

ANNUAL REPORT

2013/2014



Annual Report of Tatry mountain resorts, a.s.
and its subsidiaries as of 31/10/2014

Content

Commentary from CEO	5
Operations Review	6
Consolidated Financial Highlights	8
Our History	10
Company Profile	12
Strategy	22
Key Performance Indicators (KPIs)	30
Market Analysis and Trends	32
Risk Factors and Risk Management	38
Financial Performance Review for the Year	46
Key Results	48
Total Revenues and Income	49
Key Events of the Year	50
Results by Segments and Subsegments	51
Group's Position at the End of the Year	56
Financial Position	58
Cash Flow	59
Outlook	59
Corporate Social Responsibility	60
Environment and Community	62
Human Resources	64
Corporate Governance	68
Corporate Governance Principles	70
Board of Directors	70
Supervisory Board	72
Audit Committee	74
Top Management	75
General Meeting	76
Supervisory Board Report	77
Corporate Governance Code	78
Other Supplementary Data	80
Shares	82
Consolidated Financial Statements	86
Separate Financial Statements	148
Statement by the Board of Directors	210

Commentary from CEO



Ing. Bohuš Hlavatý

CEO and Chairman of the Board
of Directors
Tatry mountain resorts, a. s.

Dear Shareholders and Fans of Mountains,

We look back at a rather difficult year for all operators in regional mountain tourism. The 2013/14 winter season in alpine and Central European resorts could be described only as stingy when it comes to natural snowfall and rather mild, which are two attributes that had an impact on the visit rate in our mountain resorts in the winter season. The warm weather cut the season short and we concluded the season with Easter break. However, these negative factors did not impact our results as dramatically as our competitors' thanks to our modern snowmaking equipment, extensive cableway transportation capacity, which we fully utilized during the periods with favorable weather, and thanks to our active sales strategy. Customer relations within the GOPASS program and active direct marketing, reflecting customer behavior in our resorts, generated extra revenues and visitors from this client group. As of the end of the period we had had 200 thousand members. Before the winter season 2014/15 we launched GOPASS also in the Czech Špindlerův Mlýn resort. This modern sales tool is rapidly becoming one of the key competitive advantages of TMR.

We managed the impact of the negative weather on the visit rate also with annual events that are attended by loyal fans every year. The highly successful project of the Tatra ice dome, visited by 100 thousand visitors during the winter, is a result of active cooperation within the District Tourism Organization High Tatras Region. Our diversified business model that adds the all-year round Aquapark Tatralandia and complementary services into the product mix, also helped to mitigate the decrease in the number of visitors. Although the summer season continued the bad weather trend, the warm long autumn helped to lengthen the season in the aquapark and mountain resorts. Overall, we only observe a 6.4% decline in our visitor numbers in the mountain resorts and a 5.6% drop in Tatralandia.

We boosted our total revenue growth with sales from complementary services, such as après-ski dining facilities and especially with our Hotels segment, which reported a 7.4% revenue growth on the like-for-like basis. During the winter holidays of New Year's and in "Golden Week" we even filled our hotels to full capacity. It is a result of the long term hotel sales strategy, as well as the correct ratio of value offered to the client and price paid. Overall, our consolidated revenues grew 3.6% and operating profit before depreciation (EBITDA) maintained the level of prior year, which we can call a success considering the negative weather factors.

Despite the negative weather factors during the winter season, we were able to create conditions for hosting and co-organizing a significant event - the World Junior Alpine Skiing Championship, which brought the Jasná resort back on the map of international skiing. It was for the quality of the event organization, its successful duration, or the highly positive feedback on the event abroad, why the International Ski Federation (FIS) selected Jasná to host the FIS World Cup in Giant Slalom and Women's Slalom once again after 30 years. This important milestone is the fulfillment of the New Era of the Tatras. In March 2016 our Company will be the host of the World

Cup in downhill skiing based on the mandate of the Slovak Ski Association.

During the year we continued to look for expansion opportunities in the region. With the purchase of a 97% stake in the Polish Szczyrkowski Ośrodek Narciarski we established our operating presence in Poland, and we plan to repeat our success story from the New Era of the Tatras project by investing over EUR 30 million into the modernization of the resort in the midterm horizon. For cost optimization and marketing we plan to use synergies among all our resorts in Szczyrk as well.

Within the process of improving the quality of services offered we focused on training our employees; we launched an extensive quality control program directly linked to employee remuneration; we improved and sped up results reporting, which resulted in a more flexible and more prompt reaction in the form of cost savings and revenue growth.

As for capital expenditures, in the winter season 2013/14 we introduced the completed investments of 2013, which included new ski trails with snowmaking, brand new ultramodern cableways in Vysoké Tatry at Tatranská Lomnica and at Lúčky in Jasná, with a new après-ski bar. These increased transportation capacity by almost 5,000 persons per hour and significantly widened possibilities of each resort. In the past year we only did minor and maintenance investments into our resorts totaling EUR 7.5 million, such as enhancing ski trails and equipment in the resorts, mainly in Tatralandia, opening new dining facilities, sports stores and rentals under the Tatry Motion brand.

This past year changes to our capital structure came to effect, as we significantly raised our debt level through issuance of two tranches of coupon-paying bonds in the volume of EUR 180 million. Due to related interest expenses, our ability to pay out dividends will be hindered from now on.

Going forward, we are ready to take on new opportunities on the Polish tourist market, as we are currently in the talks to become a strategic investor in the project of modernization of Silesian Amusement Park, the biggest one in Poland. Also, we expect to grow organically as we see great potential on new markets as new airline connections were launched connecting the Tatras with London and the Baltic region. On the existing markets we believe to attract more and more visitors with our state-of-the-art modern resorts, active sales and marketing policy, high quality work performed by our employees, and with our constantly improving level of services provided to our clients.



Bohuš Hlavatý

CEO and Chairman of the Board of Directors

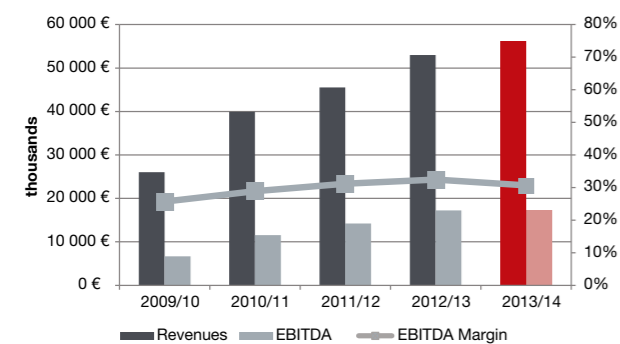
OPERATIONS REVIEW



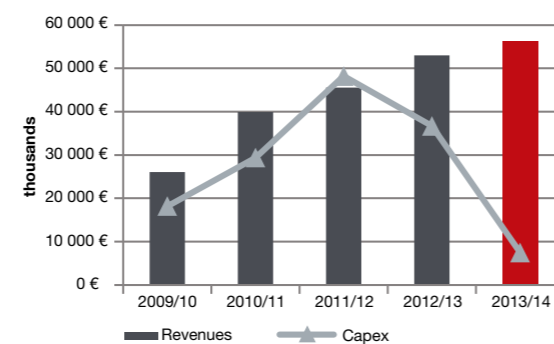
Consolidated Financial Highlights

in €'000 unless specified otherwise	2013/14	2012/13	2011/12	2010/11	2009/10
Revenues	56 309	54 348	43 807	38 758	24 338
EBITDA	18 411	18 566	13 987	12 219	6 633
EBIT	5 094	7 666	6 050	1 599	-703
Net Income	683	6 604	10 186	9 027	5 759
CAPEX	7 500	36 710	48 207	29 377	18 164
No. of employees	1 446	1 334	1 232	1 055	614
Earnings per share (EUR)	0,105	0,985	1,520	1,350	0,860
Hotel Occupancy (%)	51,4	50,7	48,4	49,2	45,8
Avg. Daily Rate per Room (EUR)	59,4	55,2	45,2	41,3	37,5
Visit Rate ('000)	2 110	2 249	2 007	1 844	1 027
EBITDA (%)	32,7	34,2	31,9	31,5	27,3
EBIT (%)	9,0	14,1	13,8	4,1	-2,9
Equity	102 312	101 477	276 416	272 686	269 009
Debt/Equity (%)	223,0	210,0	5,8	7,0	5,3
Debt/Capital (%)	69,0	67,7	5,5	6,5	5,0
Debt/EBITDA	12,4	11,5	1,2	1,6	2,1
Interest Coverage Ratio	0,7	11,3	11,2	3,1	-1,3

Key Operating Results*



Revenues vs. CAPEX*



*adjusted operating data



Our History

1992

- Establishment of SKI Jasná, a.s., the legal predecessor of TMR, by the National Property Fund of the Slovak Republic in March 1992

2003

- Change of name to Jasná Nízke Tatry, a. s. in March 2003

2009

- In June 2009 Shareholders of Jasná Nízke Tatry, a.s. agreed on raising of the capital to EUR 250 million and on renaming the Company Tatry mountain resorts, a.s. Consequently, a new equity issue was listed on the Bratislava Stock Exchange.
- In October 2009 TMR purchased Tatras Cableways (TLD), which dissolved without liquidation and merged with TMR on May 5, 2010. At the same time TMR, as its successor, continues to conduct TLD's business activity, especially operation of mountain resorts in the High Tatras - Tatranská Lomnica and Starý Smokovec.
- In December 2009 TMR acquired 100% of Grandhotel Praha, a.s. (Grandhotel Praha) and 50% of Interhouse Tatry, s.r.o., which was the owner of Grandhotel Starý Smokovec at that time.

2010

- In October 2010 TMR purchased all shares of Tatry mountain resorts services and thus became its 100% owner.
- TMR initiated cooperation with the resort of Štrbské Pleso in December 2010.

2011

- In April 2011 TMR acquired Tatralandia Holiday Resort. This trademark comprises Aquapark Tatralandia, a lodging facility Holiday Village Tatralandia, an entertainment park Fun Park, and Tropical Paradise. The acquisition of Tatralandia was an important step for TMR in pursuing the strategy to create an all-year tourist destination.

2012

- Dual listing of TMR shares on exchanges in Warsaw and Prague took place in October 2012
- In November 2012 TMR through an associated company Melida, a.s. signed a lease contract with the Czech union of physical education for operating SKIAREÁL Špindlerův Mlýn.
- In November 2012 TMR founded Korona Ziemi with a Polish town of Gmin Zawoja, with the purpose of creating an entertainment-educational park.

2013

- On February 16, 2013 TMR acquired the other 50% in Interhouse, s.r.o. (Grandhotel Starý Smokovec).
- As of May 1, 2013 subsidiaries of TMR - Tatry mountain resorts services, a.s., Grandhotel Praha, a.s. and Interhouse s.r.o. - merged and seized without liquidation.
- Share capital of TMR was decreased from EUR 221.3 million to EUR 47.0 million on October 22, 2013 based on the approval by the Extraordinary General Meeting held on August 22, 2013.

2014

- In March 2014 TMR acquired a 97% share in a Polish ski resort Szczyrkowski Ośrodek Narciarski S.A. (SON).

Company Profile

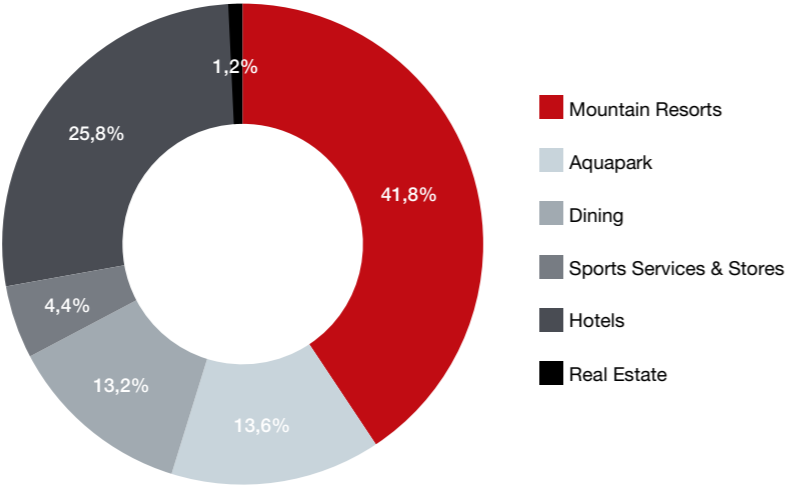
Basic Overview of TMR

Tatry mountain resorts, a.s. with its registered seat in Liptovský Mikuláš together with its subsidiaries (TMR, the Group) is the biggest provider of tourism in Slovakia with emerging activities in neighboring countries, especially in the Czech Republic and Poland. TMR's revenues come from operation of mountain resorts and aquapark, provision of hotel and dining services, and from sports shops and additional services in the resorts. In terms of revenue breakdown, the largest share comes from sale of ski passes and cableway tickets in mountain resorts (41.8%) and from accommodation services in hotels that TMR owns and runs (25.8%). Additional revenues come from ticket sale in the aquapark (13.6%) and from other services provided by the dining facilities on the slopes and in the aquapark (13.2%) and sports stores under the Tatry Motion brand (4.4%). In addition to the mentioned business activities TMR conducts its business activities in real estate, revenues of which are expected from sale, lease and operation of land, premises and lodging. TMR runs all its operations in regions of the High and Low Tatras in Slovakia, in the Krkonoše Mountains in the Czech Republic, and in the Polish Beskids.

The portfolio of TMR in the Low Tatras includes resort Jasná Nízke Tatry, hotels Tri Studničky****, Wellness hotel Grand Jasná****, Chalets Jasná de Luxe****, Hotel Srdiečko**, and Hotel Rotunda. Aquapark Tatralandia is located in the vicinity of Jasná with Holiday Village Tatralandia bungalows. TMR at the same time owns and leases out Hotel Liptov**, Ski&Fun Záhradky** and Kosodrevina Lodge.

In the High Tatras TMR owns and runs resorts Vysoké Tatry - Tatranská Lomnica and Starý Smokovec, and the ski area

Revenue Breakdown

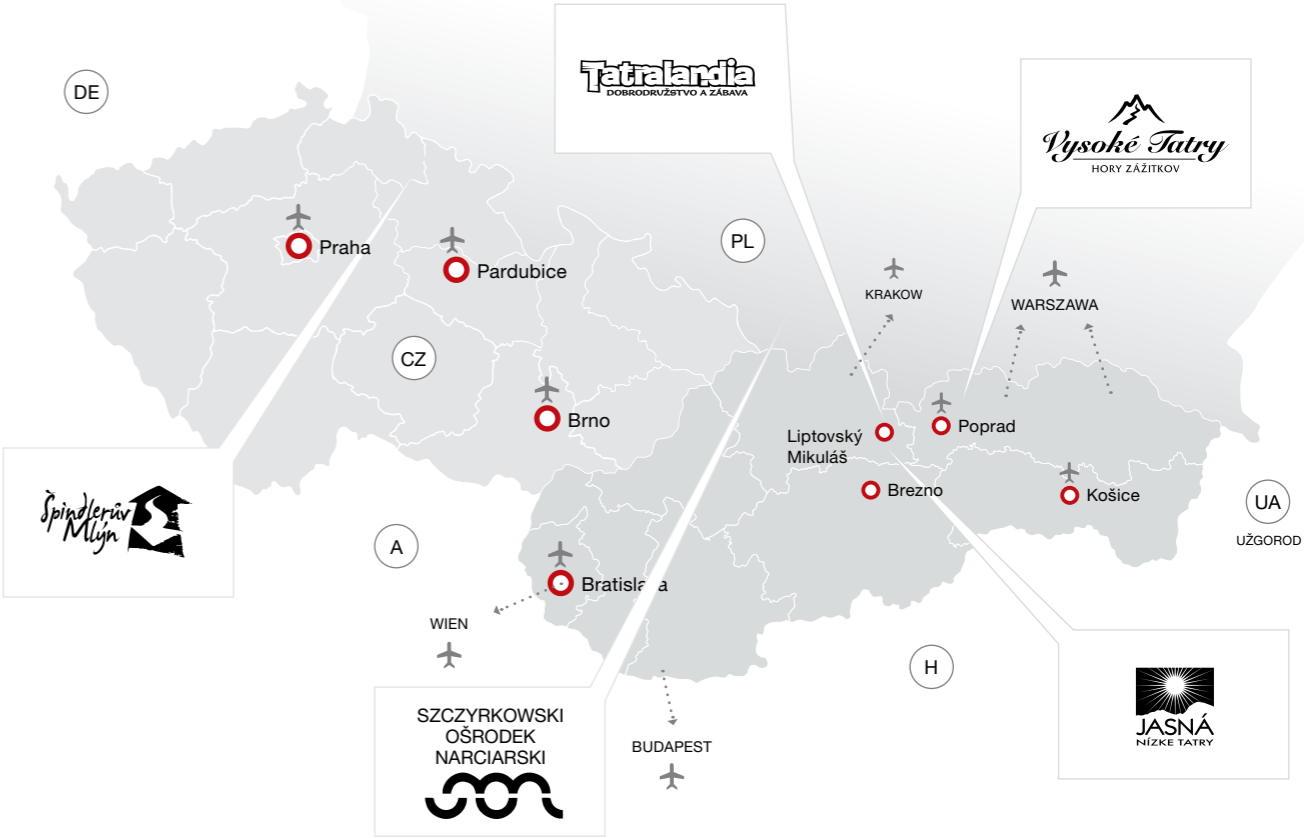


Štrbské Pleso, which TMR co-manages. In the High Tatras TMR also owns hotels Grandhotel Praha**** Tatranská Lomnica, Grandhotel**** Starý Smokovec, Hotel FIS*** at Štrbské pleso and owns and leases Hotel Slovakia*** to a third party.

TMR also owns 19% in Melida a.s., which since the winter 2012/13 leases and operates the resort Špindlerův Mlýn in the Czech Republic. In Poland TMR owns 97% in the mountain resort Szczyrkowski Ośrodek Narciarski S.A. (SON) and 7,3% in an educational- entertainment project through a Polish company Korona Ziemi Sp. z o.o.

Business Segments of TMR

TMR's business activities are concentrated into three key segments: Mountains & Leisure, Hotels a Real estate.



Mountain Resort VYSOKÉ TATRY

- All-season resort offering complex services for all the types of clients in the summer and winter season
- Three ski areas- Tatranská Lomnica, Štrbské Pleso and Starý Smokovec
- Situated in the oldest national park in Slovak republic TANAP
- 24 km of ski trails, 20 km of snowmaking
- 20 cableways and lifts
- Max. transportation capacity 21,365 persons/hour
- **Hotels** - Grandhotel Praha**** Tatranská Lomnica, Grandhotel**** Starý Smokovec, Hotel FIS*** Štrbské Pleso
- **Real Estate** - Grand Residences Tatranská Lomnica, lease of Hotel Slovakia*** to a third party

Mountain Resort JASNÁ NÍZKE TATRY

- The biggest winter sports resort in Central Europe
- Ski areas - Chopok North and Chopok South
- Host of Junior Alpine FIS World Cup 2014
- 46 km of ski trails, 29 km of snowmaking
- 30 cableways and lifts
- Max. transportation capacity 32,854 persons/hour
- **Hotels** - Hotel Tri Studničky****, Wellness hotel Grand Jasná****, Chalets Jasná de Luxe**** and Hotel Srdiečko**, Hotel Rotunda
- **Real Estate** - lease out of hotels Liptov**, Hotel SKI & FUN** and Kosodrevina Lodge

Mountain Resort ŠPINDLERŮV MLÝN

- The biggest and the most popular resort in the Czech Republic
- Four ski areas - Svatý Petr, Medvědin & Horní Mísečky, Hromovka, Labská
- 25 km of ski trails, 21 km of snowmaking
- 16 cableways and lifts
- 3 snowparks
- Max. transportation capacity 20,500 persons/hour

Mountain Resort SZCZYRKOWSKI OŚRODEK NARCIARSKI (SON)

- EUR 30 mil. planned investments
- 25 km of ski trails, 11 km with snowmaking
- 13 lifts
- Max. transportation capacity: 8,700 persons/ hour
- Summit elevation: 1,211 m a.s.l.
- Base elevation: 620 m a.s.l.
- Vertical drop: 591 m

Aquapark TATRALANDIA

- The biggest aquapark with accommodation in Central Europe
- Unique indoor complex Tropical Paradise also with seawater and authentic corals
- 9 year-around swimming pools with thermal, sea and pure water, 5 summer swimming pools, 21 steam, water, jet spas, saunas and procedures, a wellness center
- 5 year-around waterslides, 23 summer waterslides and 300 different attractions
- **Housing** - Holiday Village Tatralandia
- 700 beds in 155 bungalows and apartments in 11 theme villages
- Congress center, 5D cinema, golf trainer, etc.
- **Real Estate** - sale of apartments in Holiday Village Tatralandia



I. MOUNTAINS AND LEISURE

The main segment Mountains and Leisure includes the ownership and operation of three mountain resorts: Jasná Nízke Tatry - Chopok North and South, Vysoké Tatry - Tatranská Lomnica, Starý Smokovec and Štrbské Pleso (TMR doesn't own but co-manages ski area Štrbské Pleso), and the Polish SON. The resorts currently offer 95 km of trails with transport capacity 63 thousand persons per hour. Since the winter season 2012/13 TMR also co-manages the ski resort Špindlerův Mlýn in the Czech Republic, which has been leased for 20 years to Melida, a.s., in which currently TMR owns 19%. Mountains & Leisure does not include the results of the minority interest in Melida a.s.; this share is classified as a financial investment. The main segment also includes a year-around aquapark Tatralandia with 14 swimming pools, 30 water slides and number of other indoor and outdoor activities. In order to cover complex client's needs, in the Mountain and Leisure segment TMR offers a wide range of ancillary services, such as ski schools, rental, service, sport shops and dining.

■ Mountain Resorts

VYSOKÉ TATRY (THE HIGH TATRAS)

The High Tatras as the greatest mountain range in Slovakia are also the oldest national park in our country (Tatranský Národný Park - TANAP). Therefore, all the tourist activities are performed considering the nature conservation and rare biotopes. In the area of the High Tatras the Company owns and operates cableways in Tatranská Lomnica and Starý Smokovec and closely cooperates with the owner of the Štrbské Pleso resort which they manage together.

TATRANSKÁ LOMNICA

Winter Season

Tatranská Lomnica resort holds the lead in Slovakia with its longest 5.5 km trail and a 1,300 m vertical drop. The trail in Lomnické sedlo has the highest elevation in Central Europe. The base elevation of the resort is at the bottom station of the 6-seat cableway in Tatranská Lomnica, in 888 m a.s.l., and its summit elevation point is at the exit station of elevated cableway to Lomnický štít in 2,634 m a.s.l. Ski trails of different levels can satisfy all the skiers from beginners to experts. In addition to the regular skiers is this resort also visited by free riders, adrenaline lovers as well as individual visitors. Resort is equipped with modern snowmaking system, which reaches the highest point of the Esička trail at Skalnaté pleso.

Summer Season

Tatranská Lomnica turns in the summer months into an attractive leisure center for the whole family. It provides

possibility of trips to the top of Lomnický štít in 2,634 m a.s.l. The resort is regularly extending its offer of services and today it offers a number of attractions, such as mountain cart rides and an authentic project for children - Tatras wilderness. It is a natural fun trail from Tatranská Lomnica, around Skalnaté pleso, Starý Smokovec and Hrebienok, to Štrbské Pleso with games, competitions and mini eco-park Marmot Land at Skalnaté Pleso that is suited mainly for children. Youngsters can also enjoy themselves all-year round in an indoor children's center - The Chamois Land.

Ski Trails

Ski resort Tatranská Lomnica offers up to 44.4 ha of ski trails (out of which almost 32 ha have technical snowmaking) with a total length of nearly 12 km. The ski trails in the resort are mostly easy (six trails - 5,350 m) to moderate (five trails - 5,190 m) with technical snowmaking. The ski trail for experts in Lomnické sedlo (1,240 m) is best suited for most advanced skiers, with an average angel of almost 47%. In addition to skiing and snowboarding are for visitors available also attractions as snowbike, skifox and snowcoot.

