0	0	0	5 217 323	
Decreases		0	61 360	1 034 392	0	0	0	0	0	1 095 752	
Balance at the end of accounting period		0	14 647 078	19 460 155	0	0	0	0	0	34 107 233	
Adjustment items											
Balance at the beginning of accounting period		380 587	0	0	0	0	0	596 806	0	977 393	
Increases		0	0	0	0	0	0	202	0	202	
Decreases		0	0	0	0	0	0	0	0	0	
Balance at the end of accounting period		380 587	0	0	0	0	0	597 008	0	977 595	
Remaining value											
Balance at the beginning of accounting period		6 832 477	43 232 974	25 170 273	0	0	29 974	17 160 301	4 733 323	97 159 322	
Balance at the end of accounting period		20 016 673	70 055 127	37 250 704	0	0	29 450	17 486 794	2 329 445	147 168 193	

Notes to the Individual Financial Statements of Tatra mountain resorts, a.s. as at 31 October 2011

in EUR

		Immediately preceding the accounting period as at 31 October 2010									
Non-current tangible assets		a	b	c	d	e	f	g	h	i	j
		Real estate land	Buildings	Individual tangible assets and set of tangible assets	Cultivation units of permanent vegetation	Basic flock and draft animals	Other non-current tangible assets	Acquisition of non-current tangible assets	Provided advanced payments for non-current tangible assets	Total	
Initial evaluation											
Balance at the beginning of accounting period		474 699	40 769 566	28 376 189	0	0	28 274	2 186 716	172 352		72 007 796
Increases		6 742 820	14 146 272	14 853 642	0	0	2 224	16 635 269	18 595 678		70 975 905
Decreases		4 455	2 612	819 027	0	0	524	0	14 034 706		14 861 324
Transfers		0	1 056 779	8 099	0	0	0	-1 064 878	0		0
Balance at the end of accounting period		7 213 064	55 970 005	42 418 903	0	0	29 974	17 757 107	4 733 324		128 122 377
Accumulated depreciation											
Balance at the beginning of accounting period		0	11 535 312	16 336 515	0	0	0	0	0	0	27 871 827
Increases		0	1 204 321	1 731 141	0	0	0	0	0	0	2 935 462
Decreases		0	2 602	819 025	0	0	0	0	0	0	821 627
Balance at the end of accounting period		0	12 737 031	17 248 631	0	0	0	0	0	0	29 985 662
Adjustment items											
Balance at the beginning of accounting period		0	0	0	0	0	0	596 806	0	0	596 806
Increases		380 587	0	0	0	0	0	0	0	0	380 587
Decreases		0	0	0	0	0	0	0	0	0	0
Balance at the end of accounting period		380 587	0	0	0	0	0	596 806	0	0	977 393
Remaining value											
Balance at the beginning of accounting period		474 699	29 234 254	12 039 674	0	0	28 274	1 589 910	172 352		43 539 163
Balance at the end of accounting period		6 832 477	43 232 974	25 170 273	0	0	29 974	17 160 301	4 733 324		97 159 322

Notes to the Individual Financial Statements of Tatra mountain resorts, a.s. as at 31 October 2011

in EUR

		Common accounting period as at 31.10.2011								
Non-current intangible assets		Activated development costs	Software	Valuable rights	Goodwill	Other non-current intangible assets	Acquisition of non-current intangible assets	Provided advanced payments for non-current intangible assets	Total	
a	b	c	d	e	f	g	h	i		
Initial evaluation										
Balance at the beginning of accounting period	0	156 971	757 736	-143 376	17 026	0	0	0	0	788 357
Increases	0	72 992	1 000 000	0	0	0	0	0	0	1 072 992
Decreases	0	25 078	0	0	0	0	0	0	0	25 078
Transfers	0	0	0	0	0	0	0	0	0	0
Balance at the end of accounting period	0	204 885	1 757 736	-143 376	17 026	0	0	0	0	1 836 271
Accumulated depreciation										
Balance at the beginning of accounting period	0	113 202	386 940	-143 376	15 766	0	0	0	0	372 532
Increases	0	21 399	171 640	0	1 260	0	0	0	0	194 300
Decreases	0	25 077	0	0	0	0	0	0	0	25 077
Balance at the end of accounting period	0	109 524	558 580	-143 376	17 026	0	0	0	0	541 754
Adjustment items										
Balance at the beginning of accounting period	0	0	0	0	0	0	0	0	0	0
Increases	0	0	0	0	0	0	0	0	0	0
Decreases	0	0	0	0	0	0	0	0	0	0
Balance at the end of accounting period	0	0	0	0	0	0	0	0	0	0
Remaining value										
Balance at the beginning of accounting period	0	43 769	370 796	0	1 260	0	0	0	0	415 825
Balance at the end of accounting period	0	95 361	1 199 156	0	0	0	0	0	0	1 294 517

Notes to the Individual Financial Statements of Tatty mountain resorts, a.s. as at 31 October 2011