Transport Facilities

In the resort there are three gondolas, and four chairlifts with total length of 10,272 m. The maximum transport capacity is 11,645 persons per hour. Two of the cableways are equipped with shields, so called bubbles, and one also with heated seats and better wind resistant system (RPD). At the beginning of the winter season 2013/14 a new 15-person gondola was completed starting at the Start location leading to Skalnaté pleso with the transportation capacity of 2,400 persons/hour. It substituted the original old 4-seat gondola. The 15-person gondola is design-wise and struction-wise similar to the gondola at the Chopok Mountain South. 37 cabins by Doppelmayr transports skiers to Skalnaté pleso in seven minutes and exceeds the vertical drop of 599 m. The cableway resists winds up to 22-24 m/s. The start station of the gondola Štart - Skalnaté



pleso starts at 1,170 m a.s.l., and the end station is located at 1,772 m a.s.l. The all-year most attractive is still the elevated cableway to Lomnický štít which can get visitors to the top of the second highest peak of the High Tatras just in 8 minutes. On the top there is a stylish café Dedo, elevated terrace and botanical garden. Visitors can spend a night in the highest elevated apartment in the Central Europe.

STARÝ SMOKOVEC

Winter Season

Starý Smokovec resort - Hrebienok and Jakubova lúka is in times of winter season oriented on beginner skiers and families with children, as well as on alternative leisure activities, such as snowtubing, sledging on 2.5 km long sledging track and funtools - skifox, snowbike and snowcoot. A central part is a funicular and several ski lifts. The finish station of a comfortable panorama funicular from Starý Smokovec to Hrebienok is the favorite start point for winter hikes to mountain lodges and waterfalls.

Summer Season

In the summer the resort offers attractions like summer tubing, mountain carts or trampolines. Starý Smokovec and Hrebienok are also the perfect places for hiking trips to Small or Great Cold Valley. The resort is also well known for its organization of Bear Days, the project dedicated to families with children.

Ski Trails

Ski trails in total length of 3,375 m are more suitable rather for beginners. All three trails are easy. Besides them, the resort offers the longest lit up sledge trail in Slovakia.

Transport Facilities

The resort disposes a modern funicular from Starý Smokovec to Hrebienok and two ski lifts in the area of Hrebienok and Jakubkova lúka I and II. The total transportation capacity of the resort is 2,700 persons per hour, out of which 1,600 is by funicular. Visitors can with this funicular reach the altitude of 1,272 m a.s.l., while in 7 minutes overcome the 255 m elevation from the bottom station (1,025 m a.s.l.).

ŠTRBSKÉ PLESO

Winter Season

The resort in the highest Tatra settlement on Štrbské Pleso is suited also for clients requiring the highest standard of services which this specific resort can provide its visitors. Nine kilometers of easy and moderate ski trails and more than 26 km cross-country trails are used by families with children as well as advanced skiers. Vysoké Tatry - Štrbské Pleso provides its visitors with services such as

ski and snowboard rental, ski services and ski school for beginners. The resort is well suited also for leisure skiers. Summer Season

The resort is in summer a popular place for tourists, since it is an ideal place to start a mountain hike, or simple walks around Štrbské and Popradské pleso. After years of examining the state of Štrbské pleso was in 2008 allowed to restart operation of punt hiring which has more than 130-year tradition. There are 11 wooded punts and one sport punt anchored near newly built pier overlooking the Tatra peaks. The Mini Tatralandia park is available for the youngest clients directly under the ski-jump. For several years now Štrbské Pleso organizes a favorite sports fun event Marmots at the Lake.

Ski Trails

Ski resort in Štrbské Pleso offers its clients several trails of easy (eight trails - 3,220 m) and moderate (five trails - 5,600 m) difficulty. The resort has 8,820 meters of slopes with technical snowmaking. Part of the resort is also lit up and thus suitable for night skiing. All trails in the resort together overcome the elevation of 1,251 m and also because of high levels of real snow belong among the most popular ones.

Transport Facilities

There are eight cableways altogether, out of which there are three chairlifts, four lifts, and one moving belt with a total length of 4,964 meters in the resort. Their maximum transport capacity is 7,020 persons per hour. Two cableways are used to transport visitors towards Solisko station (1,840 m a.s.l.), one 4-seat cableway from the bottom of Štrbské Pleso (1,351 m a.s.l.) and another six-seat cableway from Furkotská dolina. The third cableway is located parallel to the ski-jump, where the other lifts are located too.

JASNÁ NÍZKE TATRY (THE LOW TATRAS)

The Low Tatras are the largest national park in our country (the Low Tatras National park - NAPANT), stretch 82 km in the middle of Slovakia. The second highest peak of the Low Tatras is Chopok, 2,024 m a.s.l. and you can get close to its summit by cableways from Liptov or Horehronie. This is also one of the reasons why Chopok area is the most visited place in the Low Tatras.

Winter Season

Jasná Nízke Tatry resort is the top ski resort in Slovakia with excellent conditions for winter sports on the both sides of Chopok. The resort offers a lot of slopes on different levels of difficulty from blue to black, as well as nine freeride zones and a snowpark. After skiing there is an interesting après-ski program available for both skiers and non-skiers. In the fiscal year 2011/2012 new cableways to Chopok from



the north and south side have been completed together with a skewed ski elevator Twinliner Biela Púť - Priehyba, which thus again after many years restored the connection between both sides of the resort. In October 2012 the Jasná resort was voted among the top 10 winter destinations in Europe by the prestigious tourist guide publisher Lonely Planet. In April 2014 Jasná Nízke Tatry was awarded five prestigious awards in the international Skiareatest in Italian Bolzano and thus succeeded among strong alpine resorts. In November 2014 during World Snow Awards in London Jasná was awarded for the category Best Up And Coming Resort.

Summer Season

The resort in the summer offers a wide range of sports - paragliding courses, mountain carts, Tarzania, Nordic walking and a ride in the bike park on nearly 13 km of trails. The bike park on one of its four tracks of various levels of difficulty from Rovná hoľa uses natural conditions and together with wooden hurdles and landscape provides good conditions for training of professional riders as well as for less experienced or amateur cyclist and families with children. On the north and south side of Chopok for families with children there is an educational fun trail with and entertainment program- Drakopark Chopok. At Chopok South near the Kosodrevina area there is a free cableway museum Von Roll from 1954.

Ski Trails

Jasná Nízke Tatry as the largest ski resort in Slovakia is suitable for all categories of visitors. Wide range of different types of slopes lies on 91 ha of land. There are almost 46 km of ski trails. On 29.1 km of trails is built a fully automated high-pressure technical snowmaking system with 427 snow guns. The snowmaking systems was in the 2012/2013 season built from the north side up to Chopok and on the south side were in addition built also pumping stations for this system. There are eight easy blue trails in total length of 11,235 meters, 15 moderate red trails in total length of 17,910 meters and six black trails for experts in

total length of 7,325 meters. In addition to these trails the resorts offer 11 ski roads in total length of 9,310 meters. In the resort there are also nine free ride zones, two cross-country skiing trails and a snow park. Two trails in total of 2,580 meters are lit up and used for night skiing.

Transport Facilities

The resort operates 30 cableways and lifts with a total transport capacity of 32,704 persons per hour. There are three 6-seat cableways, four 4-seat cableways and one 2-seat cableway. There are also four cabin cableways - 24-seat Funitel, 15-seat and 8-seat gondolas and 50-seat ski funicular Twinliner. For the winter season 2013/14 a new 6-seat chairlift was completed in the Lúčky location with the transportation capacity of 2,460 persons/hour. Thanks to this chairlift new gateways to the resort have been created.

With construction of Funitel Doppelmayr 24-FUN from Priehyby to Chopok was completed the link between the north and south part of the resort as well as convenient transport from the valley station of Záhradky resort (together with 6-seat cableway) up to Chopok. Cabin cableway Funitel is one of the most advanced technologies of its kind in the world and can operate at wind speed up to 120 km/h. Specific is the mounting of the booth on two ropes with two power drives, resulting in higher safety and wind resistance. This cableway system consists of 22 cabins, each for 24 persons, which provides a total transport capacity of 2.480 persons per hour. With the bottom station at Priehyba in 1,349 m a.s.l. and top station in 2,004 m a.s.l. the cableway overcomes elevation of 655 meters at a distance of 2,130 meters. Funitel's transport speed is 7 m/s and the route itself takes about 6.5 minutes.

To the cableway from the north side is connected another cabin cableway - gondola Doppelmayr 15-MGD from the south side. This facility has its bottom station in 1.488 m a.s.l. at Kosodrevina and top station just like Funitel at Chopok in 2,004 m a.s.l. Gondola enables operation at



Funitel, Priehyba-Chopok - The 14th cableway of its kind in the world



The 1st 15-person gondola of this kind in the world

wind speed up to 90 km/h and has the maximum slope of 74.91°. Total length of its track is 1.433 m with an elevation of 516 m. With the speed of 6 m/s the route takes 5.44 minutes. Total transport capacity with its 18 booths, 15 seats in each, is 2,800 persons/ hour.

Connection to the bottom station of Funitel is provided by another novelty in Slovakia, skew lift Twinliner 50-SSB from Doppelmayr. This new cableway enables clients to get from Biela Púť to the bottom station of Funitel even in unfavorable weather, when other cableways do not operate. The cableway consists of one 50-seat wagon which travels for four minutes in 2 m/s. The total transport capacity is 324 persons per hour. The wagon moves on rails and is pulled by a tow rope. The entire track is built on 26 supports above ground.

All three new cableways were in mountain conditions in Slovakia used for the first time and 15-seat gondola is also unique worldwide. This type of cableways was used in the other parts of the world only with lower capacity.

ŠPINDLERŮV MLÝN

The ski resort Špindleruv Mlýn currently ranks the first among ski resorts on the south Czech side of the Krkonoše Mountains. The resort offers 25 km of ski trails with 16 lifts, a snowpark, a funtrack, and a halfpipe. The maximum transport capacity in the resort consisting of four ski areas- Svatý Petr, Mědvedín & Horní Mísečky, Hromovka and Labská - is 20,500 persons/hr. Within the vicinity of the resort there are 43 hotels, 134 inns, and 23 lodges.

TMR has been co-operating the resort since the winter 2012/13 through its minority interest in Melida, a.s. Melida signed a lease contract to lease the resort for 20 years, during which it committed to invest CZK 800 million into the resort. Investments will be aimed at cableway construction, development of new trails and other infrastructure.



Rotunda, Jasná

SZCZYRKOWSKI OŠRODEK NARCIARSKI (SON)

SON) is located in the Polish Beskid Mountains near the town of Szczyrk. The resort offers skiing possibilities on 65 hectares of perfectly laid-out and long trails. The longest trail is 5.3 km long. In March 2014 TMR acquired 97% shares in the resort's parent company. TMR plans to modernize and expand the resort and invest here more than EUR 30 million in medium term.

■ Dining

TMR operates the following dining facilities and après-ski bars:

VYSOKÉ TATRY:

Café Dedo - Lomnický štít 2,634 m a.s.l.

Stylish cafe with a panoramic terrace at the second highest peak in Slovakia is called Café Dedo. Its name is related to Lomnický štít which has always been called Dedo. Café is also a good place for private social events at the highest level.

Restaurant - Skalnaté pleso 1,751 m a.s.l.

Restaurant with one of the highest elevation points in the High Tatras. Its 250 seats sunny terrace provides beautiful panoramic views of the surrounding peaks and mountain trails as well as of the steepest slope in Slovakia, Lomnické sedlo.

Restaurant - Štart 1,145 m a.s.l.

At the mid-station Štart half way to Skalnaté pleso there hides a restaurant with Italian cuisine as well as with traditional meals. In the evening, this place offers an evening full of culinary experiences with an interesting program.

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

The greatest après-ski bar in the Tatras and in Slovakia at the bottom station of the lift in Tatranská Lomnica offers skiers refreshment and entertainment during skiing. During the summer the 158-person après-ski bar provides a kids' play room for families with children and a chill zone for different age categories.

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

A popular place for a simple snack at the lift entry and exit is located in the building of railway station to Hrebienok. Snack Bar Hrebienok offers fast food as well as various souvenirs.

Old Štart Burger - Štart 1 173 m n.m.

The old cableway station Štart has a fully renovated interior. The history of the building is exhibited in the wall pictures. The restaurant's exterior is original with the original sign ŠTART. A sun terrace with sunbeds enables relaxation. The menu includes hamburgers and a wide range of beverages.



Restaurant Slalom - Štrbské Pleso 1 400 m n.m.
A modern cafeteria in Štrbské Pleso right below the Interski trail at the start station of the cableway to Solisko- Expres catering national and international cuisine.

Pizza Snack Bivac - Solisko 1 840 m n.m.
A pizza and snack restaurant with a sunny terrace offering panoramic views of the valley, Štrbské pleso, Mt. Kriváň, or the Low Tatras.

Rupicapra - Starý Smokovec 990 m n.m.
Snack bar Rupicapra is located at the start station of the funicular Hrebienok.

JASNÁ NÍZKE TATRY:

Restaurant & Club Happy End - Biela Púť 1,117 m a.s.l.
Happy End, the center of nightlife and winter club season in Liptov is in operation from winter season 2010/2011. During the day it offers a quality restaurant with a capacity of 500 persons, après-ski entertainment after skiing and at night the greatest disco in the region with live concerts and the capacity of 1.000 guests.

Bernardino Burger Restaurant - Brhliská 1,423 m a.s.l.
This restaurant offers a great burger menu, salads and desserts and is located at the top point of a Grand Jet cableway, where an easy - so called blue, trail starts. For parents with children is available the largest children's room on the slope.

Von Roll Restaurant - Luková 1,670 m a.s.l.
Observation a la carte restaurant Von Roll is built in a historic building in the ski lift station of Luková. Historic features and furniture remained even after the reconstruction and thus give the Museum Restaurant an unusual atmosphere.

Restaurant - Luková 1 670 m.n.m.
In the same building as Von Roll Restaurant, there is a self-service dining facility for skiers with a varied choice of ready-made dishes and beverages.

Après-ski Bars
Après-ski bars in the resort offer daily snack on the slope, regular events, great music, drinks and competitions. Après-ski bars are the meeting points for skiers directly on the slopes and a place for a quick snack.

CHAMPAGNE BAR Happy End - Biela Púť 1,117m a.s.l. - the only bar on the slopes that offers genuine champagne and the widest selection of wines and sparkling champagnes.
FUNIBAR - Priehyba 1,349 m a.s.l. - new après-ski bar at Priehyba, at the entrance station of FUNITEL with opening glass roof and cupola. It is one of the first of its kind in Central Europe.

Snow Bar - Zadné Dereše 1,440 m a.s.l. - Snow bar is a place for snack at Chopok South.

Après-ski bars at base stations Záhradky - FIS BAR 1.028 m a.s.l., Biela Púť, Happy End - 1,117 m a.s.l. and Srdiečko - 1,213 m a.s.l. and the new après-ski bar Lúčky - 943 m a.s.l. are the natural gateways to the ski resorts.

Snack Bar - Rovná Hoľa 1,491 m a.s.l.
Snack Bar Rovná Hoľa has a superb location with convenient access for skiers transported by the 6-seat cableway from Záhradky.

Rotunda Restaurant - Chopok 2,004 m a.s.l.
A reconstructed viewpoint restaurant with a 360-degree panoramic view located at 2,004 m n.m. at the top of Chopok Mountain with a capacity of 100, five apartments,

Current Information on TMR Mountain Resorts as of the End of Fiscal Year 2013/14

	Length of trails (m)	Capacity (persons/ hour)	Trails with technical snowmaking (m)	Number of cable-ways/lifts
the Low Tatras	45 780	32 854	29 095	30
Jasná Nízke Tatry	45 780	32 854	29 095	30
the High Tatras	23 975	21 365	20 385	20
Tatranská Lomnica	11 780	11 645	10 540	9
Starý Smokovec	3 375	2 700	1 025	3
Štrbské Pleso	8 820	7 020	8 820	8
The Polish Beskid Mountains	25 000	8 700	11 000	13
SON	25 000	8 700	11 000	13
Krkonoše	25 000	20 500		
Špindlerův Mlýn	25 000	20 500	21 000	16



and a sunny 200-person terrace. It is Located at the exit station of Funitel and 15-seat gondola. Rotunda Restaurant offers a magnificent view of the High and West Tatras and Horehronie. The Rum Bar with the highest altitude located in Rotunda offers visitors 61 world-famous brands of rums. In Rotunda's foyer there is the 60-person self-service Energy Bar.

Restaurant Kosodrevina - Kosodrevina 1,494 m a.s.l.
Restaurant is popular mainly due to its spacious and sunny terrace facing south. A part of this restaurant is a mini museum - Cableway operator's room, which is devoted to the cableway and all the visitors of mountains.

TATRALANDIA:

Paradiso Restaurant
A tropical restaurant with a 200-person capacity, located in the heart of Tropical Paradise Tatralandia. Culinary cuisine with exotic and grilled dishes, or homemade pasta set in a unique interior with tropical flora.

Barbados Bar
A bar located among four pools with clear and sea water with a wide range of tropical mixed drinks and fresh lemonades.

Zbojnícka koliba
Offers various traditional dishes in the surroundings inspired by a Liptovian village within Holiday Village Tatralandia.

Marina Bar
A stylish marina bar next to a pirate ship in Tropical Paradise caters creative variations of fresh-baked pies, ice cream desserts and smoothies.

Medrano
An outdoor terraced 400-seat summer restaurant Medrano in Tatralandia has a unique yacht-shaped roof design with views of Liptovska Mara and surroundings. The stylish joint offers traditional cuisine with fresh salads and desserts.

■ *Sports Services and Stores*

Ancillary services and sports retail stores are run under the Tatry Motion brand, which provides synergic effects and allows them to be easily identified. A chain of stylish stores offers trendy fashion of different brands.

The chain of stores in the High Tatras consists of three operations in Tatranská Lomnica - Tatry Motion Tatry Motion Shop & Rent, Tatry Motion shop Grand, and Intersport Rent, one in Starý Smokovec in the building of railway station- Tatry Motion Shop & Rental and two in Štrbské Pleso - Tatry Motion Shop and Vist Fashion.

In Jasná Nízke Tatry Tatry Motion stores are located at Záhradky- Drive In Shop and Intersport Záhradky and at Biela Púť there is Shop Biela Púť & Rental, Freeride cenrum, and Maxiland Shop. A part of the store is also a reservation point for services of ski school. The location near Grand Jet cableway includes a store with luxury clothing Vist Shop, Board Shop - a store with clothing not only for snowboarders and Souvenir Shop. In the area of Hotel Grand there is Shop & Rental Grand, at the top of Chopok Mountain there are Souvenirs at Demian's, and at Chopok South there are Shop Srdiečko and Rental Krupová. Some of the stores also include ski rentals and service stations. Separate service operation next to Vist Shop includes ski service which offers a possibility to repair skis with modern equipment on demand.

In the past year three stores were added to this subsegment also in Aquapark Tatralandia - Paradiso Shop, Aquashop, and Surf Shop HVT- selling mainly souvenirs and summer and sports merchandise. FITBAR in Liptov Arena is a mix of a sports store and a sports refreshments stall.

In the Špindlerův Mlýn resort sports stores run under the Špindl Motion brand.

■ *Aquapark*

Aquapark Tatralandia with lodging facility Holiday Village is one of the largest all-year aquapark in Central Europe. It offers its customers 14 pools and 28 waterslides, out of which nine are all-year and five are summer ones, as well as sauna world and Wellness Paradise. Fun Park Tatralandia is also located within the aquapark. New for the winter season 2012/13 was the year-around indoor shell-shaped facility Tropical Paradise with a sea water pool, a unique roof deck that allows sunbathing, but also a snorkeling pool with authentic coral reefs and marine life. The construction of Tropical Paradise project with a budget of EUR 5.2 mil. was launched in spring 2012 and the first part was opened in July 2012. The second part was completed in autumn of 2012 and opened to visitors in December 2012.

Tropical Paradise



II. HOTELS

Within the Company, TMR in its hotel segment currently owns and operates portfolio of eight renowned hotels and lodging facilities in the High and Low Tatras, in categories ranging from two to four stars, and leases four hotels and lodging facilities to third parties. All hotels operated by TMR offer together more than 2,000 beds. The hotels can please a wide spectrum of clients from individuals and families to corporate clientele. Hotel facilities offer a suitable place for conferences and business meeting effectively covering the off-peak season.

THE HIGH TATRAS

Grandhotel Praha**, Tatranská Lomnica**
125 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 back more than 100 years, since the grand opening in 1905. The wellness center Grand Mountain Spa combines local spa tradition with healing effects of the Tatra's nature.

Grandhotel**, Starý Smokovec**
75 rooms, 147 beds
From the point of view of history, location, or architecture this Grandhotel is justly considered one of the most prestigious hotels not only in the High Tatras, but also in Slovakia.

Hotel FIS*, Štrbské Pleso**
80 rooms, 194 beds
Mountain ski in - ski out Hotel FIS is located right below the FIS slope, in the center of a sport area at Štrbské pleso. The location is its main competitive advantage.

THE LOW TATRAS

Hotel Tri Studničky**, Demänovská Dolina**
36 rooms, 100 beds
Its architecture and layout of exteriors and interiors complements the surrounding mountain environment and the



Hotel Rotunda

panorama of local mountains. It is located in a beautiful forest area near a mountain stream. In 2010 new conference rooms with attractive views of a mountain stream were added, as well as a renovated wellness center with the first beach in the Tatra Mountains. These services complete the gap in the offer of this authentic boutique hotel.

Wellness hotel Grand**, Jasná**
157 rooms, 311 beds
This mountain hotel is situated in the center of Jasná, at 1,100 m a.s.l., right near the start station of the 8-seat cabin cableway Grand Jet. Its ski in-ski out location is exceptional, as well as the renovated wellness center or a multipurpose conference hall with a 350-person capacity.

Chalets Jasná de Luxe****
9, 72 beds
The first luxury apartments in the style of French alpine lodges were put into operation only at the beginning of the winter season 2010/2011. Their strategic advantage is their ski-in ski-out location directly on the slope on Záhradky and their provision of premium services.

Hotel Srdiečko**
45 rooms, 125 beds
A hotel with an unbeatable ski in-ski out location, directly below the slopes in the resort of Jasná Nízke Tatry - Chopok South.

Hotel Rotunda
5 rooms,16 beds
Located at the top of Chopok Mountain in the Low Tatras at 2,004 m. Hotel Rotunda is a part of the renovated facility Rotunda, which connects the north and south side of Chopok Mountain with cableways The ski in ski out hotel with the highest elevation offers lodging for the most demanding clients that want to enjoy a top experience in comfort. At the same time it provides mountain-style lodging for those who like to be active in the mountains. The hotel includes



Chalets Jasná de Luxe****

a panoramatic restaurant Rotunda with Slovak and world cuisine, Energy Bar with quick snacks, and Rum Bar with a selection of specialty world rums.

Holiday Village Tatralandia
155 rooms and apartments, 700 beds
It is a unique lodging resort of its kind in Slovakia in the vicinity of the Aquapark Tatralandia. It consists of 155 stylish bungalows and apartments, divided into 11 theme villages, with reception, restaurant and other hotel services. This complex offers an ideal environment for family or individual holiday any time of the year.

III. REAL ESTATE

The most recent activity of TMR is its real estate business. The goal is to develop infrastructure and construction activity in the mountain regions. In its realization the Company plans to capitalize on the unique location in the High and Low Tatras region. TMR's strategy in this segment is mostly development, construction, and sale of apartments and non-housing areas. The Grand Residences Tatranská Lomnica project has already been completed. Other three projects are in the planning phase (Tatranská Lomnica Center,

Tatranská Lomnica Project, Jasná Center). Realization of other projects and the following sale of land and sale or lease of the apartments and non-housing areas depends on the development in the real estate market. Alongside these projects necessary infrastructure is being built for the natural development of tourism in the following areas - cableways, infrastructure, trails, information signs, etc. TMR is not planning any green-field projects (on undeveloped land). It focuses solely on traditional, urban areas, where sport and tourism have been part of history for decades.

The Company within the Real Estate segment owns and leases out hotels Liptov**, SKI hotel** and Kosodrevina Lodge in Jasná and Hotel Slovakia in the High Tatras. So far revenues from the Real Estate segment have come mainly from the hotel leases. Since May 2013 TMR has been offering apartments in Holiday Village Tatralandia for sale.

Grand Residences Tatranská Lomnica
This project covers reconstruction of an unused extension to Grandhotel Praha. The extension project includes 17 four-star apartments with the total area of 1,739 m2. The project was completed in December 2011, and the apartments are available for sale or lease within the hotel.



Grandhotel Praha, Tatranská Lomnica



Strategy

VISION

By capitalizing on our position of a natural monopoly due to the unique position of the Tatras and through strategic acquisitions in the region, to become a premier, internationally renowned tourism services provider striving to revive mountain resorts, aquaparks, theme and amusement parks in the region of Central and Eastern Europe 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 and expansion, leading to a complex satisfaction of both, its clients and shareholders.

COMPETITIVE ADVANTAGE

As opposed to other operators of mountain resorts and tourist services in the region of Central Eastern Europe, TMR holds a position of natural monopoly due to the unique geographical location of TMR’s key mountain resorts in the highest mountain range in the region - the Tatras. This advantage predetermines them to be premier tourist destinations in Central and Eastern Europe. Besides the attractive mountain environment, the following facts form the competitive advantage for TMR:

- There are more than 7.5 million people living within 200 km of the Tatras - a client base with a long term tradition of visiting the Tatras.
- The Poprad Airport ensures easy access by air from key 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 limited comparable 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.
- TMR is able to capitalize on intra-segmental and intra-subsegmental synergies in sales, purchase, operations, and support areas of the Group.
- TMR’s business model is well diversified with revenue generation from mountain resorts, the aquapark, hotels and complementary services

- TMR mitigates the risk of seasonality with its summer season comparably strong to its winter season thanks to its summer cableway operations and summer activities, popularity of hotels and the all-year operation of Aquapark Tatralandia

BUSINESS STRATEGY

The long term strategic goal of the Company for the next ten 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. As a result, TMR works on offering premium services for reasonable prices in comparison with other similar resorts in Europe. A wide spectrum of services and their quality are the key for the Company’s direction. This goal is based on three pillars, which are highly interconnected:

PILLAR 1: INCREASING QUALITY WITH INVESTMENTS

By the end of 2013/14, for the last eight years TMR has invested in its resorts and hotels around 200 million euros. As a result of these investments, the services provided by TMR in the High and Low Tatras improved significantly. TMR resorts thus reached the level of Alpine resorts, and increased their leading position in the region within the industry. Investments completed in the last eight years include ten new cableways, which means increase of the transportation capacity by 55%; extension of technical snowmaking by 100% to total of 49.5 km of ski trails with snowmaking and 671 snow guns; ski trail areas by larger 46% to 70 km in both the High and the Low Tatras; or tens of après ski bars and restaurants on the slopes of the ski resorts. Other investments were aimed at improvement and renovation of accommodation capacities, and enhancement of infrastructure in all the resorts and at enhancement of services and operations, such as the Tropical Paradise in Aquapark Tatralandia.

The first investment cycle in the Tatras was completed by the end of 2012/13. In the following periods TMR plans for its resorts in the Slovak Tatras to grow organically and capitalize on the completed investments. Future CAPEX will mainly cover maintenance investments and investments into additional enhancement of services provided, tailored to customers’ needs, such as lodging facilities, après-ski and dining options, and other complementary services.

PILLAR 2: STRATEGIC ACQUISITIONS AND EXPANSION OF OPERATIONS IN CEE

After fulfillment of the primary vision of - New Era of the Tatras - TMR currently concentrates on strategic acquisitions of ski resorts and amusement parks on the local market, as well as on the international level, namely in the region of the Central and Eastern Europe. The most recent addition to the Company’s portfolio was the ski resort Szczyrkowski Ośrodek Narciarski (SON) in the Polish Beskids in March 2014. TMR plans to invest over EUR 30 mil. into the resort’s development. Other major acquisition includes Holiday Resort Tatralandia, acquired in April 2011, which includes Aquapark Tatralandia and Holiday Village Tatralandia. Strategic expansion of the operations on the neighboring Czech market includes a minority interest in Melida a.s., the operator of the Špindlerův Mlýn resort. In the first half of 2013 TMR founded a Polish company - Korona Ziemi Sp. z o.o. - together with the Polish town of Zawoja as part of establishing TMR’s presence on the Polish market. TMR is currently in the process of finalizing the terms of a strategic investment into Polish Silesian Amusement Park also with the goal of its modernization. Moreover, years of experience in operation of mountain resorts and the aquapark entitle TMR to serve as a management consultant to other similar businesses, such as aquapark Gino Paradise Bešeňová or Czech Aquapark Moravia.

PILLAR 3: CONSTANT OPERATIONS & SERVICES ENHANCEMENT

Management wants to achieve intensive growth of the number of visitors primarily by intensive customer orientation. Strategic steps to achieve this goal include increasing the variety and quality 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 continuously improves the offer of après ski possibilities. The Company also tries to optimize transport possibilities to its resorts and cooperates with local business entities on the level of

regional clusters. TMR prefers to cooperate rather than compete with them; it wants to build on their success and provide their customers easy access to nearby resorts and a variety of attractions for children, adrenalin sports for the young (e.g. bike parks), and relaxation zones. Regarding accommodation possibilities, TMR focuses primarily on four-star hotels and improvement of their wellness and dining services. Other strategic steps include focus on affluent clientele, essential quality of management and staff, and a sophisticated marketing strategy. Another key to TMR’s growth is innovation. In regards to that, TMR acts as the trendsetter in tourism. In 2013 TMR launched its loyalty program GOPASS, which enables its customers to collect points in its facilities and by using its services and pay bargain prices, and at the same time, GOPASS services as TMR’s customer relationship management and direct marketing tool. Within this pillar TMR fully utilizes synergic effects among its segments and subsegments, thus it is able to constantly optimize services it provides, as well as to keep expanding its variety of products and services, e.g. an option to use services of several mountain resorts and the aquapark with purchase of just one ticket.

THE NEW ERA OF THE TATRAS PROJECT

The primary vision of TMR was revival of the High and the Low Tatras. The reason behind this vision was overall underdevelopment and very limited infrastructure regarding tourism in the region. Thanks to incremental consolidation of unique assets and as a result of intensive investments aimed at development and enhancement of these assets, and tourism in the region, TMR reached its goal and this vision became a reality. Due to greater attractiveness of the mountain resorts, the number of visitors in the High Tatras’s resorts - Tatranská Lomnica, Starý Smokovec, and Štrbské Pleso, and in Jasná Nízke Tatry increased significantly. As a direct consequence of TMR’s initiatives, tourism in the region as such recorded more positive results. The initial phase of investment strategy in the Tatras was completed in 2012/2013, with benefits in form of increasing number of visitors and revenues expected also in the upcoming years.

Increasing quality with investments	Strategic acquisitions and expansion of operation in CEE	Constant operations & services enhancement
<ul style="list-style-type: none">■ EUR 200 million over 8 years■ New modern cableways■ Renovating hotels■ Expanding resorts■ Capitalizing on completed investments	<ul style="list-style-type: none">■ Aquapark Tatralandia■ Špindlerův Mlýn ski resort, Czech Republic (19% in Melida a.s.)■ Korona Ziemi (JV in PL)■ Szczyrkowski ośrodek narciarski ski resort (PL)■ Silesian Amusement Park (PL, planned)	<ul style="list-style-type: none">■ Trendsetter in the regional tourism■ Quality management■ Innovation■ GOPASS customer loyalty program■ Regional cooperation■ Expansion of service offer



THE ACTION PLAN FOR 2013/14 INCLUDED THE FOLLOWING STRATEGIC STEPS:

- Grow our loyal customer base through our GOPASS program
- Launch GOPASS also in the Špindlerův Mlýn resort
- Continue to analyze acquisition targets on the Polish market in tourism
- Continue to enhance and expand lodging options in TMR's resorts - complete the renovation of the iconic exit cableway station Rotunda at the top of Chopok Mountain by turning it into a mountain hotel
- Expand après-ski options on the slope
- Actively manage visit rate by organizing events in the resorts. Strengthen and support the resorts' brand by selecting specific events related to each resort's character perceived by the clients (families with children, sports, culture...)Renovate the entrance hall in Aquapark Tatralandia with new more efficient ticket offices, tropical design, new locker rooms, and technology
- Continue to enhance ski trails and equipment in TMR mountain resorts and its hotel facilities
- Focus on the service quality provided by each TMR employee, launch a service quality assessment program and link it with employees' remuneration
- To continue in utilizing synergies among segments and subsegments in sales, operations, purchase, and support services.
- To continue in cooperation with lodging providers and other business partners in the Tatra region, in form of marketing of the region, stay packages, and universal ski passes.
- Cross-border expansion of the Company's business activity, specifically on the Polish market, in form of acquisition of mountain resorts and their lease.

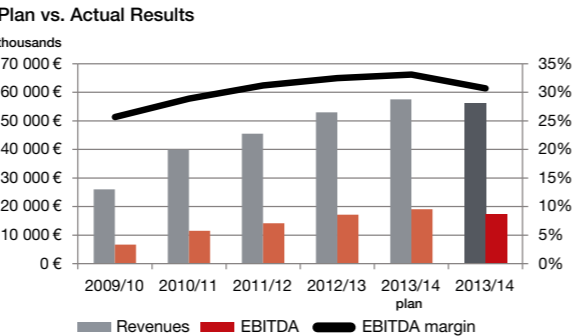
Management expects that the impact of these strategic steps will be gradually reflected in the Company's results, and mainly the impact of already completed capital investments of prior years in the total of EUR 200 mil.

FINANCIAL GOALS

For the past fiscal year the Company again set goals of conservative growth in operating revenues and operating income.

The short term goal for 2013/14 included a growth in operating revenues of 6% and a growth in EBITDA of 3%. That way planned EBITDA margin would reach 33.1%. This financial plan was introduced at the General Shareholders' Meeting on April 12, 2014. The growth was not planned as steep as in prior years during which the room to grow was much greater and because the first months of the winter

season 2013/14 were impacted by weather unfavorable for winter sports. Management planned to achieve the described financial goals by utilizing investments and other strategic steps mainly from the previous periods, when the intensive investment strategy initiated. Despite the extremely weak winter season 2013/14 we concluded the year with adjusted operating revenues only 2.2% below the plan, whereas adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) was short of the plan 9.3%. The operating profitability (EBITDA margin) was 2.4% below the plan.



MARKETING STRATEGY

MARKET SEGMENTATION

TMR's client base is, besides customers from Slovakia, based mostly on visitors from neighboring countries, such as Poland, the Czech Republic, Ukraine, and Russia.

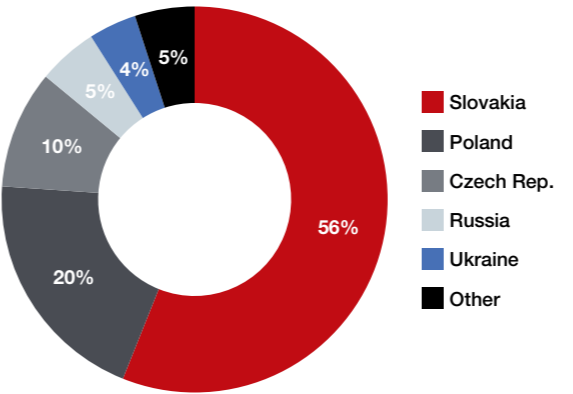
The natural market of the Company is in the regions within 200 km radius inhabited by 7.5 million people. This radius includes cities, such as Krakow and Katowice in Poland, as well as Czech cities Ostrava and Olomouc. From the geographical point of view there are other, further markets with limited 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
- low-cost clients

The main marketing goals of the Company include clear brand placement on the market by segmentation of clients

Visitors in the High Tatras during Winter 2012/13



and focusing of particular marketing strategies on these specific segments that would lead to maximum synergy of all brands covered by TMR. 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.

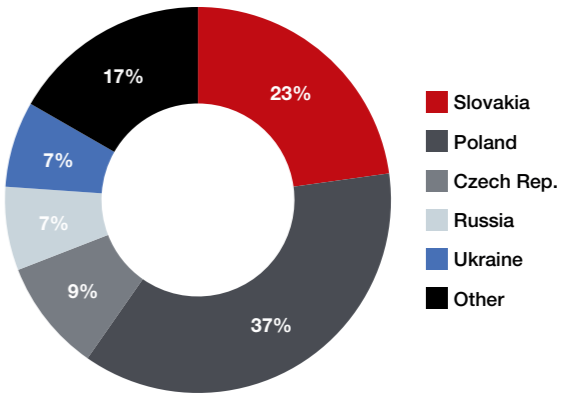
COMMUNICATION OF STRONG TMR BRAND

Preferred goals of the TMR marketing include building of the TMR brand awareness by constant communication of image, integrated product communication with the TMR brand, setting communication of the Company and all brands that the Company covers in order to reach maximum synergy (cobranding); and by strengthening positive and managed PR and attractive adventure tourism - through event management. In order to create awareness and build a strong company brand, a useful fact without a doubt is that TMR is a publicly traded company listed on the stock exchange in Bratislava, Prague, and Warsaw; it is the strongest player in tourism in Slovakia, or even in Central and Eastern Europe, providing full service resorts or destinations with a high level of service in the region of the High Tatras, Low Tatras, Liptov, the Polish Beskids, and the Krkonoše Mountains in the Czech Republic.

MARKETING ACTIVITIES

The Company is using a massive marketing communication in all basic types of media - Internet, television, radio and press, and also outdoor advertising in several forms - bigboards, atypical premium billboards placed on walls of buildings in big cities and on main roads, citylights, bus banners and the like. A television campaign aired in Slovakia (TV JOJ and TA3) featuring six different spots advertising the Jasná (2) and

Visitors in the Low Tatras during Winter 2012/13



Vysoké Tatry (2) mountain resorts, TMR hotels (1) and advance sale of ski-passes (1) was launched in November 2013. In June 2014, the campaign focused on promoting Tatralandia and several types of sponsoring references were aired in prime time; all together they accounted for several thousands of broadcasts. Advance sale and tourist resorts spots were broadcasted in radios (Rádio Expres). As for print media, the Company advertised in the daily Pravda, massively in weeklies of the 7PLUS publishing house, but mainly in the weekly Plus 7 dní. Other print media published PR articles and 500 thousand coupons for ski-passes for the Vysoké Tatry and Jasná resorts were inserted in the weekly Plus 7 dní and ŠARM; these ski-passes were offering the opportunity to try out the mountain resorts for a more advantageous price outside the main season. The same approach was used in the case of Tatralandia, namely 420 thousand coupons with the opportunity to experience Aquapark Tatralandia for a more advantageous price were inserted in magazines and weeklies Plus7dní, Šarm, Báječná žena and EMMA before the summer season. The Company's offer also has a very intensive presentation through a new not-for-sale image magazine called TATRY MAGAZÍN which is available in accommodation facilities and tourist facilities as the only lifestyle magazine about the life in the Tatras.

In addition to the above-mentioned advertising campaigns, TMR Marketing Department also performs other, no less important activities such as active participation in exhibitions and fairs, cooperation within the framework of destination management with the entities operating in the region such as, for instance, the active Liptov Cluster and several district tourism organizations in the regions or the Slovak Tourist Board (SACR). The Company also cooperates with other ski resort operators, for instance, in the creation of attractive accommodation packages



in cooperation with accommodation facilities in the region; TMR is actively using Google adwords campaigns, e-mailing campaigns on web portals and other. Also cooperation with single district tourism organizations, the origin of which was supported by the Tourism Act and active subsidy policy of the state in relation to the creation and execution of marketing campaigns for regions and creation of regional products supporting tourism, is important for TMR.

USE OF INFORMATION TECHNOLOGY AND INNOVATIONS

TMR also keeps in mind the use of innovations and continually improves its communication also thanks to information technology. TMR communicates and informs via individual resort and hotel websites, via the corporate website www.tmr.sk, www.gotatry.sk, or via the e-shop www.gopass.sk. All TMR hotels communicate with their clients also via a unified website www.tmrhotels.sk. A facelift of the Polish website of the SON resort www.szczyrkowski.pl is in process.

The Company uses social networks for communicating with clients on a daily basis. In the Company’s key markets (Slovakia, Poland and Czech Republic), Facebook is number one in social networks and, therefore, TMR puts emphasis on the development of a wide fan base. At present, the following resort profiles are administered (fan groups) - JASNÁ Nízke Tatry, Vysoké Tatry - The Adventure Mountains, Aquapark Tatralandia, Tatry Mountain Resorts, a.s. and smaller profiles of individual projects - Tatranská divočina, Happy End Jasná, Tatraneč (www.gotatry.sk), Liptov Arena, Events in Tatras and TMR hotels, Bernardino Burger Restaurant, Burton snowpark Jasná, Rocky Mountain Bike World Jasna, Hotel Srdiečko, Nízke Tatry; Apresiski bary Jasná, Tatry Motion, Grandhotel**** Starý Smokovec, Vysoké Tatry; Hotel Fis***, Štrbské Pleso; Hotel Tri Studničky****, Nízke Tatry; Rotunda, Grandhotel Praha****, Vysoké Tatry; Hotel Grand****, Jasná-Nízke Tatry, Holiday Village Tatralandia, Chalets Jasná de Luxe, and FUN ZONE Jasná For marketing purposes the Company also utilizes social networks Twitter, LinkedIn, Instagram, Flickr or a YouTube channel.

The Company’s Marketing Department is continually improving the quality of live video transmissions and online information from single resorts that are available on the Internet and thanks to which clients can get a better idea of actual conditions in the resorts. Information about changing snow conditions and operation of resorts is published online from one communication point, namely on both own and external web portals and several times a day. Current information about the resorts is provided on LCD monitors in hotels or LCD screens in the resorts.

EVENT MANAGEMENT

The Tatras have become a place that never sleeps also thanks to the opening of new centres of après ski entertainment and night life. Restaurant &Club Happy End in Jasná with a daily offer of après ski programme is also an ideal place for organizing various events all year long. The most important events in Jasná include Winter Music Opening, CGC Jasná Adrenaline (world freeride race), Bikini Skiing (traditional spring race), and Corporate Communication Games (Firemné hry komunikácie) (sports tournament of leading Slovak companies from various business areas). The High Tatras events include Snow Dogs (Snežné psy) (a grand winter event for families with children in Tatranská Lomnica), Beh na doraz (a mass ski race) in cooperation with Red Bull and the most visited event Bear Days (Medvedie dni) (a grand summer event for families with children taking place at Hrebienok). In March 2014 the Jasná resort successfully hosted the World Junior Alpine Skiing Championship. The quality of the event organization and its successful duration was basis for being able to host the FIS World Cup in Giant Slalom and Slalom in March 2016. The World Cup is returning to Jasná after more than 30 years.

MARKETING ACTIVITIES ON INTERNATIONAL MARKETS

The Polish market is the most important foreign market for TMR. And that is the reason why we pay Poland special attention also in terms of marketing strategy and communication. Also in the past year 2013/14, the key visual “Przejdź na alpejska strone Tatrl!” and the Polish web site www.nartyslowacja.pl and also other web sites of single resorts were used for campaigns. As for Tatralandia, the focus was aimed at a varied offer during summer. The Company was also using Internet marketing tools such as YouTube, Facebook, Google Adwords campaigns which together with classic media such as exterior advertising space, TV, radio and PR sports reported 270 million views just in winter alone. Advertising was also aimed at print media and PR campaign. Communication with more distant markets is secured mainly through foreign tourist agencies. Smaller campaigns were already carried out also in Russian-speaking countries.

DIRECT MARKETING

TMR is currently actively using direct marketing also in the GOPASS program. As of the end of the fiscal year, 200 thous. members were registered in the program. Thanks to direct marketing and personal communication with the client TMR achieved additional revenues from sale of EUR 800 thous.

In 2013/14, the total budget of EUR 2.8 million was used for the Group’s marketing activities.

OUR MARKETING ACTIVITIES DURING 2013/14

November 2013
The mountain resorts kicked off the winter season on a grand scale. Through cooperation with the Liptov region on November 29 a Christmas tree with the highest elevation was decorated at the Chopok Mountain. On November 30 the Jasná Nízke Tatry resort kicked off the season with traditional Winter Music Opening, accompanied by opening of the new conference hall in Hotel Grand Jasná and by filming of Jan Kraus’s TV show. On November 29 the winter season in the High Tatras with Tennis Tatras in Tatranská Lomnica. The season opening in both resorts was accompanied with a stellar music program and celebrity guests.

December 2013
On December 13 a new 520-space parking lot at Krupová at the south side of the Chopok Mountain was opened. The event was accompanied by opening of a new wellness center in Hotel Srdiečko. Jasná Nízke Tatry organized a grand opening of the panoramic Restaurant Rotunda and christening of the new cableway Lúčky. Vysoké Tatry launched the new 15-person cableway Štart - Skalnaté pleso at Tatranská Lomnica on December 14, accompanied by a Polish weekend of fun, attractions, and competitions on the slope. The end of the year concluded non-traditionally, with New Year’s Eve at Tropical Paradise Tatralandia.

January 2014
At the beginning of the year the mountain resorts focused at Polish- and Russian- speaking clients and organized a Polish family weekend at Tatranská Lomnica and the Grandfather Frost (Dedo Mráz) event in Jasná. In cooperation with the DTO the High Tatras Region at the end of January and beginning of February TMR hosted Tatry Ice Master 2014, an event of building ice sculptures attracting more than 28 thous. visitors.

February 2014
Tatranská Lomnica hosted the adrenaline mass race Redbull HomeRun. At Štrbské Pleso Sony Experia Snowboard Fest took place, which was attended by the elite of the domestic and international snowboarding world. In Jasná a Polish weekend was organized and in the restaurant with highest elevation Von Roll Luková at Luková eventful culinary days for foodies, named Von Roll Culinary Week. The traditional family event Snow Dogs with a popular program took place in Vysoké Tatry - Tatranská Lomnica. At the end of February and beginning of March Jasná organized a unique event The World Junior Alpine Skiing Championship, which put Jasná back on the map of world skiing.

March 2014
The freeride race CGC Jasná Adrenaline with international attendance was organized at the beginning of March in Jasná. In the freeride zone No. 1 below the Chopok Mountain competitors from Slovakia, the Czech Rep., Poland, Germany, France, Sweden, Argentina, Italy, Switzerland, Spain and other countries experienced the adrenaline. On March 17 an alpine ski race took place in Tatranská Lomnica. The mass night race with headlights tested not only physical but also mental resistance of the competitors. The spring ski season kicked off on March 15 in Jasna with the mass downhill race in bikinis. During the third March weekend the Spring barbeque took place, accompanied by a party cableway and live music at Skalnaté pleso. The extreme mass downhill race Redbull HomeRun concluded March in Jasna.

April 2014
The prestigious event the Slovak Alpine Ski Cup took place at the Chopok Mountain in April. The winter season was concluded with the Spring Skiing in the High Tatras. During Easter visitors rode a special cableway cabin - “Easter egg to Chopok”. Instead of the traditional Easter watering with ice water, the tropical Tatralandia organized already the second year or banana picking and egg hunting.

May 2014
The Tatra May Festival invited visitors for a long weekend to the High Tatras. A busy program full of sports, mountain cart downhill race, or boating at Štrbské pleso ended with a barbeque at Skalnaté pleso. The bike park tryout in Jasná kicked off the first bike run Pojazd in May. An 8 km race through the Tatra nature Rajec High Tatras Night Run had a magical atmosphere as it led through the beautiful surroundings of the High Tatras. May 31 was connected with the Tatras Children’s Day celebrated at Štrbské Pleso. During the unique Lego Festival in Aquapark Tatralandia visitors could build their own sculptures in greater than life size.

June 2014
The unique Bike & down race from the Chopok Mountain kicked off the summer in Jasná. 25 km of trails of all levels attracted downhill lovers, viewers, or complete beginners. On June 14 celebrities from the Czech Rep., Poland, and Slovakia met in Tatralandia for Water Battle. In June a daily program Fit & Happy High Tatras started. The program that lasted all 62 summer days in the High Tatras was filled with creative workshops, yoga underneath Lomnický peak, lectures by environmental activists, interviews with Tatra highlanders, the Chamois Olympics, a Nordic walking course, or with a boat “life race”.

July 2014
Tatralandia celebrated its birthday in a grand style on July

5-6. The wonderful birthday atmosphere was underlined by a foam party and an accompanying program. Melodies by Bach or Cohen performed by the unique youth violin orchestra created a wonderful atmosphere in Skalnatá Valley at Skalnaté pleso. In cooperation with the DTO High Tatras Region on July 19 at Štrbské pleso TMR organized the Venetian Night - unique boating by the moonlight, intensified by live mirror sculptures and harp tones. Charms and magic were brought to life during the Dragons Night. An adventurous night cableway ride from both sides of the Chopok Mountain was a very successful summer event for families with children. During the summer months Tatralandia organized a daily animation program and theme weekends, such as Retro party, Latino weekend, Sports weekend with the world champion in professional boxing Tomi Kid, or talent hunting in Tatralandia Talent Show. A tropical party with Eva Farna and Summer Beach Party with Ben Christova concluded the summer in the Slovak biggest aquapark.