In EUR

		Immediately preceding the accounting period as at 31 October 2010								
		a	b	c	d	e	f	g	h	i
Non-current intangible assets			Activated development costs	Software	Valuable rights	Goodwill	Other non-current intangible assets	Acquisition of non-current intangible assets	Provided advanced payments for non-current intangible assets	Total
Initial evaluation										
	Balance at the beginning of accounting period		0	123 804	719 788	0	17 026	0	0	860 618
	Increases		0	38 019	37 948	-143 376	0	0	0	-67 409
	Decreases		0	4 853	0	0	0	0	0	4 853
	Transfers		0	0	0	0	0	0	0	0
	Balance at the end of accounting period		0	156 970	757 736	-143 376	17 026	0	0	788 356
Accumulated depreciation										
	Balance at the beginning of accounting period		0	104 317	232 760	0	11 506	0	0	348 583
	Increases		0	13 738	154 180	-143 376	4 260	0	0	28 802
	Decreases		0	4 854	0	0	0	0	0	4 854
	Balance at the end of accounting period		0	113 202	386 940	-143 376	15 766	0	0	372 532
Adjustment items										
	Balance at the beginning of accounting period		0	0	0	0	0	0	0	0
	Increases		0	0	0	0	0	0	0	0
	Decreases		0	0	0	0	0	0	0	0
	Balance at the end of accounting period		0	0	0	0	0	0	0	0
Remaining value										
	Balance at the beginning of accounting period		0	19 487	487 028	0	5 520	0	0	512 035
	Balance at the end of accounting period		0	43 769	370 796	0	1 260	0	0	415 825

2. Non-current financial assets

In EUR

Common accounting period as at 31.10.2011										
a	b	c	d	e	F	g	h	i	j	
	Shares and ownership interest in the subsidiary accounting entity	Shares and ownership interest in the company with significant influence	Other long-term shares and ownership interest	Loans for accounting entity in the consolidated unit	Other non-current financial assets	Loans with the less than one year maturity date	Acquisition of long-term financial assets	Advanced payments made for non-current long-term assets	Total	
Initial evaluation										
Balance at the beginning of accounting period	18 795 792	7 525 778	84 777	0	5 115 725	0	0	0	31 522 071	
Increases	0	25 315	17 519 820	0	2 558 457	0	0	19 251 265	39 354 857	
Decreases	0	0	292 470	0	0	0	0	0	292 470	
Transfers	0	0	0	0	0	0	0	0	0	
Balance at the end of accounting period	18 795 792	7 551 093	17 312 128	0	7 674 182	0	0	19 251 265	70 584 459	
Adjustment items										
Balance at the beginning of accounting period	0	0	0	0	0	0	0	0	0	
Increases	0	0	0	0	0	0	0	2 499 902	2 499 902	
Decreases	0	0	0	0	0	0	0	0	0	
Balance at the end of accounting period	0	0	0	0	0	0	0	2 499 902	2 499 902	
Accounting value										
Balance at the beginning of accounting period	18 795 792	7 525 778	84 777	0	5 115 725	0	0	0	31 522 072	
Balance at the end of accounting period	18 795 792	7 551 093	17 312 128	0	7 674 182	0	0	16 751 363	68 084 558	

Notes to the Individual Financial Statements of Taty mountain resorts, a.s. as at 31 October 2011

in EUR	Immediately preceding the accounting period as at 31 October 2010									
	a	b	c	d	e	F	g	h	i	j
	Shares and ownership interest in the subsidiary accounting entity	Shares and ownership interest in the company with significant influence	Other long-term shares and ownership interest	Loans for accounting entity in the consolidated unit	Other non-current financial assets	Loans with the less than one year maturity date	Acquisition of long-term financial assets	Advanced payments made for non-current long-term assets	Total	
Non-current financial assets										
Initial evaluation										
	27 359 590	0	0	0	0	0	0	0	0	27 359 590
Balance at the beginning of accounting period	18 795 792	7 525 778	84 777	0	5 115 725	0	0	0	0	31 522 072
Increases	27 359 590	0	0	0	0	0	0	0	0	27 359 590
Decreases	0	0	0	0	0	0	0	0	0	0
Transfers	18 795 792	7 525 778	84 777	0	5 115 725	0	0	0	0	31 522 072
Balance at the end of accounting period										
Adjustment items										
	0	0	0	0	0	0	0	0	0	0
Balance at the beginning of accounting period	0	0	0	0	0	0	0	0	0	0
Increases	0	0	0	0	0	0	0	0	0	0
Decreases	0	0	0	0	0	0	0	0	0	0
Balance at the end of accounting period	0	0	0	0	0	0	0	0	0	0
Accounting value										
	27 359 590	0	0	0	0	0	0	0	0	27 359 590
Balance at the beginning of accounting period	18 795 792	7 525 778	84 777	0	5 115 725	0	0	0	0	31 522 072
Balance at the end of accounting period										

	Interest in share capital %	Voting rights %	Curre ncy	Profit and loss results 2011	2010	Equity 2011	2010	Accounting value recorded in 2011	2010
Subsidiaries									
GRAND HOTEL PRAHA a.s.	100	100	EUR	89 624	185 505	1 451 124	1 528 455	18 759 279	18 759 279
Tatry mountain resorts services, a.s.	100	100	EUR	-49 207	-5 642 154	-15 593	33 614	36 513	36 513
Affiliated companies									
Interhouse Tatry s.r.o.	50	50	EUR	110 313	16 308	869 916	759 603	7 525 778	7 525 778
Others									
Compagnie des Alpes								70 147	84 777
Best Hotel Properties a.s.								17 241 980	0
Tatranské Dopravné Družstvo								25 315	0
Total								43 659 012	26 406 347

In the period between 1 November 2010 to 31 October 2011 the Company acquired 1 525 839 shares of Best Hotel Properties (hereinafter as the “BHP”) that manages a chain of hotels. Their value as at 31 October 2011 amounts to 17 242 thousand euros. An agreement with J&T FINANCE GROUP, a.s. on the consulting services warrants that shares of BHP will bring a minimum of 7% p.a. for the period of 3 years.

On 17 March 2010 the Company bought 3 850 shares of Compagnie des Alpes (SA), a French company trading on the French Stock Exchange market, which conducts business in the area of ski resorts and summer amusement parks. The Company bought said shares as a financial investment. The shares are revaluated into the fair value directly into the equity on the basis of the current price on the stock exchange market. Their value is 70 thousand euros as at 31 October 2011 (as at 31 October 2010: 85 thousand euros).