August 2014

The seventh annual Tatra festival Bear Days during July 31 - August 3 attracted to Hrebienok several thousand visitors. Štrbské Pleso was the finish point of the fifth stage of the cycling race Tour de Pologne. The Tatra championships in preparation of pot goulash in the sports center in front of Hotel FIS at Štrbské Pleso known as the Goulash Cup teased not only the judges. The Tatra Run to Skalnaté pleso and Marmots at the Lake successfully ended the summer in the High Tatras. Six teams took part in a 345 km non-stop relay race From the Tatras to the Danube River starting in Jasná and finishing in Bratislava. A harp concert created a romantic atmosphere for visitors during

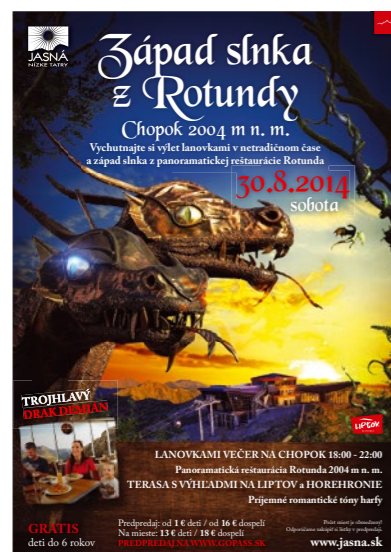
the Unique Sunset at Rotunda.

September 2014

Big Bike Test Day in Bike World in Jasná was about testing bikes, scooters and competing for the best jump over a wooden hurdle. The bike test officially ended the bike season.

October 2014

During Family Days in the Chamois Land on October 4 and 5 small and adult visitors of the children's center at the Chamois Land at Skalnaté pleso enjoyed the most beautiful time in the Tatras - the Indian summer. Ten sports-trivia activities, a competition for the prettiest Tatra animal, a fun maze, or grilled dishes filled the weekend program underneath the Lomnický peak.



Key Performance Indicators (KPIs)

TMR management uses operating and financial key performance indicators (KPIs) to evaluate operating performance. The Group's portfolio is divided into three segments and subsegments and for this reason management monitors performance of each segment and subsegment.

OPERATING PERFORMANCE INDICATORS:

Number of Visitors

As for the performance of the Mountains & Leisure segment, Management monitors performance of financial indicators based on the number of visitors in terms of sold skier days in the winter season, i.e. number of persons visiting a ski area for any part of day or night for the purpose of skiing, snowboarding, or other downhill slide. E.g., a 4-day ticket means four customers in the mountain resorts of TMR. The number of visitors of cableways in the summer season and visitors in Aquapark Tatralandia is measured in terms of sold entries.

Average Revenue per Visitor

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

Occupancy

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

Average Daily Rate

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

FINANCIAL PERFORMANCE INDICATORS:

Revenues

Operating revenues of the Group come solely from operating activity of the Mountains & Leisure segment - with subsegments Mountain Resorts, Aquapark, Dining, and Sports Services & Stores - and from segments Hotels and Real Estate.

EBITDA

To describe financial performance of TMR, management uses EBITDA (Earnings before interests, taxes, depreciation and amortization) as the key indicator, which represents income net of interest, taxes, and write-offs. EBITDA clearly indicates the Group's financial performance based on operating activities since it eliminates impact of financing, as well as accounting decisions of a non-operating character.

EBITDA Margin

In order to evaluate operating profitability of TMR, management utilizes EBITDA margin. It equals earnings before interests, taxes, depreciation and amortization (EBITDA) divided by operating revenues. Since EBITDA excludes depreciation and amortization, EBITDA margin is able to provide the investor a clearer picture of operating profitability.



Market Analysis and Trends

The target group for TMR is represented by tourists from Central and Eastern Europe, mainly from Slovakia, the Czech Republic, Poland, Ukraine, and Russia. Therefore, the visit rate in TMR's resorts is partly impacted by economic development in these countries.

Slovakia

In recent years Slovakia has been recording one of the best economic growth rates in Europe, mainly thanks to foreign demand (especially in automotive) and positive trade balance. According to the Statistical Bureau of the Slovak Republic, in 2013 GDP increased by 1.4% year-over-year. The economic growth accelerated in 2014 to 2.4%, driven by a strong household consumption (all time high of 9.4 billion EUR in the fourth quarter of 2014). According to European Bank for Reconstruction and Development (EBRD) Slovakia's GDP is expected to further grow by 3% in 2015 with inflation remaining below 2%¹.

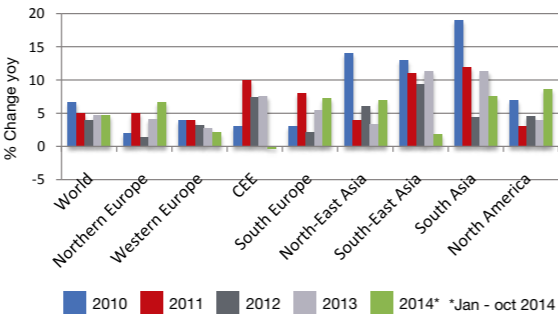
The Czech Republic

Following the recession in 2012, GDP continued decreasing also in 2013. According to Czech National Bank (ČNB), GDP further decreased by 0.7% in 2013. As a result of an aggressive monetary policy following the weakening of Czech koruna, the economy in 2014 reported growth of 2.5%. As for future development, ČNB had predicted further economic growth of 2.5% in 2015. Inflation should oscillate at around 1.5 - 2.0%.

Poland

Based on the data of Central Statistical Bureau of Poland, the GDP growth reached 1.6% in 2013, which meant a decrease in comparison with 2012, when it reached 2.0%. The decrease was caused by a lower domestic consumption and lesser investments, and it was followed by a stronger growth in 2014, reaching 3.3% in the fourth quarter of 2014 as export sales soared amid strengthening industrial production. According to EBRD Polish economy will continue to grow at a similar pace (3.3%) also in 2015, with inflation staying low. The Polish central bank confirmed its annual inflationary target at 2.5%, with a 1% margin.³

International Tourist Arrivals



Travel & Tourism Competitiveness Index 2013 and 2011 comparison (Selected countries)⁴

Country/Economy	2013	Score	2011
	Rank/140		Rank/139
Switzerland	1	5,66	1
Germany	2	5,39	2
Austria	3	5,39	4
Spain	4	5,38	8
United Kingdom	5	5,38	7
United States	6	5,32	6
France	7	5,31	3
Canada	8	5,28	9
Sweden	9	5,24	5
Singapore	10	5,23	10
Czech Republic	31	4,78	31
Hungary	39	4,51	38
Poland	42	4,47	49
Slovak Republic	54	4,32	54
Russian Federation	63	4,16	59
Ukraine	76	3,98	78

¹ European Bank for Reconstruction and Development. Regional Economic Prospects in EBRD Countries of Operations: September 2014
² European Bank for Reconstruction and Development. Regional Economic Prospects in EBRD Countries of Operations: September 2014
³ European Bank for Reconstruction and Development. Regional Economic Prospects in EBRD Countries of Operations: September 2014
⁴ World Economic Forum. Travel & Tourism Competitiveness Index 2013

Ukraine

Ukrainian economy stagnated in 2013 and mainly as a result of military turbulence in the eastern part of the country it suffered significant decrease in GDP in 2014, when the economic output fell by 9% year-over-year. The current political uncertainty is weighing heavily on the economy and its external financing needs. In addition to disruptions in production and trade, there has been a partial military mobilization. However, according to EBRD the situation is to improve, as growth may resume in the late 2015.⁵

Russia

The GDP growth of Russian Federation reached 1.3% in 2013, down from 3.7% in 2012. As a result of political turbulences in the region investor confidence and economic activity significantly weakened in 2014, reflecting the effect of EU/US sanctions. According to EBRD overall growth in 2014 was flat and is to be followed by a mild recession in 2015.⁶

Regional Tourism Industry

Central and Eastern Europe has exhibited strong growth potential as international arrivals have been growing steep in years 2011-2013 to 125.6 million in 2013. In 2013 Central and Eastern Europe posted one of the highest growth rates in international tourist arrivals with 7.6% on the global scale and the highest one two years in a row in Europe, which is the most visited region in the world. For the first ten months of 2014 the year-over-year change of the region was -0.3%⁷, a drop that can be attributable to the geopolitical and economic crisis in Ukraine and Russia.

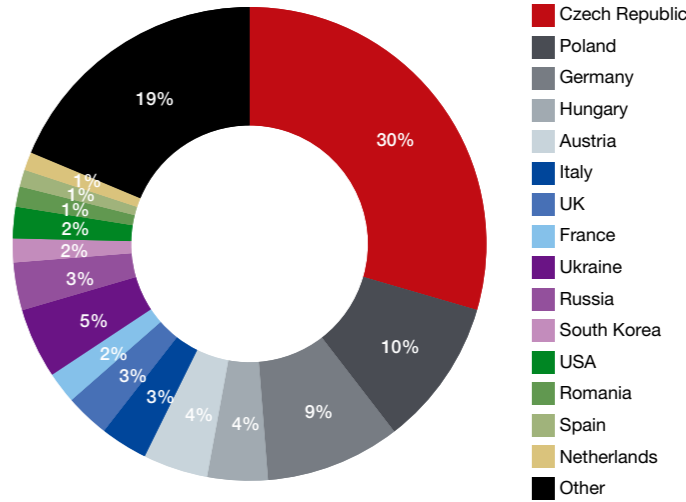
Tourists in the CEE region are also spending more; in 2012 international tourism receipts were up 4% and in 2013 3.4%. The large majority of international travel takes place within traveler's own regions, with about four out of five arrivals originating from the same region. In 2013 Russia marked the highest amount of tourism receipts (EUR 10 billion), followed by Poland (EUR 9.1 billion).⁸

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, in 2013 CEE countries that are ranked higher than Slovakia are the Czech Republic (31), Poland (42), and Hungary (39), whereas Slovakia (54) is perceived more attractive than Russia (63) or Ukraine (76).

Slovak Tourism Industry

Slovakia is mostly visited by neighboring countries, with the most tourists coming from the Czech Republic (493 thousand) and Poland and then by German tourists. In 2013 international tourist arrivals here grew 9.3% to 1.7 million. The top category of tourists in Slovakia is domestic travelers, while the ratio of domestic to foreign travelers was 60/40 in 2013. The number of domestic tourist arrivals grew 5.9% in 2013.⁹ According to the Travel & Tourism Competitiveness Index in 2013, Slovakia is ranked 54th out of 140, the same place as in 2011.¹⁰

Origin of Foreign Tourists in Slovakia in 2013



^{5/6} European Bank for Reconstruction and Development. Regional Economic Prospects in EBRD Countries of Operations: September 2014
⁷ UNWTO World Tourism Barometer. Volume 12, December 2014
⁸ UNWTO Tourism Highlights. 2014 Edition
⁹ SACR. Visitors to tourist accommodation facilities in Slovakia (2012 - 2013)
¹⁰ World Economic Forum. Travel & Tourism Competitiveness Report 2013

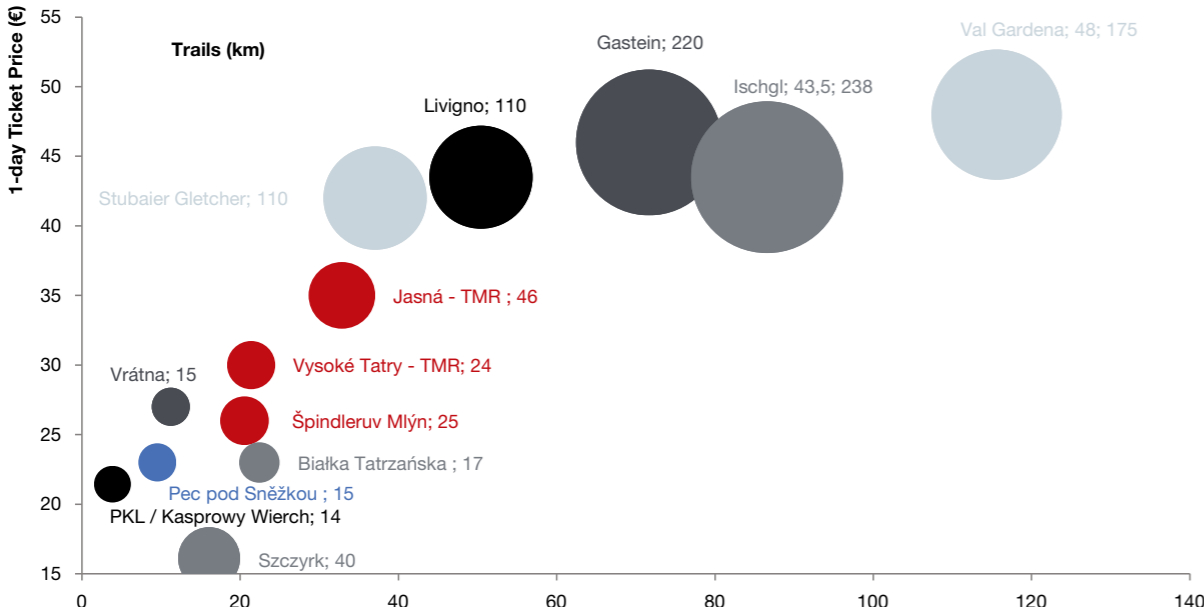
In 2013 the biggest percentage increase in tourist arrivals to Slovakia was among Ukrainian tourists (+102.7 %) who tend to visit Slovakia in the winter time and Americans (+18.9%). The positive trend can be attributable to the development of mountain resorts, lodging package deals, universal ski passes, discount cards, and a speedier visa process. The majority of these factors can be observed in TMR's resorts. Arrivals from the Czech Republic were up 0.3%, the portion of Polish travelers increased by 2.4%, and there were 13.2% more German travelers. The trend in the length of stay of both international and domestic travelers continues to be downward sloping, similar to other European countries. Domestic tourists stay on average three nights.¹¹

In Slovakia direct contribution of the tourism industry to GDP was 2.3% (EUR 1.7 billion) in 2013. For 2014 it is forecasted to rise by 4.2%. The direct contribution to GDP is expected to grow by 3.3% p.a. to 2024. Travel and tourism directly generated 56,000 jobs or 2.4% of total jobs in 2013, and this is expected to grow by 3.2% in 2014. By 2024 travel & tourism should directly generate 66,000 jobs (2.6% of total employment). In 2013 Slovakia generated EUR 1.8 billion in international tourism receipts. In 2014 this income should grow by 6.9%. By 2024 international tourist arrivals are forecast to reach 10.1 million, generating tourism spending of EUR 2.9 billion, an increase of 4.2% p.a.¹²

Slovak tourism industry is positively impacted by an amendment of the act on tourism support (effective 1/12/2011) aimed at destination management. The act is expected to boost Slovak tourism through organized cooperation of towns and business entities joined in district tourism organizations (DTO) and the state. The 2014 state subsidy designated for tourism projects organized by DTOs was estimated at EUR 3.7 million. The governmental agency designated to promote tourism in Slovakia - Slovak Tourism Agency - operated with the budget of EUR 6.25 mil. in 2014.¹³

Since Slovakia is an EU member, business regulations comply to a certain degree with EU regulations. Slovak regulatory environment that TMR operates in is somewhat stricter than in neighboring countries, especially regarding environmental sustainability, because TMR conducts its business activities in natural environment, although TMR's assets are located in urbanized locations with a long history of tourism. As for tourism regulatory framework, Slovakia ranks 43rd out of 140 countries. The amended act on tourism support and the recently passed government strategy on development of tourism till 2020 somewhat improved government prioritization of tourism, and Slovakia is now ranked 107th out of 140 in this aspect, an improvement from 2011 (116).¹⁴ However, the DTOs claim that administrative burden on small tourism businesses is still extensive and needs changes in order for regional tourism to grow.¹⁵

Market Positioning in Europe in Winter 2013/14¹⁶

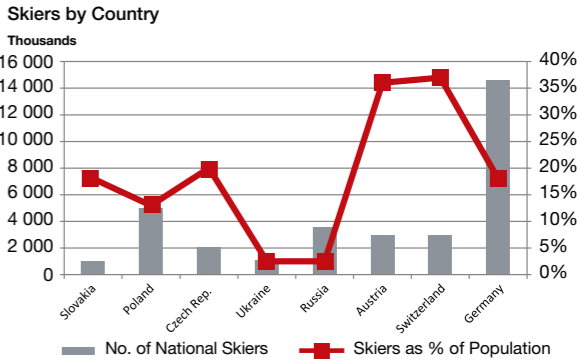


¹¹ SACR. Visitors to tourist accommodation facilities in Slovakia (2012 - 2013)
¹² World Travel & Tourism Council. Travel & Tourism Economic Impact 2014 Slovakia
¹³ Trend Magazine Supplement 18/2014. May 8, 2014
¹⁴ World Economic Forum. Travel & Tourism Competitiveness Report 2013
¹⁵ Trend Magazine Supplement 18/2014. May 8, 2014
¹⁶ www.skiresort.info, resorts websites

European Mountain Industry

Europe is the relevant market for TMR's ski business, especially the CEE region. 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 45% of skier visits (skier days)*. The second most significant is North America with 21%. Central and Eastern Europe attracts only 9% of skiers (6% in 2013), although this region produces 16% of skiers globally, a 2% increase since 2013. This introduces an opportunity to grow in provision of ski resorts at least to match the regional demand. Among Alpine countries, France and Austria have the most major resorts (with over 1 million skier visits) - 14 each, and France with the highest number of skier visits per year- 56.2 million but Austria records the most domestic skier visits per inhabitants- 2.2, whereas Switzerland produces the highest rate of domestic skiers- 37%, with Germany having the highest total number of domestic skiers- 14.6 million. 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.

As for characteristics of ski resorts, they vary in size, ownership, and infrastructure. In some alpine countries, they are usually run by a large number of small private operators who join forces also with local municipalities and market the resort or the ski region as a whole, like in Italy, Switzerland or Austria. In France, on the contrary, operation of large ski resorts especially is concentrated with a major operator. German resorts are also fragmented but considerably smaller than in other alpine countries. Large alpine resorts usually offer state of the art infrastructure, have over 100 km of ski trails, transport capacity of over 50,000 persons/hr, and more than 30 ski lifts. They also keep reinvesting large amounts into resorts enhancement. TMR resorts can be compared to medium-sized alpine ski resorts.



Mountain Tourism - Country Comparison¹⁸

Country	No. of Ski areas	Number of major resorts (>1 mil Skier Visits)	Skier visits	Proportion of domestic skiers (in % population)	Number of domestic skiers	% foreign skiers	Domestic Skier Visits per inhabit-ants	Skier Visits per foreign visitors
Alpine countries								
Austria	254	14	53 155 600	36,0%	2 959 793	66%	2,2	1,64
France	325	14	56 226 000	13,0%	8 573 709	32%	0,58	0,24
Italy	349	5	28 100 000	8,0%	4 918 584	15%	0,39	0,10
Switzerland	240	6	26 538 264	37,0%	2 958 530	50%	1,66	1,60
Germany	498	0	14 922 000	18,0%	14 606 508	10%	0,17	0,06
United States								
United States	481	5	57 092 127	4,3%	13 616 748	6%	0,17	0,06
Eastern Europe								
Czech Republic	176	0	8 700 000	20,0%	2 032 584	35%	0,56	0,50
Hungary	34	0	500 000	5,0%	496 974	10%	0,05	0,01
Ukraine	54	0	1 400 000	2,5%	1 114 330	5%	0,03	0,00
Poland	182	0	5 000 000	13,0%	4 989 895	10%	0,12	0,04
Russia	220	0	3 653 870	2,5%	3 562 512	2%	0,03	0,00
Slovakia	91	0	5 000 000	18,0%	987 901	25%	0,68	0,96

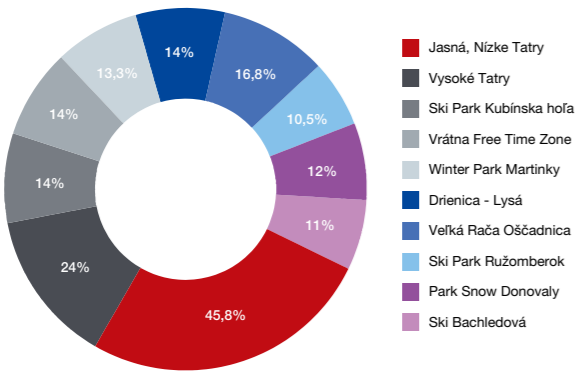
* The number of skier visits is measured in terms of skier days; which means one person visiting a ski area for any part of day or night for the purpose of skiing, snowboarding or other downhill slide. For example, a 4-day ticket means 4 skier visits.
¹⁷ Vanat, Laurent. 2014 International report on mountain tourism. May 2014. www.vanat.ch
¹⁸ Vanat, Laurent. 2014 International report on mountain tourism. May 2014. www.vanat.ch

Regional Mountain Industry

In the CEE 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 47. The Czech Republic had on average for the past five years the highest number of skier visits in the winter season- 8.7 million, followed by Slovakia and Poland, both with 5 million. As for domestic skiers, Russia produces the highest absolute number of skiers in the region - 3.6 million, even though they make up only 2.5% of population. The proportion of Polish skiers in population grew by more than double since 2013, and Poland now produces 13% skiers, which presents a great growth potential on this market. Slovakia and the Czech Republic produce a much higher percentage of skiers - 18% and 20%, although there are much more Czech skiers in the absolute number - 2 million. Slovakia has a competitive advantage on the supply side 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.¹⁹

The regional mountain industry still exhibits room to grow, in comparing to mature alpine resorts. Observable trends besides investing in resort infrastructure and equipment 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. Mountain resorts incline to keep expanding 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.

Km of Trails of Leading Ski Resorts in Slovakia

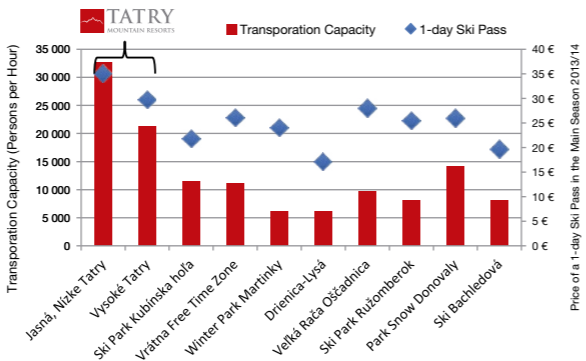


Another trend in mountain resorts is observed in consolidating marketing activities of a mountain destination or a region and mutual cooperation of mountain resort operators. District tourism organizations in Slovakia for example join together in destination management. One can observe these trends in all the locations operated by TMR. Slovak tourism agency (SACR) is cooperating with resort- and lodging operators to come up with attractive deals for foreign visitors. TMR is also cooperating with other mountain resort operators in marketing and in offering universal ski passes. Besides Polish skiers, a big potential for regional, especially Slovak tourism is Ukrainian market because of its proximity and size - the proportion of Ukrainian skiers grew by 0.5% of the population. Romanian tourists also started coming to Slovakia in larger numbers also thanks to their new membership in the EU.²⁰

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, and lifts elevation. Mountain resorts in Slovakia are mostly operated by small private operators in cooperation with local municipalities and national parks. There are 100 ski areas in Slovakia, and 47 major ski resorts (3*, 4*, and 5* quality) in Slovakia. When comparing individual resorts and their km of ski trails, TMR's resorts Jasná Nízke Tatry (46km) and Vysoké Tatry - Tatranská Lomnica, Starý Smokovec a Štrbské pleso (24km) are the biggest ones in Slovakia, followed by Veľká Rača Oščadnica (16.8km), Vrátna free time zone (14km), Skipark Kubínska Hoľa (14km), and Winter Park Martinky (13.3km).²¹

Transportation Capacity and Prices of Leading Ski Resorts in Slovakia



¹⁹ Vanat, Laurent. 2014 International report on mountain tourism. May 2014. www.vanat.ch
²⁰ Trend magazine supplement. 44/2011; Vanat, Laurent. 2014 International report on mountain tourism. May 2014. www.vanat.ch
²¹ skiresort.info, resort websites

Regional Hotel Industry

The hotel industry in Slovakia as a whole has been following an upward trend in 2013, when the sector revenues increased by 7.5%²² year-over-year. However, in 2014 total turnover from accommodation services for the period of nine months ended September 30 decreased by 7.9%²³. TMR's hotels are located in TMR's mountain resorts and aquapark and most of the clients utilize TMR hotels' services in addition to visiting the resorts. That's why TMR hotels compete for clients with other lodging facilities in the given resort. In the winter season, especially, performance of the hotels is closely linked to performance of the mountain resorts. In Aquapark Tatralandia there is only one lodging facility, thus TMR holds a monopoly here. In the mountain resorts there are other mostly private operators of resort hotels, inns, bed & breakfasts, apartments, and cottages. The region of Jasná Nízke Tatry and Tatralandia posted a decrease in hotel revenues of 13.4% for the first nine months of 2014, whereas the region of Vysoké Tatry recorded a drop of 11.1% for the same period.²⁴ Categories of TMR hotels range from 2-star to 4-star. In the resorts there is a greater competition in the lower category lodging than in the upscale segment. The trend in the resorts lodging sector is to cooperate closely with the mountain resort operators in order to attract clients with affordable bundled stay packages. This trend was strong also in the 2013/14 winter season. The hotel market in TMR resorts is not saturated, since TMR invested a large amount of capital in recent years, and the resorts attract new investors.

Regional Trends in Aquaparks

In Slovakia there is around a dozen aquaparks and thermal spas. Tatralandia ranks among the top three parks in terms of size, visit rate and services offered. The number of visitors primarily depends on the variety and quality of services offered. As for the target market, aquaparks observe an increasing share of solvent clients who tend to spend more during their visits and require higher quality and a wider scale of services. Another observable trend includes continuing investments into parks' development.²⁵ Operators of aquaparks tend to cooperate closely with local hotels and lodging operators, and they form or join local tourism organizations (OOCR).²⁶ Competition in the neighboring countries is present especially closer to the Slovak border- there are three aquaparks close to Slovakia in Poland, nine in the Czech Republic, and seven in Hungary.

Regional Trends on the Real Estate Market

Following limited investment activity in 2012, when the transactions volume reached circa EUR 20 mil., in 2013 Slovakia witnessed significant revival in real estate investment activity. The total volume of investments observed by JLL in 2013 came to EUR 297 mil. It included large investments in all real estate classes, whereas most of these investments were executed in the capital and its proximity.²⁷

Development of the Slovak real estate market in 2014 was impacted by major European transactions, by entry of new investors, and by increased demand by local investors. Growth of investment demand is also boosted by gradual saturation of Polish and Czech market. Prime office and retails yields have maintained the stable rate of 7% and 6.75%, respectively (for Q3 2014).²⁸ The investment volume in 2014 exceeded the record level since 2005 by reaching more than EUR 610 mil. The greatest demand was for industrial real estate and retail space.²⁹ Major projects that had been halted due to the real estate crisis have now been jumpstarted again, and many new projects were announced. The growth was accelerated by demand for apartment real estate as retail mortgages hit record low rates and by increased prior-construction apartment sales, especially in the capital, although housing real estate prices have been stagnant here.³⁰

²² Statistical Bureau of the Slovak Republic: Basic indicators for tourist lodging facilities in SR for Quarters 1 - 4, 2013
²³ Statistical Bureau of the Slovak Republic: Basic indicators for tourist lodging facilities in SR for Quarters 1 - 3, 2014
²⁴ Statistical Bureau of the Slovak Republic: Basic indicators for tourist lodging facilities in SR for Quarters 1 - 3, 2014 and 2013
²⁵ Trend magazine supplement. 18/2014. May 8, 2014
²⁶ Trend magazine supplement. 18/2013. May 9, 2013
²⁷ JLL. Bratislava City Report Q4 2013. ²⁸ JLL. Bratislava City Report Q3 2014.
²⁹ JLL. CEE Investment Market - 2014. ³⁰ reality.etrend.sk

RISK FACTORS AND RISK MANAGEMENT



Risk Factors and Risk Management

Main risks that the Group faces can be divided into market, financial, and operating risks. Management has the complete responsibility for defining and controlling the Group's risks. All these factors are either external, which means they are completely beyond Management's control, or internal risks, which can be at least partially controlled by Management. The most significant risks are described below:

Market Risks

Business Cycle

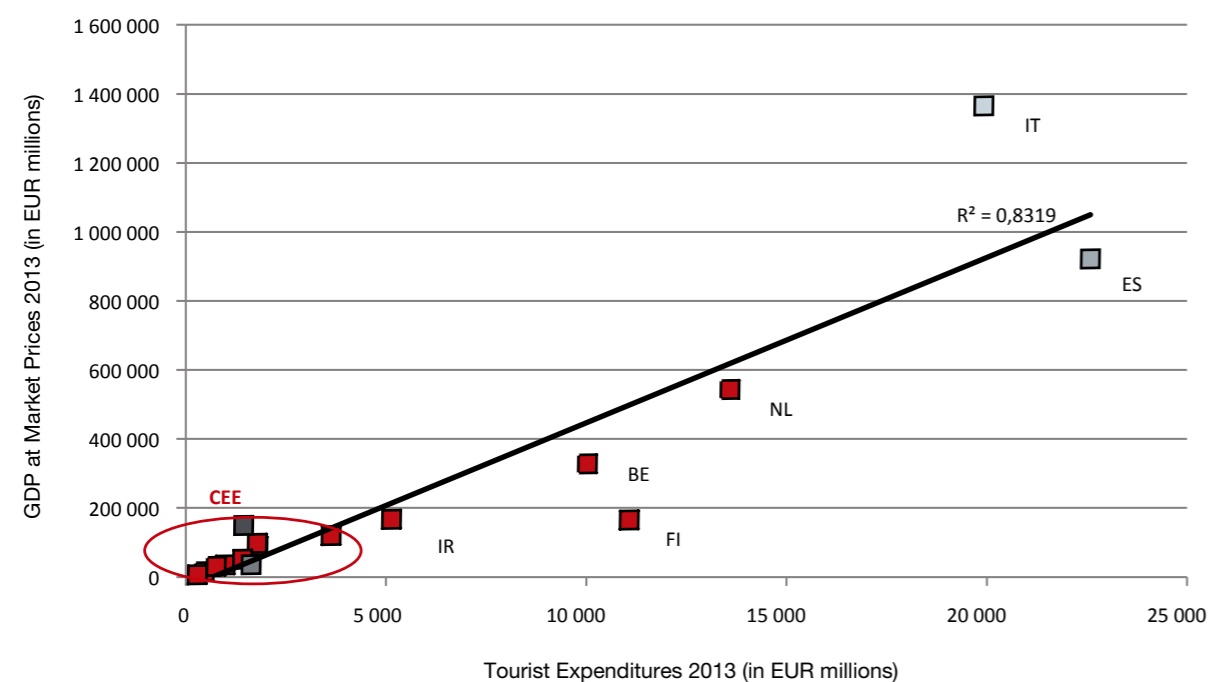
Current operations of the Group are focused in the Slovak, Czech and Polish market, although majority of the Group's clients come from the whole CEE region, and thus the Group's operations are mainly dependent on the level of economy of the Slovak and Czech Republic and countries of the CEE region. Majority 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, each country's economic growth, and the level of their discretionary income, with the latter two highly correlated (see the Graph below). Development of such macroeconomic factors is an external risk for TMR. Since

the majority of visitors to TMR's resorts and hotels come from various countries, each of which has its own unique macroeconomic profile, operations of TMR can be heavily affected by worsening of the economic situation on these markets. The risk of a downward business cycle is partially managed by reasonable pricing strategies and effective marketing campaigns on the relevant target markets (see 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 the Vysoké Tatry resort. Management is continuously working on attracting visitors in the off-season, e.g. by adding snowmaking guns, running vibrant marketing campaigns, offering bundled stay packages, and by organizing events in the resorts and hotels. Besides the aquapark providing warm thermal water, the Tropical Paradise project in Aquapark Tatralandia was a major step towards minimizing the effects of seasonality in the aquapark since visitors of Tropical Paradise can experience summer temperatures in any season.

GDP vs. Tourist Spending in EU Countries¹



¹ Eurostat

Weather

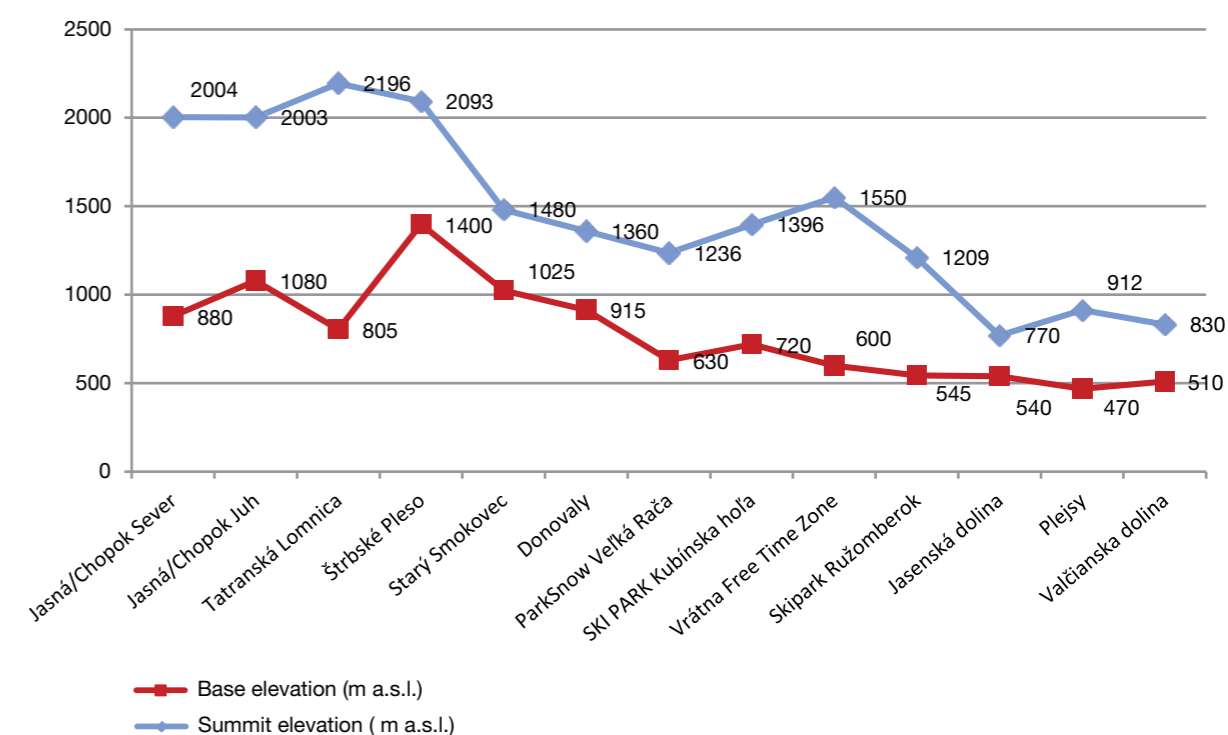
The number of TMR's visitors also depends on a successful winter season, i.e. on favorable weather conditions in terms of abundance of natural snow and temperatures below zero degrees Celsius. TMR manages the risk of low snowfall with the already-mentioned snowmaking facilities. In the winter season 2013/14 TMR's snow coverage by snowmaking facilities in Slovakia was 50 km. 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. Drier winters may increase the cost of snowmaking. On the other hand, warmer weather may hinder the snowmaking, since freezing temperatures are needed, and it may 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 at the highest altitudes. Warm thermal water in Tatralandia partially offsets the cold weather effects, but the new Tropical Paradise eliminates dependence on warm weather completely. As for the summer season in the mountain resorts, favorable weather in the summer months is essential for hiking tourists.

Competition

The Group's results also depend on how successfully the Group deals with competition. In the primary segment of Mountains and Leisure, specifically in Mountain Resorts TMR competes for visitors on domestic oligopolistic markets in Slovakia and the Czech Republic, with the position of a leader in terms of size and the range of services. On the European market the Group faces monopolistic competition with a large number of competitors that provide a wide supply for visitors. TMR utilizes its high quality services, reasonable prices in comparing to alpine resorts,

Base & Summit Elevation of Slovak Ski Resorts



patriotism, and locality with the goal of attracting visitors. Moreover, TMR capitalizes on its competitive advantage of natural monopoly in terms of the strategic location of its key resorts in the Tatras in the highest mountain range in the region to the East and North. In the Aquapark subsegment TMR is also among the top players in the local market, although visitation of aquaparks also depends on the travel distance for the given visitor. Partially, TMR manages this type of risk with marketing tools, by utilizing its tangible and intangible assets, such as its strategic position in the Tatras mountain range, and by a well-defined corporate strategy described in the Strategy section.

Occupancy and Average Daily Rate

The Group's profitability also depends on the occupancy rate of its own hotels and lodging facilities in the resorts. TMR actively works with local lodging operators in marketing the resorts in order to increase occupancy and consequently the number of resort visitors. TMR hotels' results depend on the occupancy rate and average daily rate per room (ADR). To increase these indicators it is essential for TMR to invest heavily into development and renovation of its lodging facilities. Besides aggressive marketing activities for peak seasons, TMR actively works to increase occupancy and ADR also during the off-season by marketing conference space to corporate clientele, offering special seasonal or weekend lodging packages in conjunction with events in the hotels or resorts, e.g. live cooking show, romantic spa weekends, serving "brain food" for corporate clientele, etc.

Real Estate Market

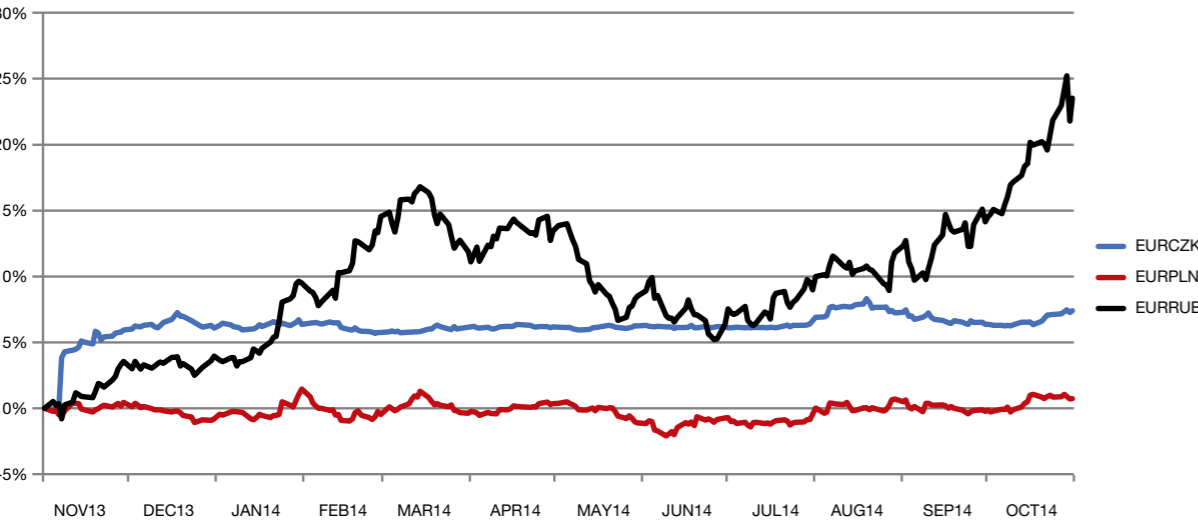
One of the three operating segments of TMR is focused on real estate, as described in the Company Profile section. The revenues of this segment depend on sale and/or lease of land, residences and commercial space in the real estate projects. Even though the current performance of the Group does not depend on the success of this segment, its growth depends on the state of the real estate market, which is an external risk factor. Currently, this industry is slowing recovering from the 2008-2009 crisis (see Market Analysis and Trends)., In case of realization of all the projects, TMR can mitigate the risk of low apartment 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.

Financial Risks

Exchange Rates

Volatility of exchange rates in relation to euro is an external risk that affects the Group's revenues because majority of TMR's foreign clients come from countries outside of Eurozone- the Czech Republic, Poland, Ukraine, Russia, etc, therefore their travel choices are impacted by currency movements. Appreciation of euro in respect to Polish Zloty,

One-year Performance of Selected Currencies vs. Euro²



² ECB

for instance, negatively impacts the number of visitors from Poland although during the winter season 2013/2014 Polish Zloty did not show major volatility in respect to euro. On the other hand, Czech Crown depreciated by 5% before the winter season, and Russian Rubble exhibited major downward volatility throughout the year due to the current geopolitical unrest. Investments into the resorts in terms of technology, renovation, and procurement of inventory were settled in euros, thus the currency impact was eliminated. Investments into the Polish SON resort have not been realized yet. Income from the share in Melida a.s., which operates the Špindlerův Mlýn resort, gets repatriated from Czech Crowns into euros.

Interest Rates

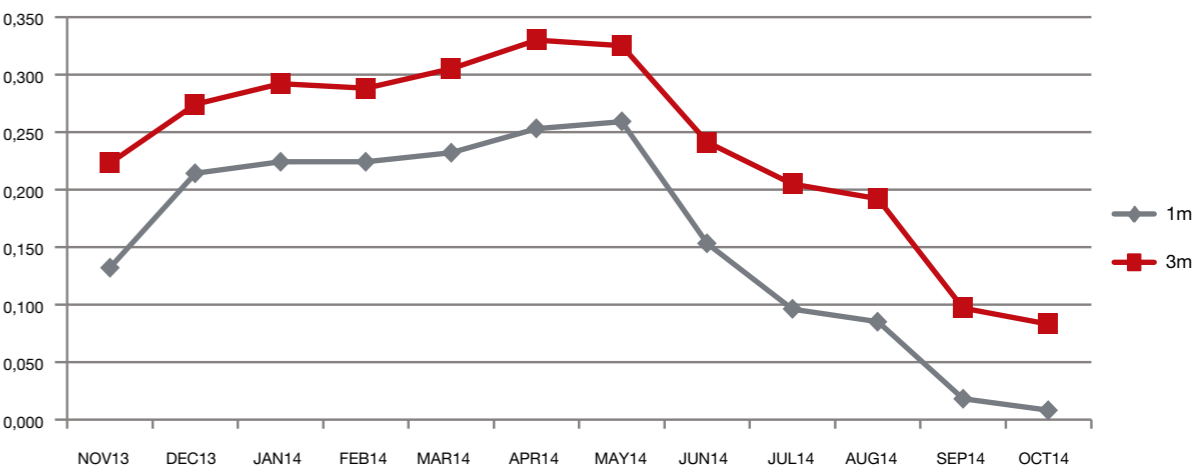
Volatility of interest rates may have a direct impact on the value of the Group's interest-earning assets and interest-bearing liabilities. The extent of this risk is equal to the amount of interest-earning assets and interest-bearing liabilities, where the interest rate at maturity or at the time of 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 Group's loan portfolio during 2013/14 consisted of short- and long-term bank debt with fixed and variable rates based on 1-month or 3-month EURIBOR rates and 3-month WIBOR rates. The Group considers the variable interest rate to manage the interest rate risk automatically. In case of economic expansion, EURIBOR grows, but at

the same time economic performance of the population grows, and the Group is more profitable. In case of economic recession, it is the exact opposite. Besides bank debt, in 2013/14 the Group has issued two tranches of senior and junior bonds in the face value of EUR 180 mil with payment of regular fixed coupon. Loans granted by the Group earn interest with fixed interest rates, thus the Group mitigates the risk of interest rate fluctuations downward. Exposure to this risk is detailed in Consolidated Financial Statements, items 24, 32, 35.

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 majority of TMR's financial investments at fair value covers the 19% share in Melida a.s., which operates the Czech ski resort Špindlerův Mlýn. The value of this investment is dependent on the current and future performance of the ski resort. The extent of the risk exposure is detailed in Consolidated Financial Statements, items 3, 28, 35.

EURIBOR rates (%)³



³ www.emmi-benchmarks.eu



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 liquidate assets at a reasonable price in a reasonable time frame. Individual segments in the Group use different methods of managing liquidity risk. The Group’s management focuses on managing and monitoring liquidity. In order to manage liquidity, in 2009 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 60% of the Group’s income. According to the development in the first half-year, the Group is able to affect income and expenses well in advance, to keep sufficient liquidity. The seasonality in the resort of Vysoké Tatry is balanced also by a strong summer season in this resort, and it provides more stable liquidity throughout the year. During the reported period TMR issued two tranches of bonds in total of EUR 180 mil., which significantly added to the liquidity risk. The extent of the risk exposure is detailed in Consolidated Financial Statements, item 35.

Bonds

TMR issued bonds in 2013/14 in total of EUR 180 mil. By issuing the bonds, TMR significantly increased its level of debt. At the same time, by decreasing share capital from EUR 221 mil. to EUR 47 mil. as of 22-10-2013, TMR’s capital structure changed considerably in terms of the debt-to-equity ratio. The change of this ratio may cause TMR difficulties in obtaining other external financing in the future to finance future investments into its resorts or acquisitions. In case these difficulties in obtaining further financing should occur, TMR’s growth rate may slow down. Currently, it is not certain whether the Group will need or will be able to obtain external financing, or whether external debt will be obtained under favorable conditions. Inability to receive or delay in receiving further external debt as well as financing terms, which differ from assumptions, may have a major negative impact on the operations, market position, sales, financial performance and financial outlook of the Group. For more information see Consolidated Financial Statements, item 32.

Operating Risks

Operating risk is the risk of loss resulting from embezzlement, unauthorized activities, errors, mistakes, inefficiency or system failures. This risk arises from all activities of the Group and is faced by all segments within the Group. Operating risk also includes legal risk. The Group’s goal is to manage the operating risk to avoid financial losses and protect 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 operating risk. This responsibility is supported by the development of standards for the management of operating 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 which strives to eliminate all operating risks by regular checks.

Safety

Safety is of great concern to TMR since the Group 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, swimming pools, toboggans, 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- ticket sales platforms (interconnected in ski resorts because of universal ski passes); on lift turnstiles; 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.



Capital Investments

The first pillar of TMR’s corporate strategy is based on organic growth through capital investments into its resorts and hotels. Implementation of this strategy requires major capital. During past eight years (including 2013/14) TMR had invested around EUR 200 mil. into development of its resorts. Each investment project is carefully analyzed under different scenarios. Despite this fact, there is risk that some of the ongoing or planned projects may be less profitable than previously planned, or even at loss. Unprofitable investments may negatively impact the operations, market position, sales, financial performance, and financial outlook of TMR.

Acquisitions

TMR plans to strengthen its position on regional markets also through new acquisitions. A risk exists that acquisitions of other entities will negatively impact future income and results of TMR, specifically in case of choosing the wrong acquisition target, unfavorable terms, or inability to receive permissions from relevant regulators (especially failure to obtain permission from the antimonopoly bureau). In case such event should happen, it may negatively impact the operations, market position, sales, financial performance, and financial outlook of TMR.

Environmental Issues

The Group’s capital investments in protected outdoor areas may be subject to approvals of various governmental and environmental bodies. Since the Group conducts its operations mostly in mountainous areas, part of which belong to protected national parks, some capital investment projects may be subject to approval of various governmental bodies. Each new investment project in such area related to expansion of snowmaking, construction of a cableway, etc. must first undergo the Environmental Impact Assessment (EIA), one of main instruments of the international environmental policy of sustainable development, and it must be approved by relevant bodies of environmental protection. TMR’s resorts in Slovakia are located in already urbanized areas and comply with all environmental regulations, although development of the newly acquired SON resort in Poland still needs to undergo the EIA process.



FINANCIAL PERFORMANCE REVIEW FOR THE YEAR

Financial Performance Review for the Year

KEY RESULTS

- Total consolidated revenues increased to EUR 56.309 mil. (54.348)

■ Consolidated operating profit before interest, tax, depreciation and amortization (EBITDA) reached EUR 18.411 mil. (18.566)

■ TMR operated with EBITDA margin of 32.7% (34.2)

■ Net consolidated profit amounted to EUR 683 thous. (6,604)
- Net consolidated earnings per share (EPS) reached EUR 0.105 (0.98)

■ Total number of visitors decreased to 2.110 mil. (2.249); in Mountain Resorts' the number of visitors reached 1.512 mil. (1.616) and in Aquapark Tatralandia 598 thous. (633)

Selected Consolidated Results (IFRS)	For the Year Ended October 31			
in €'000	2013/14	2012/13	2013/14 adjusted*	2012/13 adjusted*
Sales	55 934	52 533	55 934	52 533
Other Operating Revenues	375	1 815	375	461
Total Revenues	56 309	54 348	56 309	52 994
Cost of Sales	-9 491	-8 316	-9 491	-8 316
Gross Profit	46 818	46 032	46 818	44 678
Personnel and Operating Costs	-29 939	-27 616	-29 653	-27 616
Other Gain/ Loss	1 532	150	119	150
EBITDA	18 411	18 566	17 284	17 212
EBITDA Margin	32,7%	34,2%	30,7%	32,5%
Depreciation & Amortization	-13 317	-10 550	-13 317	-10 550
Goodwill Impairment	0	-350	0	0
EBIT	5 094	7 666	3 967	6 662
Interest Income	1 475	1 599		
Interest Expense	-7 766	-681		
Income from Financial Instruments, net	-280	538		
Profits/(loss) of Associates	0	5 242		
Profits/(loss) from Sale of companies	0	-3 390		
Negative Goodwill	1 569	0		
Pre-tax Income	92	10 974		
Income Tax	591	-4 370		
Net Profit	683	6 604		
Revaluation of Assets	0	21		
Currency Translation Differences	-119	0		
Total Comprehensive Income	564	6 625		
EPS (€)	0,105	0,985		

* For better evaluation of the operating performance, the operating results are adjusted for one-off items and non-operating items. The 2013/14 EBITDA is adjusted for one-time expenses of EUR 286 thous. attributed to the SON resort after its acquisition in March 2014 and for the non-operating gain on revaluation of investment property of EUR 1.413 mil. The 2012/13 results are adjusted for non-operating other income from EBITDA contracts.