The Company at the same time deposited into Tatranské dopravné družstvo, which deals with mediation activity in the field of services. The value of the deposit is 25 thousand euros as at 31 October 2011.

Advanced payments for non-current financial assets relate to unfinished investment activity and future acquisitions. Future acquisition is a company operating cableways, which the Company plans to buy. An agreement has been reached with WEBIS, s.r.o. for the period of 5 years. The value of the advanced payment was discounted into fair value. The discounted rate used was 2.821%. The revaluation of the advanced payment arose a loss amounting to 2 500 thousand euros.

Other non-current financial assets include as at 31 October 2011 mostly credits amounting to 5 693 thousand euros (as at 31 October 2010: 5 116 thousand euros) provided to WEBIS, s.r.o. with a fixed interest rate of 5%. The amount of accumulated unpaid interest from this amount is 373 thousand euros as at 31 October 2011 (as at 31 October 2010: 113 thousand euros), and a credit provided to 1.Tatranská, a joint-stock company, in the amount of 1 905 thousand euros with a fixed interest rate of 7%. The amount of accumulated unpaid interest from this amount is 48 thousand euros as at 31 October 2011.

On 28 December 2009 the Company acquired a 100% share in the subsidiary GRANDHOTEL PRAHA a.s. and a 50% share in the affiliated company Interhouse Tatra s.r.o. The price per share of GRANDHOTEL PRAHA a.s. was 18 759 thousand euros and for Interhouse Tatra s.r.o. it was 7 526 thousand euros. GRANDHOTEL PRAHA a.s. is a company which provides accommodation and dining services and operates a 4-star hotel in Tatranska Lomnica. Interhouse Tatra s.r.o. provides accommodation and dining services and operates a 4-star hotel in Starý Smokovec (Grandhotel Starý Smokovec).

On 11 October 2010 the Company acquired a 100% share in the subsidiary Tatry mountain resorts, a.s. The price per share was 37 thousand euros. Tatry mountain resorts, a.s. is a company which provides services in the fields of accounting, financial consulting, personnel and wage services, marketing and investment consulting. The majority of their services are provided within the Group.

As at 30 April 2010 the Companies merged with Tatranské lanové dráhy, a.s. (TLD). Upon merging, TLD dissolved and TMR became a Succession Company.

3. Inventory

Inventory throughout the accounting period is shown in the table below:

	Balance as at 31 October 2011	Balance 31 October 2010
	EUR	EUR
Material	464 865	354 034
Goods	439 081	240 931
Total	903 946	594 965

4. Receivables

Receivables at the end of the accounting period are shown in the table below:

Short-term receivables:

	31.10.2011	31.10.2010
	EUR	EUR
Receivables from business relations	4 535 931	6 165 076
Tax receivables and funds	953 697	689 666
Other receivables	67 055 032	146 965 484
Total short-term receivables	72 544 660	153 820 226

Long-term receivables:

	31.10.2011	31.10.2010
	EUR	EUR
Long-term receivables from business relations	1 691 007	1 728 007
Total long-term receivables	1 691 007	1 728 007

Other receivables created mostly receivables from unpaid bills as at 31 October 2010. The value of the unpaid bill is 66 806 thousand euros as at 31 October 2011 (as at 31 October 2010 unpaid bills created 98 662 thousand euros). It is a sight bill and it has an interest rate of 7.5%. As at 31 October there is also reported a loan to J&T Bank Switzerland Ltd. in the amount of 48 142 thousand euros. Credit was with the interest rate 7.5%. The amount of accumulated unpaid interest from this amount was 2 201 thousand euros as at 31 October 2010. A receivable was paid up in December 2010.

Long-term receivable is a receivable from intangible property sale, which is due in April 2014.

Adjusting items to the receivables from business relations

	as at 31 October 2011	(increase)	(use)	(dissolving)	as at 31 October 2010
	EUR	EUR	EUR	EUR	EUR
Receivables from business relations	88 275	0	0	21 591	66 684
Other receivables	0	0	0	0	0
Total	88 275	0	0	21 591	66 684

Ageing structure of the receivables from business relations

	31.10.2011	31.10.2010
	EUR	EUR
Group's accounts 311 - Buyers	5 341 650	7 861 491
Prior to maturity	3 695 939	6 839 168
After maturity up to 30	297 801	467 707
After maturity up to 90	166 979	81 256
After maturity up to 180	264 831	65 634
After maturity up to 365	550 396	89 602
After maturity longer than 365	365 704	318 124
Group's accounts 314 – Provided advanced payments	947 322	115 374
Group's accounts 315 – Other receivables	4 651	4 493
Group's accounts 391 – Adjusting item to the receivables	-66 685	-88 275
Total	6 226 938	7 893 083

5. Financial accounts

Financial accounts are reported cash in treasury, bank accounts and securities. The company is fully authorized to use the bank accounts.

	31. 12. 2011	31. 12. 2010
	EUR	EUR
Cash, stamps nad vouchers	184 924	158 827
Bank accounts	5 361 062	1 782 485
Time bank accounts	0	0
Future money on their way	660 852	185 124
Total	6 206 838	2 126 436

6. Time differentiation

It includes the following items:

	31. 10. 2011	31. 10. 2010
	EUR	EUR
Other costs of future periods	202 392	169 386
Income from future periods	272 569	72 142
Total	474 961	241 528

F. INFORMATION ON THE DATA ON THE ASSETS SIDE OF THE BALANCE SHEET

1. Equity

Information on the equity is presented in section C and O.

2. Liabilities

Structure of liabilities (with the exception to loans and deferred tax liability) according to the remaining maturity period is presented in the table below:

EUR	Balance 31.10.2011	Balance 31.10.2010
Liabilities overdue	1 092 269	276 421
Liabilities with remaining maturity up to one year	6 890 958	5 052 212
Total short-term liabilities	7 983 227	5 328 633
Liabilities with remaining maturity five years	570 151	904 929
Total long-term liabilities	570 151	904 929

Short-term and long-term liabilities of the Company include liabilities from financial lease used to acquire acquisition of machinery of cableways, snow scooters, equipment in gastro facilities and 9 vehicles. The amount of future payments divided into the principal and financial expense according the maturity period is presented in the following table:

	31. 10. 2011		31.10.2010	
	principal EUR	financial expense EUR	principal EUR	financial expense EUR
Liabilities with remaining maturity period up to 1 year	497 070	33 904	1 420 534	71 345
Liabilities with remaining maturity period 1 to 5 years	570 151	570 151	904 929	904 929

3. Deferred tax liability

Calculation of the deferred tax liability is presented in the following table:

	31.10.2011 EUR	31.10.2010 EUR
Temporary difference between the carrying value of assets and carrying value of liabilities and their tax base,		
- difference between the carrying and tax value of assets	26 661 351	20 165 714
- untaxed and unpaid items	1 341 961	1 117 579
- adjusting items to the assets	-977 595	-977 393
Tax loss possible to carry to future periods	0	-1 388 740
Income tax rate (in %)	19	19
Deferred tax base	5 134 886	3 594 260

4. Social fund

Creation and drawing from the social fund during the accounting period are presented in the table below:

	31. 10. 2011 EUR	31. 10. 2010 EUR
Balance as at 1 November	11 524	15 635
Creation against expenses	21 897	25 565
Creation from earnings	0	0
Drawing	-18 734	-29 676
Balance as at 31 October	14 687	11 524

According to the Act on the Social Fund, part of the social fund must be created against expenses and part can be created from retained earnings. According to the Act on the Social Fund, the social fund is used to satisfy social, health, recreation, and other needs of employees.

5. Bank loans

Bank loans structure is presented in the table below:

	Currency	Annual interest %	Maturity	Balance as at 31. 10. 2011 EUR	Balance as at 31. 10. 2010 EUR
			monthly		
Bank loan 2457/07	EUR	1M Euribor + margin	2011 – 2012	713 669	713 669
Bank loan 4316/2008	EUR	1MEuribor + margin	2011 – 2012	803 293	803 293
Bank loan 1851/07	EUR	3M Euribor + margin	2011 – 2012	730 266	730 266
Bank loan 659/2011	EUR	3M Euribor + margin	2011 -2012	600 000	0
Total short-term loan				2 847 228	2 247 228
	Currency	Annual interest %	Maturity	Balance as at 31. 10. 2011 EUR	Balance As at 31. 10. 2010 EUR
			Monthly		
Bank loan 2457/07	EUR	1M Euribor + margin	2012 – 2017	3 746 764	4 460 433
Bank loan 4316/2008	EUR	1M Euribor + margin	2012 – 2018	2 262 166	3 065 458
Bank loan 1851/07	EUR	3M Euribor + margin	2012 – 2017	3 651 331	4 381 598
Bank loan 659/2011	EUR	3M Euribor + margin	2012 -2016	5 400 000	0
Total long-term loan				15 060 261	11 907 489
Total bank loans				17 907 489	14 154 717

The Company used the following assets to secure bank loans: real estate land, water areas, technology, operational buildings of mountain lift facilities: lifts, seat cableways, ground cableways, hanging cableway, cabin cableway, substations, administration buildings and buildings: Hotel Srdiečko, Hotel Kosodrevina, Hotel Liptov, Hotel Grand, Hotel SKI, former telecommunication building, Bungalows. Tatra banka, akciová spoločnosť is the second in the list in the case of the Hotel SKI and former telecommunication building as guarantees. In addition, as a security, are used all tangible assets and receivables from business relations.

In order to secure loans as at 31 October 2011 were used Property, plant and equipment, inventory and receivables amounting to 121 479 thousand euros (as at 31 October 2010: in the amount of 101 860 thousand euros).

The Company does not record any assets with the right of ownership concluded by a Transfer of rights Contract or assets that the Company would use according to the Contract on borrowing.

6. Provisions

	Balance as at 31.10.2010 EUR	Creation EUR	Use EUR	Cancelation EUR	Balance as at 31.10.2010 EUR
Legal provisions					
Wages for holidays including social benefits	209 957	461 053	221 067	0	449 925
Provision to verify financial statements and preparation of tax statement	141 650	50 000	141 650	0	50 000
Provision – others	164 321	500 350	167 850	496 800	21
Total legal provisions	515 928	1 011 403	530 567	496 800	499 946
Other provisions					
Provision for repair and maintenance	6 774	0	0	0	6 774
Provision for recultivation	19 917	0	0	0	19 917
Total other provisions	26 691	0	0	0	26 691
Total provisions	542 619	1 011 403	530 567	496 800	526 637

7. Time differentiation

Time differentiation structure is presented in the table below:

in EUR	31.10.2011 EUR	31.10.2010 EUR
Future periods revenues – grant form EU	167 000	430 986
Future periods revenues –Revenues from properties' sale	141 851	241 981
Future periods revenues – Others	208 921	163 420
Future periods revenues – short-term	517 772	836 387

G. INFORMATION ON REVENUES**1. Revenues for own work and goods**

Revenues for own work and goods according to individual segments, i.e. according to the type of goods and services are presented in the table below:

	2011 EUR	2010 EUR
Revenues for cableways	8 003	12 110
Revenues for aquapark	4 618	0
Revenues for gastro facilities	183 206	49 510
Revenues for sport services and shops	487 263	330 099
Revenues from hotels	426 427	305 603
Revenues from real estate projects	0	197 810
Revenues for trade goods	1 109 516	895 132
Revenues for cableways	18 142 433	13 066 852
Revenues for aquapark	5 581 025	0
Revenues for gastro facilities	2 823 814	1 121 016
Revenues for sport services and shops	801 921	535 081
Revenues from hotels	6 134 697	3 486 609
Revenues from real estate projects	119 257	98 322
Revenues from own products and services	33 603 147	18 307 880

The Company produces majority of its products in the Slovak Republic.