¹ Excludes the visitors of the SON resort in Poland (acquired in March 2014) and of the Skiareál Špindlerův Mlýn in the Czech Republic

The past financial year 2013/14 was impacted by the extremely mild and dry winter season in the whole Western and Central Europe. Despite that, TMR managed to achieve a year-over-year growth in consolidated revenues and on the like-for-like basis, whilst operating income before interest, taxes and depreciation (EBITDA) maintained the level from the prior year. These relatively positive results are the direct consequence of the successful corporate strategy aimed mainly at intense growth investments. As of the end of the calendar year 2013, TMR had invested EUR 190 mil. into development of its Tatra resorts and hotels within the first phase of the investment cycle.

These leap-sized investment projects had an impact on the Group results also last year and justified an increase in prices of ski passes and entries. A decrease in the number of visitors in the resorts was caused more likely by the weather unfavorable for winter sports and a rainy and cold summer than by the increased prices. Besides an increase in the average revenue per visitor in the resorts, TMR managed to boost customer spending also in ancillary services, such as Dining. This caused the share of these subsegments on total Group revenues to grow once again.

TOTAL REVENUES AND INCOME

Total Revenues

In the prior year, the Group's total consolidated revenues reached EUR 56.309 mil. (54.348), an increase of 3.6% and 6.3% like for like. Thereof, operating revenues amounted to EUR 55.934 mil. (52.533) and the rest, i.e. EUR 0.375 mil. (1.815) was other operating income. Revenues were positively influenced by higher prices of entry tickets and ski passes, and thus, also by higher average revenue per visitor in the resorts and Dining, as well as a greater average daily room rate and higher average occupancy in Hotels.

Earnings before interest, taxes, depreciation and amortization (EBITDA)

Another TMR's key financial performance indicator - EBITDA - reached EUR 18.411 mil. (18.566); which means a slight decrease of 0.8%. On the like-for-like basis EBITDA improved by 0.4%. Cost of sales increased by 14.1%, and personnel and operating costs were up 8.4%. The rise in fixed costs was impacted by the launch of new cableways and snowmaking equipment. Operating profitability ratio (EBITDA margin) reached 32.7% (34.2).

Items with Impact on Comparability and Operating Performance

Comparability with prior period is influenced by the fact that consolidated revenues include one-off operating expenses of the SON resort of EUR 286 thous., incurred after its acquisition in March 2014, and gain on revaluation of investment property of non-operating character in total of EUR 1.413 mil. (see Consolidated Financial Statements, item 17). Operating results are adjusted for these items. In comparing with the prior period, consolidated results for 2012/13 included other income from EBITDA contracts, which expired in 2012/13, and thus operating results are adjusted for these. Such adjusted operating revenues for 2013/14 improved year-over-year by 6.3% and EBITDA by 0.4%. Other one-off items included in consolidated results include negative goodwill in the amount of EUR 1.569 mil., related to the acquisition of the Polish SON resort (see Consolidated Financial Statements, item 3).

Depreciation and Amortization

The depreciation and amortization increased by 26.2% to reach EUR 13.317 mil. (10.550). The increase in depreciation was caused by addition of new fixed assets into property, including new cableways in the resorts Vysoké Tatry - Tatranská Lomnica and Jasná Nízke Tatry at Lúčky; a new parking lot at the entrance station Chopok South at Krupová in Jasná; a new hotel and restaurant Rotunda in Jasná; Medrano Restaurant in Aquapark Tatralandia; as well as land, buildings and equipment of the newly acquired Polish resort SON.

Financial Activity

Interest income of EUR 1.475 mil. (1.599) mainly stemmed from loans granted, earning fixed interest rates. Interest income from bill receivables concluded in 2012/13 as the bills of exchange have been repaid and were used to finance CAPEX in the past year (see Consolidated Financial Statements, item 21). Interest expense rose to EUR 7.766 mil. (0.681) as the Company had issued coupon-paying bonds in total of EUR 180 mil. (see Consolidated Financial Statements, item 32). Income from financial instruments, net reached EUR -280 thous. (538).

Taxes

Payable income tax was EUR 0 (0). Total income tax was recognized in the amount of EUR 0.591 mil. (-4.370).

Net Income

The Group recognized a net consolidated profit in the amount of EUR 683 thous. (6,604). Profit attributable to owners of the parent company amounted to EUR 703 thous. (6,604). EPS was EUR 0.105 (0.985). Total comprehensive income after accounting for currency translation differences came to EUR 564 thous. (6,625).

KEY EVENTS OF THE YEAR

The positive financial results can be attributed to the diversified business model and following of the corporate strategy, under which the Company took the following actions:

Capital Investments

Since with the year 2013 the Company had completed the first phase of the intensive investment cycle with investments into development of mainly Tatra resorts, aquapark, and hotels of TMR in the total of EUR 190 mil., during the past year merely smaller maintenance investments were undertaken aimed at increasing service quality with the budget of EUR 7.5 mil. These investments included renovation of the entrance hall of Aquapark Tatralandia with new more efficient cash registers, tropical design, new lockers, and technology. In Tatralandia the new Medrano Restaurant was opened, as well. The rest of

CAPEX went was directed at uplift of ski trail and equipment in the mountain resorts and hotels of TMR, as well as at expanding Tatry Motion operations.

During the first half of the year investments of 2013 were launched into operation, including the new ultramodern 15-person gondola in Vysoké Tatry - at Tatranská Lomnica with the maximum transportation capacity of 2,400 persons per hour, as well as the new 6-seat cableway at Lúčky in Jasná Nízke Tatry with the maximum transportation capacity of 2,460 persons per hour and a new après-ski bar. Also, the renovated iconic viewpoint restaurant, Rotunda, was opened at the top of Chopok Mountain with Energy Bar and Rum Bar. In February 2014 TMR expanded its lodging options as it opened Hotel Rotunda at the Restaurant Rotunda at Chopok Mountain in Jasná, a hotel with highest elevation in Slovakia with capacity of five rooms in authentic mountain style. In addition, six new chalets at Záhradky were launched.

Loyalty Program

TMR continued in its active sales strategy also through direct marketing and building its loyal client base within the GOPASS program. GOPASS enables TMR clients to purchase TMR products and services online at special rates and by using its services in the resorts and hotels to

Investments of 2012/13 Launched into Operation in FY2013/14

The High Tatras	The Low Tatras
1. The new safer 15-person gondola by Doppelmayr with higher wind resistance replaced the old cableway Štart - Skalnaté pleso.The ride takes 7 minutes; and the transportation capacity is 2400 persons/hr.	1. The new 6-seat cableway on the north side of Chopok at Lúčky created a new full service gateway to the resort was created from the parking lot Lúčky. The ride takes 6 minutes; and the transportation capacity is 2460 persons/hr.
2. Safety barricades were posted on the trails Esíčka, Buková hora, and Generál II, and snowmaking was expanded.	2. Trail enhancement in Jasná
3. Dining options at Skalnaté pleso in Vysoké Tatry were expanded.	3. The start and exit stations of the new cableways at Chopok got shielded
	4. At the peak of Chopok Mountain the iconic viewpoint restaurant and hotel Rotunda got renovated
	5. A 350-person multifunctional conference hall was added in Wellness hotel Grand Jasná
	6. Six new chalets were built at Záhradky in Jasná
	7. Hotel Srdiečko had the entrance lobby, lobby bar, and wellness spa renovated.

earn loyalty points, as well. The points can be then applied against future purchases. Before the winter season 2014/15 GOPASS was launched in the Czech Špindlerův Mlýn resort, too. As of the end of reported period, there were 200 thous. members registered in the program.

Acquisitions and Expansion

On March 5, 2014 TMR closed a deal to purchase 97% of shares in a Polish ski resort Szczyrkowski Ośrodek Narciarski S.A. (SON) for EUR 7.191 mil., financed from own sources. By entering the Polish market TMR moved to another stage of its growth in mountain resorts operation. The intention is to develop and modernize the resort through capital

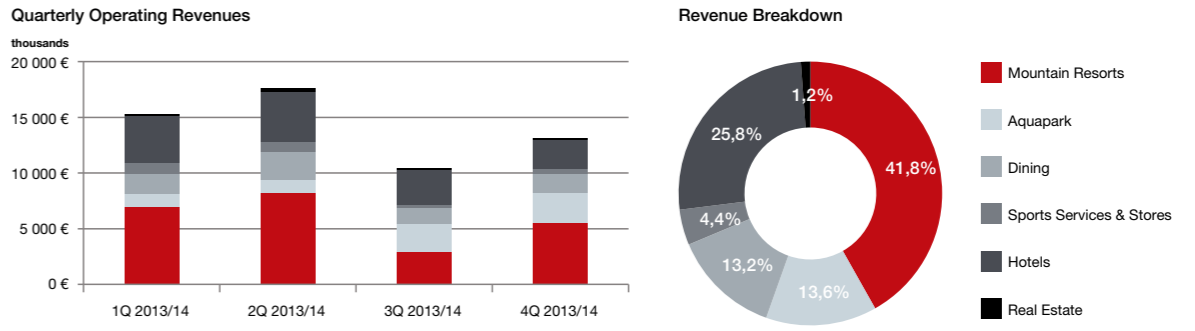
investments and utilization of its potential. In SON TMR plans to build several new cableways, snowmaking systems and to develop other infrastructure, for SON to get to the level of the most developed ski resorts in Poland. In the medium-term horizon TMR plans to invest EUR 30 mil. in the resort. As of the end of the period, only preparation and permission-obtaining activities related to the modernization were in progress.

During the reported period TMR showed interest to take part in modernization of the biggest Polish amusement park - Silesian Amusement Park (Śląskie Wesołe Miasteczko). As of the publication date of this report, negotiations were still ongoing about the detailed investment plan, terms of financing, and the formal structure of the project.

RESULTS BY SEGMENTS AND SUBSEGMENTS

Key Operating Results*	Revenues			EBITDA			EBITDA Margin		
in €'000	2013/14	2012/13	Change yoy (%)	2013/14	2012/13	Change yoy (%)	2013/14	2012/13	Change yoy (p.p.)
Mountains & Leisure	41 124	39 230	4,8%	13 860	14 994	-7,6%	33,7%	38,2%	-4,5%
Mountain Resorts	23 552	22 096	6,6%	7 945	8 838	-10,1%	33,7%	40,0%	-6,3%
Aquapark	7 672	7 677	-0,1%	3 864	3 642	6,1%	50,4%	47,4%	2,9%
Dining	7 445	6 786	9,7%	1 663	1 938	-14,2%	22,3%	28,6%	-6,2%
Sports Services & Stores	2 455	2 671	-8,1%	388	576	-32,7%	15,8%	21,6%	-5,8%
Hotels	14 532	13 534	7,4%	3 307	2 095	57,8%	22,8%	15,5%	7,3%
Real Estate	653	229	185,4%	118	123	-4,3%	18,0%	53,8%	-35,7%
Total	56 309	52 993	6,3%	17 284	17 212	0,4%	30,7%	32,5%	-1,8%

* For better evaluation of the operating performance, the operating results are adjusted for one-off items and non-operating items. The 2013/14 EBITDA is adjusted for one-time expenses of EUR 286 thous. attributed to the SON resort after its acquisition in March 2014 and for the non-operating gain on revaluation of investment property of EUR 1.413 mil. The 2012/13 results are adjusted for non-operating other income from EBITDA contracts.



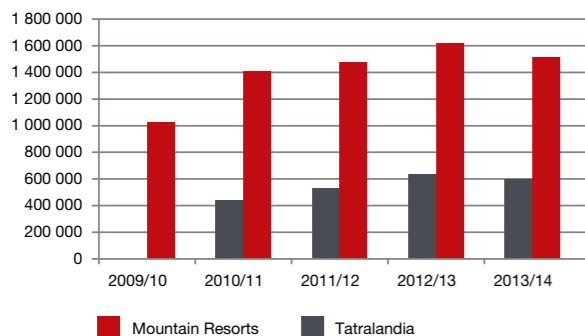
KEY PERFORMANCE INDICATORS (KPIs)

Mountains and Leisure

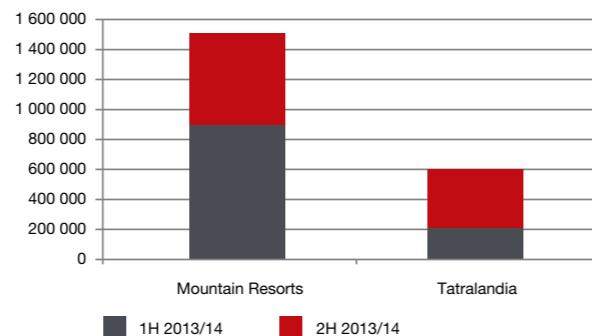
The extremely dry and mild winter 2013/14, unfavorable for winter sports, a relatively unfavorable wet and cold summer weather, mainly during June and July impacted TMR's Key Performance Indicators in the winter and summer season. A shorter skiing season that ended with Easter break due to warm weather and shortage of snow in the resorts also had negatively impacted the KPIs. On the other hand, a long and warm fall improved the end of the season in the resorts. Moreover, during the weak winter TMR visitors compensated for the unfavorable weather with visits to Aquapark Tatralandia, which during the first half of the year maintained a stable visit rate year-over-year. Despite the negative factors mentioned above, total number of visitors / skier days², in Mountain Resorts including Štrbské pleso decreased only 6.4% year-over-year to 1.512 mil. (1.616), and Aquapark Tatralandia was visited by 598 thous. (633) visitors.

Average revenues per visitor mitigated the impact of the decrease in visitors. The average revenue in Mountain Resorts improved year-over-year to EUR 12.74 (12.45) as a result of increased prices of ski passes with purchases at cash registers in the resorts on average by EUR 2, although with online purchases the prices remained at the level of prior year. On the other hand, visitors compensated for the less-than-ideal weather in Aquapark Tatralandia, and its average revenue per visitor rose to EUR 12.04 (11.85). Thanks to the unfavorable weather resort clients spent more in dining facilities on and off the slope and in Tatralandia, and they improved the average revenues by 17.4% to EUR 3.83 (3.26). Sports Services & Stores, which largely depend on performance of the resorts, slightly fell in average revenues per visitor to EUR 1.16 (1.19).

Visit Rate in Mountains and Leisure



Visit Rate in 2013/14



Average Revenues per Visitor

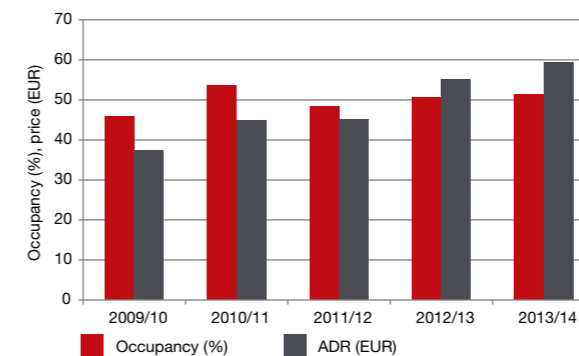


² The total visit rate is measured by the number of entry passes sold in the aquapark and for cableways in the summer season and by the number of skier days in the winter season, i.e. a person visiting a mountain resort at any time of day or night, for the purpose of skiing, snowboarding or other type of downhill run. For example, one 4-day ticket means four skier days in mountain resorts, including Štrbské pleso, co-operated by TMR and the owner of the resort.

Hotels

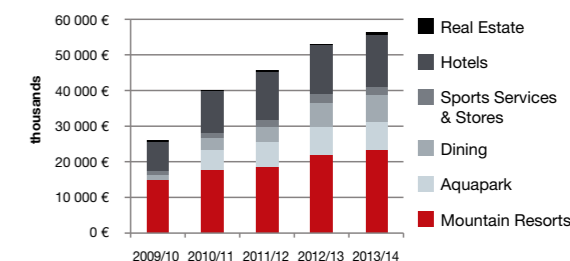
The weighted average occupancy of the TMR hotel portfolio increased to 51.4% (50.7) with a higher number of rooms available 682 (677), since a new mountain hotel, Rotunda, was opened. The hotels were occupied to full capacity during peak periods of the New Year and the Golden Week mainly by Polish and Russian speaking guests. Also thanks to investments into development of the hotels the average daily room rate (ADR) in the weighted average increased to EUR 59.40 (55.21), whereas each hotel recorded an improvement, and Grandhotel Starý Smokovec maintained the level of prior year.

KPIs of Hotel Portfolio

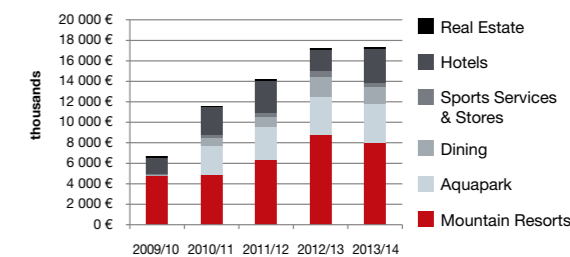


13.860 mil. (14.994), which means that operating profitability measured by EBITDA margin reached 33.7% (38.2).

Operating Revenues*



EBITDA*



* For better evaluation of the operating performance, the operating results are adjusted for one-off items and non-operating items. The 2013/14 EBITDA is adjusted for one-time expenses of EUR 286 thous. attributed to the SON resort after its acquisition in March 2014 and for the non-operating gain on revaluation of investment property of EUR 1,413 mil. The 2012/13 results are adjusted for non-operating other income from EBITDA contracts.

FINANCIAL OPERATING RESULTS

Mountains and Leisure

Despite the unfavorable summer weather and the extremely dry and mild winter the main segment of Mountains and Leisure, which includes subsegments of Mountain Resorts³, Aquapark, Dining, and Sports Services & Stores, recorded a 4.8% growth in revenues year-over-year to reach EUR 41.124 mil. (39.230). The revenues of the main segment make up 73% of the Group's total operating revenues. Despite the decrease in the number of visitors, the segment achieved improved revenues thanks to the diversified business model since the growing Dining subsegment recorded a 9.7% increase and Mountain Resorts were up 6.6%. Aquapark maintained the revenue level of prior year, whilst Sports Services & Stores were down 8.1%. The main segment's strongest quarter in terms of revenues, was the second quarter (February - April) thanks to a relatively better snow conditions in the second half of the winter season. The next most successful quarter was the first quarter, i.e. the beginning of the winter season (November - January). Operating profit before interest, tax and depreciation (EBITDA) decreased year-over-year to EUR

Mountain Resorts

Within the main segment of Mountains and Leisure, Mountain Resorts is the strongest subsegment in terms of revenues, with a 41.8% (40.3) share in total revenues. Its revenues come mainly from sale of ski passes in Jasná Nízke Tatry and Vysoké Tatry resorts⁴. Other revenues come from leases of billboards and other advertising space and from marketing events in the resorts and from fees for management consulting services to the Špindlerův Mlýn resort. In spite of the rather weak winter season 2013/14, TMR achieved a 6.6% revenue growth in Mountain Resorts in total of EUR 23.552 mil. (22.096). The best quarterly revenues in Mountain Resorts were reported in the second quarter (February - April), i.e. in the period covering the Main Season and the last month of Spring Skiing with discounted ski pass sales. In the winter season, the highest sales were again generated from sale of 1-day ski passes, although the number of sold 1-day ski passes was lower by 13%. On the other hand, the highest jump was in the sale of 5-day ski passes, +22%, with 6-day passes generating the second highest revenues in Mountain Resorts. The highest percentage leap was observed

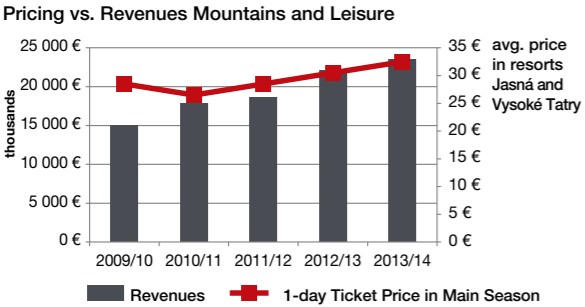
³ Excludes the results of the SON resort (acquired in March 2014) and Špindlerův Mlýn (Melida a.s.), which is classified as a financial investment according to IFRS.

⁴ Does not include revenues of the resorts SON (acquired in March 2014) and Špindlerův Mlýn (Melida a.s.), which is classified as a financial investment according to IFRS.

in sale of 10-day Slovakia Super Skipasses; 174% more of them were sold last season compared to prior year.

Mountain Resorts' EBITDA decreased to EUR 7.945 mil. (8.838), and, consequently Mountain Resorts reached operating profitability of 33.7% (40.0)⁵. The decrease in EBITDA is attributed to higher costs for snowmaking due to the mild and dry winter season and to higher costs related to launching of new cableways.

The revenue growth despite having a decrease in the number of visitors of 6.4% was possible also with the help of numerous marketing events, barbers, and thanks to increase in ski pass (e.g. 1-day ticket in the Main Season increased by EUR 2.00), and, consequently, higher average revenue per visitor, although with online sales prices were kept at the level of prior year. The higher prices of ski passes were justified by capital investments made in prior periods, such as the complex project of interconnecting both sides of Chopok Mountain by three ultra-modern cableways, or expansion of ski trails and snowmaking in both Tatra resorts, or additional parking capacities.



Aquapark

The past year of 2013/14 was the third year of Aquapark Tatralandia's operation under TMR's management. Revenues from sale of the aquapark's entry tickets make up 13.6% (14.1) of total revenues. The revenues reached the level of prior year at EUR 7.672 mil. (7.677) despite the 5.6% decrease in the visit rate thanks to a progressive pricing policy. The strongest revenues were reported for the fourth quarter (August - October) thanks to a long warm and dry fall, even though the all-year concept of the Aquapark generates revenues throughout the whole year. Despite the fact that Aquapark revenues remained the same year-over-year, operating expenses, mainly fixed costs decreased year-over-year thanks to cost optimization, EBITDA improved by 6.1% to EUR 3.864 mil. (3.642), and thus, Aquapark operating profitability jumped 2.9 percentage points to 50.4% (47.4). The improvement in EBITDA margin is attributable also to synergic activities within the Company in sales, purchase, human resources and marketing.

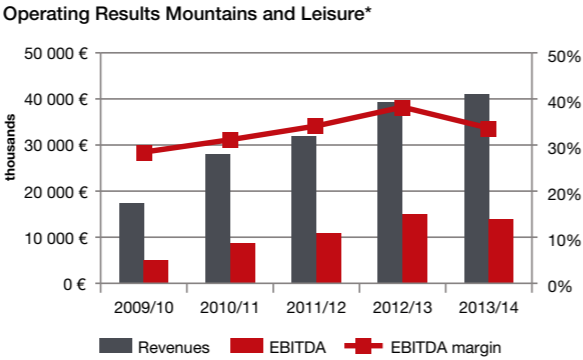
⁵ EBITDA is adjusted for one-time expenses of EUR 286 thous. attributed to the SON resort after its acquisition in March 2014 and for the non-operating gain on revaluation of investment property of EUR 1,413 mil.

Dining

Revenues of this subsegment come from the Company's restaurants and après-ski bars in Jasná Nízke Tatry, Vysoké Tatry and Tatralandia. The last year's revenues of this segment make 13.2% (12.5) of total revenues, and its share keeps rising each year. This increasing share is evidence of the lasting trend of growing client demand for ancillary services in the resorts, and therefore, TMR sees further growth potential in this subsegment. The subsegment's strongest revenue quarter was the second quarter (February - April), the same as in Mountain Resorts. Total revenues of this subsegment reached EUR 7.445 mil. (6.786), which means an increase of 9.7% - the greatest one within the Mountains and Leisure segment. Operating profitability of this subsegment reached 22.3%, with EBITDA lowering to EUR 1.662 mil. (1.938). This subsegment's success is partly dependent on success of the resorts, as Dining provides supplementary services in the Mountain Resorts. However, guests compensated for the unfavorable winter weather with ancillary services, so they visited dining facilities on and off the slope more often. The growth was boosted by opening of new operations in the resorts Vysoké Tatry, Jasná and Tatralandia Tropical Paradise; and by numerous marketing events during the year.