2. Capitalization

Capitalization overview:

	2011 EUR	2010 EUR
Current tangible assets created with own work	25 684	43 471
Other capitalization	3 650	1 822
Total	29 334	45 293

3. Other revenues form

	2011 EUR	2010 EUR
Contractual penalties	1 535 289	1 128 878
EU grants	263 986	46 790
Minimal help - excused fine	11 015	0
Other operational revenues	814 152	107 084
Total	2 624 441	1 282 752

The Contractual penalties are mostly revenues from the EBITDA contract as at 31 October 2011 amounting to 1 384 thousand euros and as 31 October 2010 amounting to 1 117 thousand euros. The EBITDA contract arises from the purchase agreements of shares in GRANDHOTEL PRAHA a.s. and Interhouse Tatry s.r.o. The

Company, after the purchase of the said companies as at 28 December 2009 gained from the purchasing parties a guarantee that the assets in the said companies will bring the agreed profit (EBITDA) in the course of the next four years. If the said profitability is not gained, the former owners undertake to pay the difference from the agreed profitability in the course of the four years. Such payments are planned to be used mostly for reconstruction of the assets that they relate to.

The EU grant is a grant from the EU funds to provide education for employees – ZaSI.

4. Exchange rates difference

Overview on the exchange rates:

	2011	2010
	EUR	EUR
Realized exchange gains	1 456	34
Unrealized exchange gains	0	0
Total	1 456	34

5. Financial revenues

Financial revenues structure is presented in the table below:

	2011	2010
	EUR	EUR
Other financial revenues	9 055	2 485
Revenue interest	7 542 194	8 309 018
Total	7 551 249	8 311 503

The Group has among assets a receivable with the bill with a fixed interest rate of 7.5% and payable upon request. The interest from bills and other interests are recorded in revenue interest.

6. Extraordinary revenues

The Company did not have any extraordinary revenues.

H. INFORMATION ON EXPENSE**1. Expense for the provided services**

Overview about the expenses on provided services:

	31.10.2011 EUR	31.10.2010 EUR
Repair and maintenance	247 894	233 289
Other repair and maintenance	115 236	94 828
Travel expenses	25 188	14 596
Representation	97 752	48 434
Rent	696 591	362 190
Promotion, advertisement/marketing	3 496 045	1 818 104
Costs for training	463 875	56 537
Cost for transport	2 182 549	704 291
Lease land	813 285	585 088
Administration costs	363 694	190 404
Mediation, commission	193 281	16 796
Costs for music and program	267 884	31 238
Costs for audit	123 250	174 988
Legal service	71 691	45 223
Security service	45 495	28 022
Costs for laundry, cleaning	68 069	17 026
Costs for sewerage	57 028	28 258
Costs for mountain rescue	49 580	26 653
Other advisory and consulting services	127 881	0
Telephone	145 707	76 489
Other services	1 592 166	767 723
Total	11 244 141	5 320 177

The audit company KPMG Slovensko, s.r.o. provides to the Company services related to the individual and consolidated statements approval. In 2010, the individual financial statement was audited by STRAKA & Partners, s.r.o. Audit companies did not provide any other services.

2. Exchange rate losses

Overview on the exchange rate losses:

	2011 EUR	2010 EUR
Realized exchange rate losses	2 504	373
Unrealized exchange rate losses	0	0
Total	2 504	373

3. Financial expenses

Financial expenses structure is presented in the table below:

	2011 EUR	2010 EUR
Creation and recording of the adjusting items to financial assets	0	0
Bank charges	438 886	53 347
Insurance for assets and vehicles	140 588	78 764
Commission for shares purchase	97 307	0
Other	2 158	9 088
Total	678 939	141 199

Among the Bank charges, the Company records fees from payment system and fees from financial institutions for administration of bills and portfolio of financial investments.

4. Extraordinary expenses

The Company did not have any extraordinary expenses.

I. INFORMATION ON THE INCOME TAX

Transfer from theoretical income tax to recorded income tax is presented in the table below:

	2011			2010		
	Tax base EUR	Tax EUR	Tax %	Tax base EUR	Tax EUR	Tax %
Profit and loss before tax	11 271 771		100,00 %	11 774 820		100,00 %
at theoretical tax rate 19%		2 141 636	19,00 %		2 237 216	19,00 %
Tax non-deductible expenses	4 194 220	796 902	7,07 %	177 545	33 733	0,29 %
Income not subject to tax	-8 378 125	-1 591 844	-14,12 %	-4 656 978	-884 826	-7,51 %
Tax losses claimed during the period	-1 085 338	-206 214	-1,83 %	-7 295 387	-1 386 123	-11,77 %
	<u>6 002 528</u>	<u>1 140 480</u>	<u>10,12 %</u>	<u>0</u>	<u>0</u>	<u>0,00 %</u>
Interest tax		419				
Current tax						
Deferred tax		1 140 899	10,12 %		0	0,00 %
Total reported tax		<u>1 540 626</u>	<u>13,67 %</u>		<u>2 320 710</u>	<u>19,71 %</u>
Celková vykázaná daň		<u>2 681 525</u>	<u>23,79 %</u>		<u>2 320 710</u>	<u>19,71 %</u>

For more information about deferred tax see section F (2), deferred tax.