Sports Services & Stores

Revenues generated from sports stores, ski schools, ski rent and service in the Mountain Resorts under the Tatry Motion brand last year made up a 4.4% (4.9) share in total revenues. Revenues from this subsegment are closely related to the visit rate in Mountain Resorts, so they decreased to EUR 2.455 mil. (2.671). As these supplementary services are used mainly in the winter season, the strongest quarter was the first one (November - January), followed by second quarter (February - April). Operating profitability was the lowest of the subsegments - 15.8%. EBITDA was recorded at EUR 388 thous. (576).

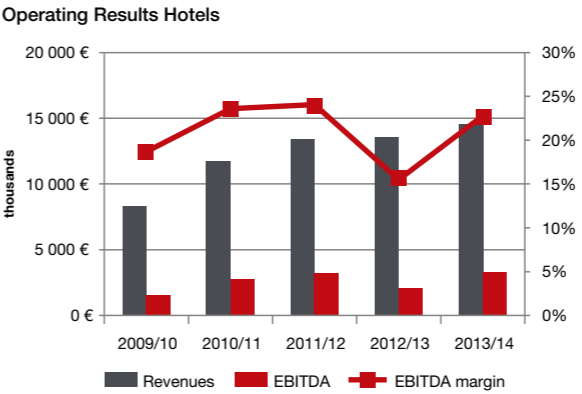


* The operating results are adjusted for one-off items and non-operating items. The 2013/14 EBITDA is adjusted for one-time expenses of EUR 286 thous. attributed to the SON resort after its acquisition in March 2014 and for the non-operating gain on revaluation of investment property of EUR 1,413 mil.

Hotels

The Group's second largest segment is Hotels, revenues of which make up a 25.8% (27.4) share in total revenues. Hotels ended the financial year with revenues amounting to EUR 14.532 mil. (13.534⁶) - a 7.4% growth like-for-like. The strongest quarter of this segment was the second one (February - April), following Mountain Resorts, closely followed by the first quarter (November - January) during which the hotels reach maximum occupancies mainly thanks to Polish and Russian- speaking guests that tend to book their stays well in advance regardless of weather conditions. Besides the higher average occupancy, the increased Hotels revenues are also attributable to a higher ADR of the hotel portfolio and synergic effects with Mountain Resorts and Aquapark, supported by active marketing and the effect of the completed capital investments in the hotels from prior periods aimed at the hotels' enhancement. Operating profit before interest, tax and depreciation increased by record 57.8% to EUR 3.307 mil. (3.449), corresponding with EBITDA margin of 22.8% (15.5).

Explanations
() - data in brackets refers to the corresponding value of previous period
ADR - Average daily room rate
EBITDA - Earnings before interest, taxes, depreciation, and amortization
FY - financial year, period from 1 November to 31 October
KPIs - Key Performance Indicators
p.p. - percentage points
mil. - millions
thous. - thousands
Change yoy - change year-over-year



Real Estate

The last year's revenues of the Real Estate segment come from lease of Hotel Ski &Fun, Hotel Liptov, Kosodrevina Lodge, and Hotel Slovakia to third parties and from sale of recreational real estate, in the past year mainly from sale of bungalows of Holiday Village Tatralandia. Other real estate projects have not been realized yet. Real Estate revenues make up 1.2% of total revenues and they reached the level of EUR 653 thous. (229) and EBITDA of EUR 118 thous. (123) with EBITDA margin of 18.0% (53.8). As for the completed real estate project Grand Residences Tatranská Lomnica, no sale was closed during the reported period. This project is being used as hotel suites of Grandhotel Praha Tatranská Lomnica.

⁶ The 2012/13 Hotels results are adjusted for non-operating other income from EBITDA contracts.

GROUP'S POSITION AT THE END OF THE YEAR



Group's Position at the End of the Year

FINANCIAL POSITION

Liquidity

As of the end of 2013/14 the Group operated with liquid funds in the amount of EUR 11,050 mil. (15.641). Thereof, cash and cash equivalents amounted to EUR 3.903 mil. (4.280) and current loans granted to J&T Private Equity B. V. with a fixed 6.5% interest rate were at EUR 7.147 mil. (9.343) (See Consolidated Financial Statements, Item 21). Bills of exchange were repaid during the year.

Borrowings

The total value of the Group's borrowings amounted to EUR 228.144 mil. (213.115). out of that issued bonds are valued at EUR 184.417 mil. During the year the Company issued two tranches of bonds - senior bonds TMR I 4.50%/ 2018 with the nominal value of EUR 70 mil. and junior bonds TMR II 6%/ 2021 with the nominal value of EUR 110 mil. The total value of the Group's bank loans as of the end of the period came to EUR 43.737 mil. (38.728). In July 2014 TMR began to draw a new loan from Tatra banka with the total credit line of EUR 9 mil. for financing of investment projects. As of the end of the period, the amount of funds drawn from the new bank loan was EUR 5 mil. The Group draws all of its bank borrowings from Tatra banka and Polish Powszechna Kasa Oszczedności Bank Polski. The value of borrowings with maturity within 12 months was EUR 10.035 mil. (9.846). During 2013/14 none of the loans matured. The average

interest rate on the bank borrowings for the year came to 3.37% (2.93). Interest coverage ratio notably decreased to 0.7x (11.3) due to the bonds issue described above. As a result of the above-mentioned factors, the level of the Group's debt as of the period end was at 69.0% (67.7) (total debt-to-capital ratio). Total debt-to-EBITDA ratio increased to 12.4 (11.48) (See Consolidated Financial Statements, Item 28, 32).

Total Assets

The book value of total assets increased to EUR 359,619 mil. (345.504). The value of current assets slightly decreased to EUR 41,029 mil. (56.582), whilst other receivables fell by EUR 10.742 mil. due to the repayment of bills of exchange payable at sight in order to finance CAPEX. On the other hand, non-current assets rose to EUR 318.590 mil. (288.922) due to an increase in fixed assets to EUR 281.328 mil. (261.456) as additional investments were completed and added to the Company's property, plant and equipment. The key investments included in resort the Jasná Nízke Tatry a new 6-seat cableway at Lúčky; a new parking lot at the entrance station of Chopok South at Krupova; restaurant and hotel Rotunda at the top of Chopok Mountain; and shielding of a cableway at Chopok South. In the resort Vysoké Tatry a 15-person gondola was

Financial Position in €'000	October 31	
	2013/14	2012/13
Total Assets	359 619	345 504
Non-current Assets	318 590	288 922
Fixed Assets	281 328	261 456
Other Non-current	37 262	27 466
Current Assets	41 029	56 582
Liquid Assets	11 050	15 641
Equity	102 312	101 477
Liabilities	257 307	244 027
Non-current Liabilities	232 305	48 021
Current Liabilities	25 002	196 006
Total Debt	228 144	213 115

launched at Tatranská Lomnica. In Aquapark Tatralandia the new Restaurant Medrano was opened. With the acquisition of the SON resort its equipment, buildings and land were added into the Company assets, as well.

Equity

The book value of shareholders' equity amounted to EUR 102.312 mil. (101.477), whilst retained earnings and other funds totaled EUR 24.097 mil. (17.493).

CASH FLOW

Cash flow generated from operating activities reached EUR 15.344 mil. (13.706). Cash flows assigned for investment activity reached EUR -23.732 mil. (-27.439), whilst EUR -27.487 mil. (-36.710) covered CAPEX. Management-adjusted CAPEX of EUR 7.5 mil. were evaluated for the calendar year as opposed to IFRS. Cost of business combinations totaling EUR -7.024 mil. (-7.346) include costs of acquiring 97% of the SON resort in Poland. The Company recorded cash flows generated from financing activities in the amount of EUR 8.011 mil. (14.900). The Group recorded proceeds from bills of exchange repaid by J&T Private Equity in the amount of EUR 11.372 mil., upon which these interest-earning bills of exchange were repaid in full.

OUTLOOK

Management expects continuing positive effects stemming from capital investments of prior periods totaling EUR 200 mil. with impact on the next financial year and following periods, in terms of increasing the visit rate, client spending in the resorts, and growing occupancy in the hotels, especially in the off-season. Management also sees a growth potential on new markets thanks to new airline connections connecting the Tatras with London and the Baltic region. Following the lasting trend

of demand for complementary services (described in Market Analysis and Trends), Management expects further growth in the subsegments of Dining and Sports Services & Stores similar to the previous year. All these factors should generate organic growth in the Group revenues and operating profitability. In the short term Management will be focusing on quality management, on increasing the quality of services provided and of Human Resources, and on active sales strategy also through the GOPASS program. In the midterm horizon Management plans to initiate realizing the project of modernization of the Polish SON resort and to integrate it into the Group. It also expects to finalize the terms of the strategic investment into the modernization project of the Silesian Amusement Park in Poland and to initiate its realization.

Explanations

Total Debt-EBITDA ratio - is calculated as a sum of current and non-current loans and borrowings and other current liabilities to the amount of liabilities towards shareholders from the decrease of share capital, divided by EBITDA for the reported period

EBITDA - earnings before interest, taxes, depreciation, and amortization

Interest coverage ratio - measures ability to cover the company's interest expense, and it is calculated as operating profit EBIT divided by interest expense for the reported period

EBIT - (earnings before interest and taxes), operating profit

Cash Flows in €'000	November 1 - October 31	
	2013/14	2012/13
Net Cash from Operating Activities	15 344	13 706
Net Cash from Investing Activities	-23 732	-27 439
Net Cash from Financing Activities	8 011	14 900
Net Increase in Cash and Cash Equivalents	-377	1 167

CORPORATE SOCIAL RESPONSIBILITY



Corporate Social Responsibility

ENVIRONMENT AND COMMUNITY

TMR owns and operates significant centers of tourism in mainly in Slovakia. A big portion takes place in the area of national parks. The Company 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

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

The goal of TMR is to conduct business activities with a minimum energy and fuel consumption. With this goal in mind the Company also adapts its capital investments into new cableways. These new cableways 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. In addition to the selection of energy efficient cableways TMR also cares for the correct choice of trail-grooming vehicles that have lower emissions and thus decrease the impact on the environment.

Projects of 2013/2014

TMR's projects of 2013/2014 refer to activities of prior periods, when TMR made an active contribution to restoration of the areas, in which TMR's business activities are performed. The company was also proactive in preparation of educational activities focused on various age groups of the population.

TMR was very active in entering into the process of establishing and development of cooperation with district tourist organisations (DTOs). TMR is a member of five DTOs

covering the whole region of the Company's operation. It includes the following DTOs:

- DTO High Tatras Region
- DTO Liptov Region
- DTO Jasná
- DTO Low Tatras
- DTO Liptovský Ján Turizmus

All the aforementioned organisations developed projects of common communication and/or support to the regional infrastructure aiming to improve their establishment at the market of tourism. The parties involved managed to put together funds of businesses operating in tourism and local governments; and, in accordance with the Act on Tourism, the state contributed to the projects in form of grants; as a result funds were raised for common support of the regions.

In 2014 DTOs Jasná, Liptovský Ján Turizmus, and Liptov Region merged, whilst the DTO Liptov Region is the successor organization that oversees all mutual projects in the region. The DTO Liptov Region operated with the budget of more than EUR 1.5 mil. It ran several projects to support summer and winter tourism, and to make regional services more attractive - the project Seven treasures of Liptov, operation of a ski & aqua bus, Liptovian Star 2014, and launch of the application Liptov. The DTO was active in the project the Cycling Region Liptov - marking of new tracks, posting of information boards, support of cycling by distributing cycling maps, and promotion of cycling tracks and the Liptov region as a "cycling region" in specialized cycling magazines. The key mutual projects included the discount card Liptov Region Card, which more than 106 thous. Liptov tourists applied for in 2014. The organization supported several events (The World Junior Cup Jasna 2014, Opening of the summer and winter season in Liptov). As part of the region support, marketing activities on new markets (Ukraine, the UK, Baltic region) included an online and print campaign. The DTO also helped with preparation of promotion material, attended various conventions, workshops, and exhibitions, was active in regular PR, press releases, support of infotours, etc.

The High Tatras' DTO, High Tatras Region made a contribution to the common projects in the amount of EUR 594 thous. (membership fees + grant). The key events included - Tatry Ice Master, Venetian Night at Štrbské pleso, Bear Days at Hrebienok, Marmots at the Lake, Tatra Christmas, and construction of a new attraction at Hrebienok - Tatry Ice Dome, which was available to visitors from December to March. Common promotion materials were made, such as maps, guides, accommodation catalogue, a cycling guide. The High Tatras DTO sponsored the entire TATRY Card project. Infotours were organised



for media and for tour operators from Poland, Czech Republic, Hungary, Russia, Ukraine and Belorussia. The DTO attended fairs and exhibitions in the following cities: Warsaw, Krakow, Rzesow, Prague, Budapest, and London. High Tatras Region had its own exhibition stand at ITF Slovakiatour. Besides other use, the common funds were spent for media campaigns focused on traditional target markets - Slovakia, Poland and the Czech Republic plus new markets: Baltic countries and London. It supported marketing of the new airline connection London - Poprad and Riga - Poprad. High Tatras Region DTO, with a strong tradition of cross-country skiing spent common funds for treatment of cross-country ski courses and tracks at Štrbské Pleso, Tatranská Lomnica and in the surroundings of Starý Smokovec. The DTO's environmental projects included landscaping of common open spaces and frequently visited parks at Starý Smokovec, Tatranská Lomnica and Štrbské Pleso. The DTO provided a comprehensive sponsorship to free aqua-ski bus transportation for all visitors during the winter season. During summer months, bike routes were mapped, route markings were renovated and all resulting information was included in the web site and promotion materials. During the summer a new free maps app was launched for the High Tatras. Users can download to their cell phones all trails, points of interest, cycling and running tracks and can find out about restaurants, sports stores, pharmacies, sports rentals, and key contacts. The DTO was as supporter of great sports events, such as Tour de Pologne, it equipped TIKs with new technology, purchased new furniture, painted the interior, helped with the camera system, welcome boards in Vysoke Tatry and with information boards at Štrbské Pleso.

All TDOs supported their common image magazine for visitors of Tatras named TATRY MAGAZÍN. The magazine provides a lifestyle communication of attractions, events, prominent people and news in the broad Tatra region. Education promoting positive approach to nature is apparent in many of the Company's activities. The key projects focused on such tutorial and educational tasks are projects such as The Treasure of Demian, the Dragon, Tatra Wilderness, Snow Dogs and Bear Days.

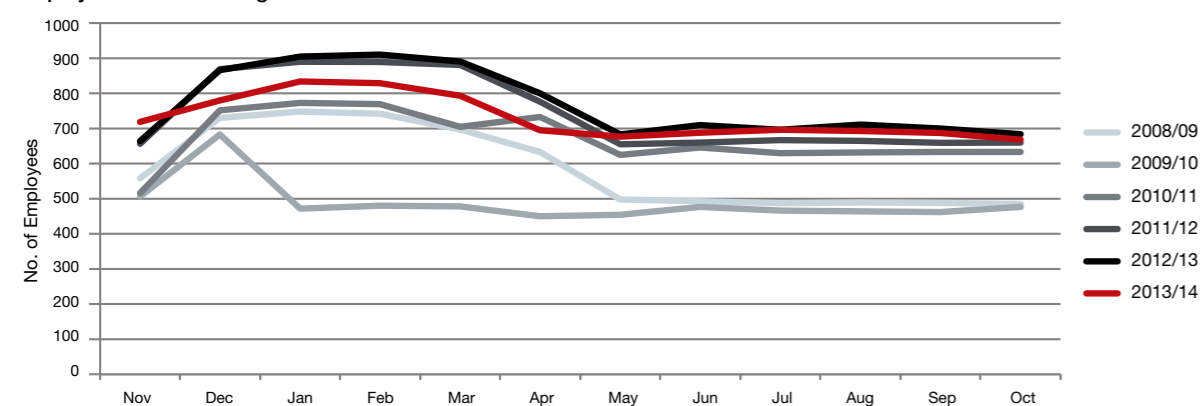
During summer families with children discovered secrets of the mountains and Demänovska Valley, looking for traces of the Demian, the Dragon. An educational trail for children covering even larger area is presently under construction in High Tatras. The nature trail named Tatry Wild resulted from TMR's cooperation with the State Forests Enterprise of TANAP National Park and the Management of TANAP National Park. The trail is accessible free of charge. This project gradually expands from Tatranska Lomnica, through Hrebienok to Štrbské Pleso. The most attractive part of the project is the eco-mini park Marmot Cave at Skalnaté Pleso - an environment-friendly educational and fun park for children.

The company proactively supports sport events in its resorts, either as a partner or as a sponsor. In the last period, TMR actively participated in the following sports races :

- Jozef Krasula Memorial
- Skialp Grandtour Finals of the Snowboard Cup 2014
- Snowboard Slopestyle
- Ski & Golf Slovakia
- Žampa Cup 2014
- Krčmár Skap
- The Children's Comet Day
- Tatry running tour
- Tour de Pologne
- Goulash Cup
- Skalnaté pleso Run
- Slovak Alpine Ski Cup
- Uphill Run Jasná - Chopok
- Vladimir Plulík Memorial
- Sony Ericsson Snowboard Fest 2014
- XIIth Championship in Downhill Skiing
- Sports weekend in the Tatras with TV JOJ, incl. Extreme Run and Rajec High Tatras Night Run
- Race from the Tatras to the Danube River



Employment Trend during 2008-2014



HUMAN RESOURCES

TMR ranks among the largest employers providing tourist services in the High Tatra and Low Tatra regions. Considering the trends existing in the labor market in FY 2013/14, activities of the Human Resources (HR) department were focused on the stabilization of jobs, reduction of employee turnover and improvement of human resources management processes.

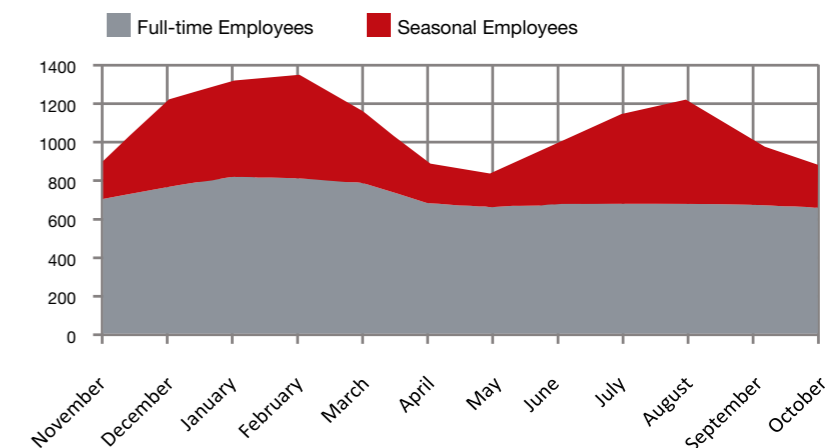
Developments in Human Resources in 2013/14

As of the end of 2013/14, the average number of employees increased to 1,018 (1,334) year-over-year. This proves that the Group is regarded as a major and reliable employer in this region. The Group business segment is influenced by seasonality in jobs. It is mainly the period before the winter season that the Group hires hundreds of full-time employees and employees working under agreements on work performed outside employment. The highest headcount is observed during December - March and June - September due to seasonality.

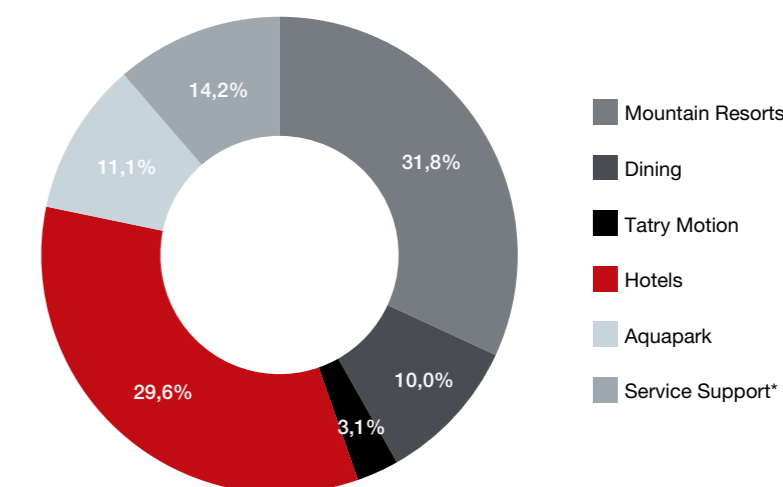
In order to optimize efficiency in the HR department and also because of the development of the job market, TMR employs a great portion of seasonal employees through HR agencies.

In 2013/14 the Group published 80 vacancies (63) and 4,027 job applicants (3,834). The increase in vacancies is caused by opening of new operations in the resorts. 39% of seasonal employees keep coming back for the peak season. Thus, TMR can focus on improving the quality of staff and staff training to retain the quality of services provided. Human resources management aims to further develop itself as a modern company, which cares for the personal growth of its employees and therefore, internal

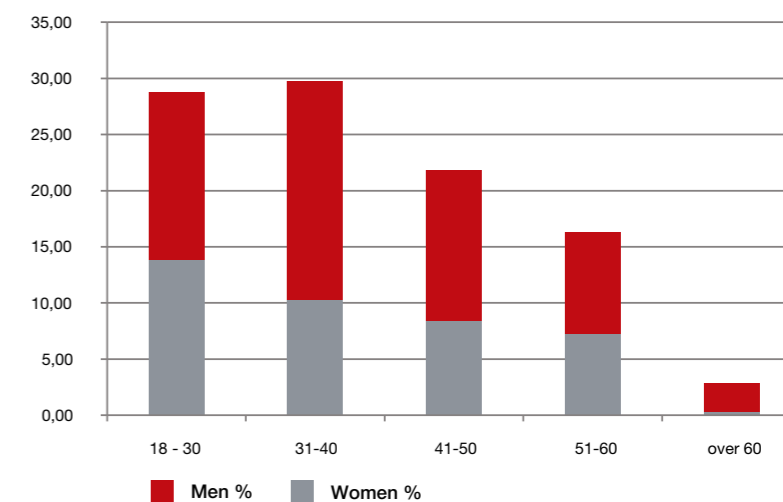
Employment at TMR in 2013/14



Permanent Employees by Category



Employees' Age Structure



* The Service Support refers to staff responsible for real estate projects, marketing, HR and business records.

recruitment is preferred if possible. There was a 2.4% decline in the number of employees, which proves that even with launching of new operations during the year, we are managing our human resources more effectively.

TMR strives to maintain equal employment opportunity and employs 59% men and 41% women, even though since the prior year the ratio has changed by 10% in favor of men. The majority 30% of employees are between 31 and 40 years old. TMR gives a chance to young people who have not yet had the opportunity to gain professional experience. This statement is proven by the fact that 29% of our employees fall into the age category of 18-30 years. Altogether, 59% of our employees are younger than 40.

Projects

The long-term goal of TMR's HR is to create room to grow to all our employees. It is important to create conditions for the ongoing and systematic sharing of knowledge and experience of more experienced employees with other employees. For that purpose management launched the Internal Academy project, where skilled employees become trainers and explain practical situations and new trends to their colleagues.

The key performance indicator of our employees is the level of satisfaction of our clients and their returning to TMR's resorts. Services provided at high quality are the goal of the third pillar of TMR's corporate strategy. The action steps to achieve this include various key projects, such as implementation of quality management, KPI setup and remuneration setup. This project is in early stages.

The program of continuing employee learning is one of key goals of the HR management. Training runs at every level with regards to each specific role. A wide range of internal courses is a result of intense cooperation of individual segments and the HR management.

During the period we ran another phase of the key project - Analysis of innovation, corporate identity, and identification potential. 125 managers of all levels took part in the project. The goal was to gain knowledge on how to manage projects in practice. From this group lecturers recommended 30 employees, who are to be further trained to become project managers, who will be managing various projects within TMR. We completed the project in November 2014.

We continued with the project "Change for everyone". The goal is to create conditions for employees to be motivated

to make changes.

For the second year TMR ran the Talent Academy, goal of which is to support talents and provide them opportunities to move forward with their basic management skills. The intention after the project is to continue employee education from own sources and that way to insure constant inflow of information and new industry trends with focus on improving hard and soft skills.