J. INFORMATION ON THE DATA ON OFF-BALANCE SHEET ACCOUNTS

1. Leased assets

The land on which ski slopes and cableways stand, as well as several cars are leased by the Company according to the Agreements on operational lease. The most significant agreements on real estate land were concluded for a

period of 30 years with the option to add another 10 years. The most significant agreements have a 1 year notice period.

The expenses on operational lease for the period ending on 31 October 2011 recorded in the profit and loss statement were in the amount of 1 510 thousand euros (for the period ending on 31 October 2010: 947 thousand euros).

The lease amount for the period during which the parties cannot terminate agreements are as follows:

<i>in euros</i>	31.10.2011	31.10.2010
Less than 1 year	468 090	561 366
From 1 to 5 years	24 385	57 497
More than 5 years	-	-
Unstated maturity	-	-
Total	492 475	618 863

2. Rented assets

The Company rents to third parties for operational purposes the following:

- Hotel Ski Záhradky
- Hotel Liptov
- Hotel Kosodrevina
- Building Otupné
- Gastro operation in aquapark

The rented assets of the Company are recorded in the non-current tangible assets. During the course of the year the Company terminated the Rent agreement of the Hotel Srdiečko and started to operate it itself. The Company also concluded the Rent agreement for the Hotel Ski. Total revenues from the assets rent reached 382 thousand euros for 2011.

K. INFORMATION ON OTHER ASSETS AND OTHER LIABILITIES

1. Conditioned liabilities

Many parts of Slovak tax legislation remain untested and there is uncertainty about the interpretation the tax authorities may apply in a number of areas. The effect of this uncertainty cannot be qualified and will only be solved as legislative precedents are set or when the official interpretations of the authorities are available.

2. Other financial duties

The Company does not have any other financial responsibilities as at 31 October 2011.

3. Conditioned assets

The Company conducted several law suits. The Company lost two law suits and the compensation amount is being calculated. Maximum compensation in all legal suits can come up to 1 205 thousand euros and facilities.

L. INFORMATION ON THE INCOME AND BENEFITS OF THE STATUTORY BODIES' MEMBERS, SUPERVISORY BOARDS AND OTHER ACCOUNTING ENTITY BODIES

Gross income of statutory bodies' members of the Company for their activity in the Company during the monitored period was in the amount of 316 thousand euros (in 2010: 155 thousand euros).

M. INFORMATION ON THE ECONOMIC RELATIONS OF THE ACCOUNTING ENTITY AND RELATED PERSONS

The Company performed in the course of the accounting period the following transactions with related persons:

in EUR

	Provided services		Used services	
	2011	2010	2011	2010
GRANDHOTEL PRAHA a.s.	183 990	3 194	39 395	8 664
Interhouse Tatry s.r.o.	110 928	19 661	18 050	8 830
Tatry mountain resorts services, a.s.	212 570	40 923	2 036 551	427 019
Total	507 489	63 778	2 093 995	444 513

	receivables		Liabilities	
	2011	2010	2011	2010
GRANDHOTEL PRAHA a.s.	32 879	7 278	1 532	3 065
Interhouse Tatry s.r.o.	74 368	18 480	362	366
Tatry mountain resorts services, a.s.	37 662	1 938	38 952	-368 144
Total	144 909	27 697	40 846	-364 713

N. INFORMATION ON THE EVENTS THAT AROSE AFTER THE DATE ON WHICH FINANCIAL STATEMENTS ARE BEING PREPARED UNTIL THE DATE FINANCIAL STATEMENTS WERE BEING PREPARED

On 1 November 2011 the Company purchased Hotel FIS in Štrbské pleso that was in their lease and started to operate it. The purchase price was 4 854 thousand euros and the full amount was paid.

On 19 December 2011 the Company purchased Hotel Slovakia in Tatranská Lomnica. The purchase price was 1 688 thousand euros and it was partially paid.

On 8 November 2011 Tatry mountain resorts, a.s. established the 100% subsidiary Tatry mountain resorts operations, a.s. for the use of future acquisitions. The basic capital of the Tatry mountain resorts operations, a.s. is 25 thousand euros and the full amount was paid.

In January 2012 the Company, in cooperation with Tatra banka, akciová spoločnosť, provided bank assurance for the benefit of the cableways provider in the amount of 4 146 thousand euros valid until January 2013.

O. INFORMATION ON THE EQUITY

The movement of equity is presented in the table below:

in EUR

Equity	Common accounting period as at 31.10.2011					
	Balance at the beginning of the accounting period	Increases	Decreases	Transfers	Balance at the end of the accounting period	
a	b	c	d	e	f	g
Basic capital		221 337 534	0	0	0	221 337 534
Basic capital		221 337 534	0	0	0	221 337 534
Own shares and own business shares		0	0	0	0	0
Change in the basic capital		0	0	0	0	0
Capital funds		30 698 497	391 900	0	0	31 090 398
Share premium		30 430 378	0	0	0	30 430 378
Other capital funds		282 587	0	0	0	282 587
Legal reserve fund from capital deposits		0	0	0	0	0
Differences from revaluation of assets and liabilities		-14 468	391 900	0	0	377 432
Differences from revaluation of capital contributions		0	0	0	0	0
Differences from revaluation in merging, fuse and division		0	0	0	0	0
Fund from revenue		1 435 686	0	0	945 411	2 381 097
Legal reserve fund		1 435 686	0	0	945 411	2 381 097
Indivisible fund		0	0	0	0	0
Statutory funds and other funds		0	0	0	0	0
Profit and loss results for preceding years		-679 553	0	0	3 008 797	2 329 244
Undivided revenue from preceding years		0	0	0	2 329 244	2 329 244
Unsettled loss from preceding years		-679 553	0	0	679 553	0
Profit and loss results in common accounting period		9 454 110	8 590 246	-5 499 902	-3 954 208	8 590 246
Total		262 246 274	8 982 146	5 499 902	0	265 728 517

Notes to the Individual Financial Statements of Tarry mountain resorts, a.s. as at 31 October 2011

in EUR

Equity	Immediately preceding accounting period as at 31.10.2010					
	Balance at the beginning of the accounting period	Increases	Decreases	Transfers	Balance at the end of the accounting period	
a	b	c	d	e	f	g
Basic capital		221 534 129	0	196 595	0	221 337 534
Basic capital		221 534 129	0	196 595	0	221 337 534
Own shares and own business shares		0	0	0	0	0
Change in the basic capital		0	0	0	0	0
Capital funds		Capital funds	0	66 623	0	30 698 497
Share premium		30 482 533	0	52 155	0	30 430 378
Other capital funds		282 587	0	0	0	282 587
Legal reserve fund from capital deposits		0	0	0	0	0
Differences from revaluation of assets and liabilities		0	0	14 468	0	-14 468
Differences from revaluation of capital contributions		0	0	0	0	0
Differences from revaluation in merging, fuse and division		0	0	0	0	0
Funds from revenues		Fund from revenue	0	0	0	1 435 686
Legal reserve fund		1 435 686	0	0	0	1 435 686
Indivisible fund		0	0	0	0	0
Statutory funds and other funds		0	0	0	0	0
Profit and loss results from previous years		Profit and loss results for preceding years	0	0	-673 969	-679 553
Undivided revenue from preceding years		0	0	0	0	0
Unsettled loss from preceding years		-5 604	0	0	-673 969	-679 553
Profit and loss results for common accounting period		Profit and loss results in common accounting period	9 454 110	0	673 969	9 454 110
Total		253 055 362	9 454 110	263 215	0	262 246 274

Profit for 2010 in the amount of 9 454 110 EUR was distributed as follows:

	EUR
Payments of dividends	5 499 902
Contribution to reserve fund	945 411
Settlement of losses of previous periods	679 553
Transfer to retained earnings	2 329 244
Total	9 454 110

The General Assembly will decide on the distribution of profit in the amount of 8 590 246 EUR for the 2011 accounting period. The proposal presented by the statutory body to the General Assembly is as follows:

- Contribution to the reserve fund in the amount 859 thousand euros,
- Payment of dividends in the amount of 6 439 thousand euros,
- Remaining amount transferred to undistributed profit of previous years.

P. CASH FLOW OVERVIEW AS AT 31 OCTOBER 2011

	<u>2011</u>	<u>2010</u>
Cash flow from operating activities		
Cash flow generated from operations	13 676 831	107 436
Interest paid	-506 452	-444 799
Interest received	4 236 330	2 275
Income tax paid		
Dividends paid	-5 495 133	4 770
Cash flow before extraordinary items	<u>-11 911 576</u>	<u>-330 318</u>
Income from extraordinary items	0	0
Net cash flow from operating activities	<u>11 911 576</u>	<u>-330 318</u>
 Cash flow from investing activities		
Purchase of non-current assets	-36 229 383	-21 341 351
Income from non-current assets sale	1 035 438	153 473
Purchase of investments	-36 112 061	-26 498 204
Dividends received	317 451	687 385
Net cash flow from investing activities	<u>-70 988 555</u>	<u>-46 998 697</u>
 Cash flow from financing activities		
Income from capital increase	0	-249 595
Loans received	6 000 000	0
Loans provided	-31 895 123	-50 562 328
Repayments of loans provided	75 488 430	4 275 328
Payment of long-term liabilities	-835 612	-1 085 979
Repayments of loans received	-2 252 439	-2 223 000
Payment of bills of exchange	94 690 499	110 657 000
Issuance of bills of exchange	-78 038 374	-12 184 154
Net cash flow from financing activities	<u>63 157 381</u>	<u>48 627 272</u>
 Increase of cash and cash equivalents	4 080 402	1 298 257
 Cash and cash equivalents at the beginning of year	2 126 436	828 179
 Cash and cash equivalents at the end of year	<u>6 206 838</u>	<u>2 126 436</u>

	<u>2011</u>	<u>2012</u>
Net profit (before tax and extraordinary items)	11 271 772	11 774 820
Adjustments of non-monetary transactions		
Depreciation of non-current tangible and intangible assets	4 892 818	2 936 706
Revenue interest	-7 542 194	-8 309 018
Expense interest	514 738	444 799
Adjustment item to the liabilities	-21 590	3 897
Unrealized exchange rate losses	-2 504	0
Unrealized exchange rate profits	1 456	0
Other receivables discount	2 499 902	0
Provisions	-15 982	0
Loss (profit) from the sale of non-current assets	-286 921	-123 407
Revenues from non-current financing assets	-317 451	0
Profit from operation before changes in work capital	10 994 044	6 727 797
Change in working capital		
Decrease (increase) in trade and other receivables (including time difference of assets)	1 301 708	-4 426 945
Decrease (increase) in inventory	-308 981	-131 759
(Decrease (increase) in liabilities (including time difference of liabilities)	1 690 060	-2 061 657
Cash generated from operation	<u>13 676 831</u>	<u>107 436</u>

Cash

Cash means readily available money, the equivalent of readily available money, and cash equivalents in bank accounts.

Cash equivalents

Cash equivalents are current financing assets that are exchangeable into an amount of cash without the risk of its value changing within the following three months as at the date on which the financial statements are being prepared, for example term deposits in bank accounts with a maturity period not longer than three months, liquid trade securities and priority shares acquired by the accounting entity with a maturity date not longer than three months as at the date on which the financial statements are being prepared.

16 February 2012

Date of the Financial statement preparation



Bohuš Hlavatý
Chairman of the
Board of Directors



Jozef Hodek
Member of the
Board of Directors

16 February 2012

Date of the Financial statement approval



Tomáš Kimlička
person in charge of
the Consolidated statements
preparation



Marian Klas
person in charge of
the book keeping

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Translation of the Auditor's Report originally prepared in Slovak language

Independent Auditor's Report

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

We performed audit of the attached individual financial statements of Tatry mountain resorts, a.s. ("the Company") the Balance Sheet as at 31 October 2011 and the Income Statement for the accounting year ended 31 October 2011.

Responsibility of Statutory body of the Company

Statutory body of the Company is responsible for the compilation of individual financial statements, which provide true and fair view in accordance with Slovak legislation on accounting and for those internal controls, which are necessary for compilation of individual 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 individual 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 individual financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the individual financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatements of the individual financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the individual financial statements that give a true and fair view in order to design audit procedures that are appropriate in 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 management, as well as evaluating the overall presentation of the individual financial statements.

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Cooperative ("KPMG International")
a Swiss entity.

Commercial register
of District Court Bratislava I,
Section Sro, file no. 4864/B

License number of statutory auditor: 96

Registration no. 31 348 238

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

Opinion

In our opinion, the individual financial statements give a true and fair view of the financial position of the Group as at 31 October 2011, and of its financial performance for the year ended on 31 October 2011 in accordance with Slovak legislation on accounting.

28 February 2012
Bratislava, Slovak Republic

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



Responsible auditor
Ľuboš Vančo
License SKAU No. 745

Round stamp: Slovak commerce of auditors, Slovakia, spol. s r.o., SKAU, License No. 96, KPMG Slovensko spol. s r.o.

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Translation of the Report on the compliance originally prepared in Slovak language

**Report on the compliance
of annual report and individual financial statements according to section
23 article 5 act No. 540/2007 Col. about auditors, audit and surveillance
over audit.**

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

We performed audit of the attached individual financial statements of Tatry mountain resorts, a.s. ("the Company") as at 31 October 2011, which is included in the attachments of the Annual report. On 28 February 2012 we issued Independent Auditor's Report as follows:

Independent Auditor's Report

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

We performed audit of the attached individual financial statements of Tatry mountain resorts, a.s. ("the Company") the Balance Sheet as at 31 October 2011 and the Income Statement for the accounting year ended 31 October 2011.

Responsibility of Statutory body of the Company

Statutory body of the Company is responsible for the compilation of individual financial statements, which provide true and fair view in accordance with Slovak legislation on accounting and for those internal controls, which are necessary for compilation of individual 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 individual 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

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License number of statutory auditor: 96
Registration no. 31 348 238

assurance about whether the individual financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the individual financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatements of the individual financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the individual financial statements that give a true and fair view in order to design audit procedures that are appropriate in 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 management, as well as evaluating the overall presentation of the individual financial statements.

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

Opinion

In our opinion, the individual financial statements give a true and fair view of the financial position of the Group as at 31 October 2011, and of its financial performance for the year ended on 31 October 2011 in accordance with Slovak legislation on accounting.

28 February 2012
Bratislava, Slovak Republic

Auditing company:
KPMG Slovensko spol. S.r.o.
Licencia SKAU No. 96

Responsible auditor
Ľuboš Vančo
License SKAU No. 745

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Registration no. 31 348 238

Report on the compliance of annual report and consolidated financial statements

In accordance with the Accounting act we confirmed the compliance of the annual report with the consolidated financial statements.

Management of the Company is responsible for the annual report. Our role is to confirm the compliance of annual report with the individual financial statements and based on that issue appendix to the Auditor's report about the compliance of annual report with the individual financial statements.

We conducted our confirmation in accordance with International Auditor's Standards. Those standards require that we plan and perform the confirmation to obtain reasonable assurance about whether information in the annual report, which is used in individual financial statements are in every aspect in compliance with the actual individual financial statements.

We compared the compliance of information published in the annual report with the information in the individual financial statement as at 31 October 2011. Other data and information such as accounting information from individual financial statement and accounting books were not subject of our confirmation. We believe that confirmation executed is evidence sufficient and appropriate to provide a basis for our opinion.

In our opinion, the accounting information in annual report is in every aspect in compliance with the individual financial statements as at 31 October 2011, which is included in the attachments of the Annual report.

28 February 2012
Bratislava, Slovak Republic



Auditing company:
KPMG Slovensko spol. S.r.o.
Licencia SKAU No. 96

Responsible auditor
Ľuboš Vančo
License SKAU No. 745

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Section Sro, file no. 4864/B

License number of statutory auditor: 96

Registration no. 31 348 238

Statement by the Board of Directors

Individual financial statements and annual report are prepared in accordance with special regulations; it gives a true and fair view of the assets, liabilities, financial position and profit/loss of the Company.



Ing. Bohuš Hlavatý

Chairman of the Board of Directors



Ing. Hodek Jozef

Member of the Board of Directors



TATRY MOUNTAIN RESORTS, a. s.
e-mail: info@tmr.sk, www.tmr.sk, tel.: 0850 606 202