TMR runs an adaptation project for new hires, including internal employees who move to a new job as part of their career growth based on the results of the hiring process. The adaptation process aims to ensure, in real time, as good performance as possible and employee self-activity. After one year of the project running live, our employee turnover has dropped 9% and their learning curve has improved significantly.

Cooperation with Schools and Universities

TMR puts great emphasis on developing relations with high schools and universities so that the Group proactively seeks access to this source of skilled and highly professional employees. TMR intensively cooperates with institutions and schools and is in process of implementing dual education in TMR. We see here great potential for students to integrate this way into the Group.

Social Program

TMR's sophisticated social program includes a number of activities aimed at the maximum consolidation of TMR staff to make them respect each other's work, understand each other and identify themselves with TMR's objectives in order to develop corporate culture and create an atmosphere of corporate fellowship. With these activities TMR aims to provide its employees with access to services in TMR's portfolio, thus improving their awareness of TMR's products and, last but not least, spreading the word-of-mouth.





CORPORATE GOVERNANCE

Corporate Governance

CORPORATE GOVERNANCE PRINCIPLES

TMR's corporate governance is regulated by the principles and methods outlined in the Company Articles, TMR's Code of Conduct, in the Corporate Governance Code of companies in Slovakia, in the Rules of Organization and in the set of managing acts (guidelines), which are published at the Company's registered office. The aforementioned principles and methods are communicated to the Company's employees.

CORPORATE BODIES AND MANAGEMENT

BOARD OF DIRECTORS

The Board of Directors is a statutory body of Tatry mountain resorts, a.s. The Board of Directors regulates the Company's activities and decides all Company matters, unless legal regulations or the Company's Articles stipulate that such matters fall under the competence of the General Meeting or the Supervisory Board. Besides other documents, the Board of Directors submits the draft investment and financial plan for approval by the Supervisory Board and is responsible for meeting the plan. The Board of Directors submits the Company Articles for approval by the General Meeting. The Board of Directors convenes the General Meeting at least once a year.

The power to act on behalf of the Company in all matters is always held jointly by two members of the Board of Directors. Members of the Board of Directors are elected and removed by the Supervisory Board. The term of office of members of the Board of Directors is five years; re-election is not allowed. Additionally, the Supervisory Board shall appoint the Chairman and the Vice-Chairman of the Board of Directors from among the members of the Board of Directors.

The Board of Directors does not have its own Statute or Committees.

The Board of Directors holds sessions as necessary; at least once in two months. The Board of Directors holds a quorum if a session is attended by a majority of all members of the Board of Directors. A decision of the Board of Directors is adopted if more than half of the members of the Board of Directors voted in the affirmative.

As of 31 October 2014, the Board of Directors comprised six members:

- **Bohuš Hlavatý** - Chairman of the Board of Directors
- **Branislav Gábriš** - Vice-Chairman of the Board of Directors
- **Jozef Hodek** - member of the Board of Directors
- **Andrej Devečka** - member of the Board of Directors
- **Dušan Slavkovský** - member of the Board of Directors
- **Michal Krolák** - member of the Board of Directors

Members of the Board of Directors

- **Bohuš Hlavatý** - Chairman of the Board of Directors and CEO of TMR since 29/06/2009



In June 2009, Ing. Hlavatý was first elected as a member of the Company's Board of Directors and as the Chairman of the Board of Directors. On 27/05/2014 he was reelected as a member of the Board of Directors and its Chairman, effective as of 30/06/2014. Since 2009, Mr Hlavatý also holds the office of the Company's Chief Executive Officer. Under his leadership, TMR underwent a successful revitalization and started making use of synergies with its subsidiaries. He managed the successful issue of TMR shares on the Bratislava Stock Exchange. Since 2006 he has held a number of senior managerial positions in hotel and tourism sectors in the High and Low Tatras. In 2006 - 2008 he held the position of CEO of JASNÁ Nízke Tatry (predecessor of TMR) and CEO of Tatranské lanové dráhy (Tatra Cableways). Previously, he held top managerial positions at Slovak, Polish and Czech FMCG companies: Vodní sklo Brno (Vice-Chairman of the Executive Board 2003 - 2006), Wyborova SA (Pernod Ricard Poland) (Sales Director 2001 - 2003), Seagram Poland (Sales Director 1999 - 2001), Seagram Slovakia (Sales Director 1995 - 1999), and BOBI Slovakia (since 1997 Kimberley Clark) (Director 1994 - 1995).

Since November 2006 Ing. Hlavatý has been a partner and a legal representative in BAKK s.r.o. Since 17/02/2014 he has held the role of vice-chairman of the board of directors of Czech companies ŽS REAL, a.s. and STAVCOM-HP, a.s. he is also a member of the supervisory board of KORONA ZIEMI SPÓŁKA Z OGRANICZONA ODPOWIEDZIALNOSCIA, Zawoja, Poland.

Number of shares held as of 31 October 2014: 710

- **Jozef Hodek** - member of the Board of Directors and CFO of the Company since 29/06/2009



Mr. Hodek was first elected as a member of the Board of Directors in June 2009. On 27/05/2014 he was reelected, effective as of 30/06/2014. He joined the Company as the Chief Financial Officer in 2007; later he was engaged in the financial consolidation of the companies which now are members of TMR. From 2008 to 2009, he held the position of Chief Financial Officer of Tatry mountain resort services, a.s., which merged with TMR. He was

engaged in TMR efficiency improvement processes, the issue of new shares and listing on the Bratislava Stock Exchange. Previously, in 2006 to 2007, he worked in the audit department of Pricewaterhouse Cooper Slovakia. He graduated from the University of Economics, Faculty of Business Informatics in Bratislava.

Since August 2012 Mr. Hodek has also sat on the supervisory board of Melida, a.s.

Number of shares held as of 31 October 2014: 431

- **Branislav Gábriš** - Vice-Chairman of the Board of Directors since 18/02/2011



Mr. Gábriš was elected as a member of the Board of Directors and as Vice-Chairman of the Board of Directors in February 2011. Previously, he worked as an IT Manager in the real estate company NITRA REAL GROUP, a.s., where held the position of Chairman of the Board of Directors. He is a graduate (master's degree: M.Sc.) of the University of Technology in Košice.

Besides serving on the Board of Directors of TMR and NITRA REAL GROUP, Ing. Gábriš is a legal representative at PARMA EXIM, s.r.o., XETA, s.r.o. and SANUS Real, s.r.o., and chairman of the Board of Directors at Tatralandia a.s., TAVIS, a.s., and STAVCOM-HP a.s., and vice-chairman of ŽS Real a.s.

Number of shares held as of 31 October 2014: 0

- **Andrej Devečka** - member of the Board of Directors since 22/12/2011



Mr. Devečka was elected as a member of the Board of Directors in December 2011. Since 1991 he has been an owner, businessman, co-owner, executive and member of the Supervisory Board in a number of companies. Previously, he held the position of Senior Manager in Tesla Liptovský Hrádok, a technology machinery company. He graduated from the University of Technology in Liptovský Mikuláš, with a specialization in microelectronics and laser technology.

Besides serving on the Board of Directors of TMR Ing. Devečka serves as a legal representative at HOLLYWOOD C.E.S., s.r.o.

Number of shares held as of 31 October 2014: 500

- **Dušan Slavkovský** - member of the Board of Directors since 22/12/2011



Mr. Devečka was elected as a member of the Board of Directors in December 2011. Since 1991 he has been an owner, businessman, co-owner, executive and member of the Supervisory Board in a number of companies. Previously, he held the position of Senior Manager

in Tesla Liptovský Hrádok, a technology machinery company. He graduated from the University of Technology in Liptovský Mikuláš, with a specialization in microelectronics and laser technology.

Besides serving on the Board of Directors of TMR Ing. Devečka serves as a legal representative at HOLLYWOOD C.E.S., s.r.o.

Number of shares held as of 31 October 2014: 500

- **Michal Krolák** - member of the Board of Directors since 18/02/2011 and Director of Hotels and Dining



Mr. Krolák was elected as a member of the Board of Directors in February 2011. He joined the Company in March 2006, and since then has participated in the development and operation of the network of restaurants and dining facilities in the High Tatras and Low Tatras. Since 2010 he has also been

responsible for the coordination and development of hotels in TMR. He actively cooperates with a number of Alpine resorts and hotels; this allows him to apply innovative methods for the development of the segment in the Tatras, and the resulting effect is the growth of sales. Previously, he held the positions of Hotel Manager at Grandhotel Starý Smokovec and the position of F&B Manager at Hotel Slovan in Košice. During his university studies, he participated in the start-up and development of a travel agency and ski school at Štrbské Pleso. In 2005 he established and started a travel agency which organized social and gastronomic events in the Tatras and other locations.

Besides his roles at TMR, Ing. Krolák serves as a legal representative at ESPERANZA Travel, s.r.o. and HT Service s.r.o.

Number of shares held as of 31 October 2014: 157



Remuneration of Members of the Board of Directors

Remuneration of members of the Company's Board of Directors is governed by “Remuneration Rules for Members of the Board of Directors of Tatry Mountain Resorts, a.s.” (hereinafter only the “Remuneration Rules”), approved by the Company’s Supervisory Board on 12/09/2013and by contracts on office signed between members of the Board of Directors and the Company, and approved by the Company’s Supervisory Board.

In accordance with the Remuneration Rules and the signed contracts on the performance of the office, the following remuneration is paid to members of the Board of Directors:

- **Basic Flat Remuneration:** the amount is defined on an individual basis for each member of the Board of Directors, upon decision of the Supervisory Board when electing the member of the Board of Directors;
- **Extraordinary Bonuses** are paid to members of the Board of Directors after meeting the criteria defined in the Remuneration Rules. The amount of bonuses for members of the Board of Directors and deadlines for their payment are defined in the Remuneration Rules, which are tied to meeting the plan based on EBITDA. The total amount of extraordinary bonuses of the Board of Directors shall not exceed 1% of the Company’s EBITDA.

For the year ending 31 October 2014, basic remuneration totaled EUR 147 thous.

SUPERVISORY BOARD

The Supervisory Board is the Company’s supreme monitoring body. It supervises the exercise of the Board of Directors’ competences and performance of the Company's business activities. The Supervisory Board, inter alia, approves draft financial plans submitted by the Board of Directors, significant investments and other material, financial and business transactions for the relevant financial year, approves the rules for the remuneration of members the Board of Directors and reports to the General Meeting regarding results of its monitoring activities.

The Supervisory Board is comprised of nine members. The term of office is five years, and re-election is not allowed. Members of the Supervisory Board are elected and removed by the General Meeting. If, at the moment of an election, the Company employs more than 50 employees on full-time employment, two thirds of the members of the Supervisory Board are elected and removed by the General Meeting and one third is elected and removed by the Company’s employees.

The Supervisory Board elects the Chairman and Vice-Chairman of the Supervisory Board from among its members.

As of 31 October 2014, the Supervisory Board was comprised of nine members:

- **Igor Rattaj** - Chairman of the Supervisory Board, elected by the General Meeting;
- **František Hodorovský** - Vice-Chairman of the Supervisory Board, elected by the General Meeting;
- **Jiří Uvíra** - member of the Supervisory Board, elected by the General Meeting till 12/04/2014;
- **Adam Tomis** - member of the Supervisory Board, elected by the General Meeting from 12/04/2014;
- **Pavol Mikušiak** -member of the Supervisory Board, elected by the General Meeting;
- **Boris Kollár** - member of the Supervisory Board, elected by the General Meeting;
- **Roman Kudláček** - member of the Supervisory Board, elected by the General Meeting;
- **Ján Štetka** - independent member of the Supervisory Board, elected by TMR employees;
- **Peter Kubeňa** - independent member of the Supervisory Board, elected by TMR employees;
- **Miroslav Roth** - independent member of the Supervisory Board, elected by TMR employees.

Changes during the year:

12/04/2014 - the Annual General Meeting reelected Ing. Igor Rattaj as a member of the Company Supervisory Board, effective as of 30/06/2014.

12/04/2014 - The Company shareholders at the Annual General Meeting, based on a shareholder proposal, removed Jiří Uvíra from his role of a member of the Supervisory Board and elected Adam Tomis a new member of the Supervisory Board.

27/05/2014 - at the Supervisory Board’s Meeting the members reelected Igor Rattaj as the Chairman of the Supervisory Board.

Members of the Supervisory Board

- **Igor Rattaj** - Chairman of the Supervisory Board since 29/06/2009

Mr. Rattaj has held the office of the Chairman of the Supervisory Board since June 2009, when he was elected by the General Meeting as a member of the Supervisory Board and reelected by the General Meeting on 12/04/2014. He has extensive experience in financing. Additionally, he is a member of Supervisory Boards and an Executive in a number of companies. He worked as Director for Trading with Securities in J&T Securities. Previously, he held the position of Vice-Chairman of the Board of Directors and

Director for Private Banking at “Podnikatelská banka” in Prague. He graduated from the Slovak University of Technology, Faculty of Electrical Engineering in Bratislava.

Besides his role as TMR’s Chairman of the Supervisory Board, Ing. Rattaj holds positions as a member of the Board of Directors of 1. Garantovaná, a.s., Capital Industrial, a.s., GALAXO, a.s. and MELIDA, a.s., as a legal representative at KPRHT 5, s. r. o., Thalia s.r.o., and RCBT, s. r. o., as a member of a supervisory commission of an agricultural union of MENGUSOVCE, as a member of the Supervisory Board of RIVERSAND a. s., Snowparadise a.s., SOLIVARY akciová spoločnosť Prešov in liquidation, ŠTÚDIO KOLIBA a.s, FOBOS INVEST, a.s., HAMBRAND a.s., and as a partner at BEB, s.r.o.

Number of shares held as of 31 October 2014: 3,300

- **František Hodorovský** - member of the Supervisory Board since 18/01/2011

In January 2011, Mr Hodorovský was elected by the General Meeting as a member of the Supervisory Board and, at the same time, he was elected by the Supervisory Board as Vice-Chairman of the Supervisory Board, as the owner of Tatralandia, which was acquired by the Company. Since 1996, he has held various positions as a legal representative, partner and shareholder in various companies operating in the tourism industry. He graduated from the University of Economics in Bratislava, Faculty of Business Management.

Besides his role as TMR’s member of the Supervisory Board, Ing. Hodorovský serves as a legal representative in BELGOMET, s.r.o., , ELAFINA, s.r.o., FOREST HILL COMPANY, s. r. o., MINERVASIS, s.r.o. , SLOVKARPATIA DANUBE, s. r. o. , SLOVKARPATIA, s.r.o. a TLD, s. r. o.; as a partner in E-is-W, s.r.o., DITERGO, s.r.o., and as a member of the Board of Directors at SUERTINVEST, a.s.

Number of shares held as of 31 October 2014: 0

- **Jiří Uvíra** - member of the Supervisory Board since 18/01/2011 to 12/04/2014

In January 2011, Mr. Uvíra was elected by the General Meeting as a member of the Supervisory Board. Since 2002 until today, he has held various positions in J&T Finance Group. He held the position of Finance Director at J&T Banka in Prague and until 2011 he was a member of J&T FG and J&T Bank Moscow top management, where he was elected a member of the Board of Directors. He graduated from Masaryk University in Brno, Faculty of Law, with a specialization in law and international trade.

Number of shares held as of 31 October 2014: 0

- **Adam Tomis** - member of the Supervisory Board since 12/04/2014

Mr. Tomis was elected a Supervisory Board member by the General Meeting on 12/04/2014. Currently, he serves as a project manager responsible for non-banking investments of the J&T Group. During 2012-2013 he worked in a consulting firm McKinsey&Company on projects in banking and telecommunications. Before, he had served for eight years at the investment firm Benson Oak Capital and for one year at the independent air travel agency Travel Service. Mr. Tomis earned his college degree at the Charles University in Prague, the Institute of Economic Studies, majoring in Finance, financial markets, and banking.

Number of shares held as of 31 October 2014: 0

- **Pavol Mikušiak** - member of the Supervisory Board since 27/4/2013

Ing. Mikušiak was elected a member of the Supervisory Board in April 2013 by the General Meeting. He is a member of corporate bodies of several Slovak companies. Since 1996 he serves as business director of CBA Verex, a.s. Previously he worked as foreign trade director at Verex, s.r.o. (1992 - 1996) and as a scientific researcher at Research Institute in Liptovský Mikuláš (1987 - 1992). He graduated from the Technical University in Košice, the Faculty of information technologies and programming.

Currently, besides his role as TMR’s member of the Supervisory Board, Ing. Mikušiak serves as a member of the Supervisory Board at CBA SK, a.s., OSKO, a.s., VEREX REALITY s.r.o. and LEVEL a.s. At the same time, he holds a position of vice-chairman of the Board of Directors at CBA VEREX, a.s., VEREX HOLDING, a.s. and VEREX-ELTO, a.s.; he is a legal representative of ELTO REALITY, s.r.o., HYDINA HOLDING, s.r.o., PeLiM, práčovne a čistiarne, s.r.o.

Number of shares held as of 31 October 2014: 0

- **Boris Kollár** - member of the Supervisory Board since 30/4/2011

In April 2011, Mr Kollár was elected by the General Meeting as a member of the Supervisory Board. He has extensive business experience. He is the owner and Executive of Funrádio, a radio station with nation-wide coverage. Additionally, he has extensive experience in the leisure and tourism sectors. He is the owner of Donovaly mountain resort and a former owner of another two mountain resorts in Slovakia.

Besides his membership on the Supervisory Board of TMR, Mr Kollár serves as a legal representative of AIS -



BERK, s.r.o., ARKER, s.r.o., BS & SC s.r.o., BSSC, s.r.o., DEXON, spol. s r.o., FUN MEDIA, s.r.o., FUNSERVER, s.r.o., ICE BERG PROJECT s.r.o., KONSTRUKTOR SLOVAKIA s.r.o., MAGURA INVEST, s.r.o., PATRIOL, spol. s.r.o., RADIO SERVIS, s.r.o. in liquidation, SINTRAX, s.r.o., TV SERVIS, spol. s.r.o., as a partner in ANTENA FM, s.r.o., Cafe Milano s.r.o., as a member of the Supervisory Board of FUN MEDIA GROUP a.s., FUN MOBILE a.s., Havana Cafe, a.s., and as chairman of the Board of Directors of GOIMPEX BRATISLAVA, a.s. a RADIO, a.s.

Number of shares held as of 31 October 2014: 0

■ **Roman Kudláček** - member of the Supervisory Board since 21/4/2012

In April 2011, Mr Kudláček was elected by the General Meeting as a member of the Supervisory Board. He has extensive experience in machinery and engineering. Since 2000 he has held the position of Chairman of the Board of Directors in K&M, a.s. From 2001 to 2008, he worked as an executive of Liptosol, s.r.o. in Liptovský Mikuláš. Previously he held the position of Chairman of the Board of Directors at the machinery manufacturer LIPTOVSKÉ STROJÁRNE plus, a.s. (1997 - 1999). From 1993 to 1999 he was an Executive of RBL, s.r.o. During the prior two years he was engaged in retail business activities.

Besides his membership on the Supervisory Board of TMR, Mr Kudláček is a legal representative at NORDBELL s.r.o.

Number of shares held as of 31 October 2014: 1,000

■ **Ján Štetka** - independent member of the Supervisory Board since 30/6/2012

In June 2012, Mr Štetka was elected as a member of the Supervisory Board by employees of the Company. Since 1998 he has been working for TMR as Cableways Operation Manager in the resort Jasná Nízke Tatry. Before joining TMR he worked as Director for Cableways in Telemar, a.s. and before that he worked at Javorina travel agency. He has a master degree (M.Sc.) as a graduate of the Slovak University of Technology in Bratislava, with a specialization in mechanical engineering.

Number of shares held as of 31 October 2014: 15

■ **Peter Kubeňa** - independent member of the Supervisory Board since 30/6/2012

Mr. Kubeňa was elected as a member of the Supervisory Board by employees of the Company in June 2012. He presently works at TMR as Facility Management Director in Aquapark Tatralandia; he has held this position since

1998. Previously, he studied gardening and landscaping at the Slovak Agricultural University.

Number of shares held as of 31 October 2014: 0

■ **Miroslav Roth** - independent member of the Supervisory Board since 30/6/2012

Mr. Roth was elected as a member of the Supervisory Board by employees of the Company in June 2012. He works for the Company as an electrical networks specialist in the resort Vysoké Tatry. He had previously held this position from 1985 in Tatranské lanové dráhy, a.s.

Number of shares held as of 31 October 2014: 0

Remuneration of Members of the Supervisory Board

Remuneration of members of the Company’s Supervisory Board is regulated by the “Remuneration Rules for Members of the Supervisory Board of Tatry Mountain Resorts, a.s.” (hereinafter only the “Supervisory Board Remuneration Rules”) approved by the Company’s General Meeting on 30 April 2010 and in accordance with contracts on office signed between members of the Supervisory Board and the Company, and approved by the Company’s General Meeting.

Basic remuneration is paid to members of the Supervisory Board in accordance with the Supervisory Board Remuneration Rules and the contracts on office. Total remuneration paid for the year ending 31 October 2014 totaled EUR 61 thousand.

AUDIT COMMITTEE

The Company has an Audit Committee in place which monitors the preparation of financial statements and recommends an auditor for auditing the Company’s financial statement. Other responsibilities are defined by law and by the Company’s Articles. The Audit Committee is comprised of two members, who are elected and removed by the General Meeting based on the proposal submitted either by the Board of Directors or by the Company’s shareholders.

As of 31 October 2014, the Audit Committee comprised two members:

- **Jozef Hodek** - TTMR’s CFO and member of the Board of Directors
- **Viera Prokopová** - independent member of the Audit Committee

Remuneration of the Audit Committee

Remuneration of the Audit Committee is regulated by contracts on office signed between members of the Audit Committee and the Company and approved by the Supervisory Board and by the rules of remuneration approved by the Supervisory Board.

No remuneration was paid for the year ending 31 October 2014.

TOP MANAGEMENT

The top management’s responsibility is the day-to-day management of operations and service departments.

As of 31 October 2014, the top management comprised eight members:

- **Bohuš Hlavatý** - CEO of TMR and Chairman of the Board of Directors
- **Jozef Hodek** - CFO of TMR and member of the Board of Directors
- **Dušan Slavkovský** - Director of Mountain Resorts and member of the Board of Directors
- **Michal Krolák** - Director of Hotels and Dining Facilities
- **Matej Hulej** - Director for Sports Services and Shops
- **Vladimír Čukan** - Investments Director
- **František Šoltis** - Director of Trade and Marketing
- **Igor Mráz** - Director of Aquapark Tatralandia

■ **Bohuš Hlavatý** - CEO and Chairman of the Board of Directors of the Company

For personal data see the description of his position in the Board of Directors.

■ **Jozef Hodek** - CFO and member of the Board of Directors of the Company

For personal data see the description of his position in the Board of Directors.

■ **Dušan Slavkovský** - Director of Mountain Resorts and member of the Board of Directors of the Company

For personal data see the description of his position in the Board of Directors.
■ **Michal Krolák** - Director of Hotels and Dining Facilities and member of the Board of Directors of the Company

For personal data see the description of his position in the Board of Directors.

■ **Matej Hulej** - Director for Sports Services and Shops of the Company

Mr Hulej joined the company in 2007, since May 2010 he has held the position of Director for Sports Services and Stores of TMR. In this position he is in charge of the sector of mountain sports services and Tatry Motion brand stores. Under his leadership, the services reached significant year-on-year growth in sales. The results were driven mainly by improved efficiency of workflow, work team incentive schemes and by focus on satisfying clients’ needs through ongoing improvement of the quality of services provided. Previously he worked as Sales Director at Flash Web spol. s r.o. and as Product and Stock Manager at Outdoor Bratislava. He graduated from the University of Economics in Bratislava, branch Information Technologies. Additionally, Mr. Hulej is Director of the SAFL civic association; for the last nine years, the association has organised the internationally recognised freeride ski races, one of ten world Freeride World Qualification contests, known as JASNA ADRENALIN.

Number of shares held as of 31 October 2014: 104

■ **Vladimír Čukan** - Investments Director

He has held his role since TMR’s incorporation. Earlier he served as a member of the board of directors at Tatranské lanové dráhy, a.s. Under his leadership all key investment projects have been undertaken in mountain resorts of the High and Low Tatras, especially cableway constructions, ski trails with snowmaking, and parking lots. Previous roles include the ski resort of SCR-Veľká Rača, a.s. (Director), Roller bearing plant of Kysucké Nové mesto (Manufacturing Director and Director of Quality), TOS Čelákovice (metallurgy).

Number of shares held as of 31 October 2014: 500

■ **František Šoltis** - Director of Trade and Marketing

He has served as Director of Trade and Marketing at TMR since April 2007. He has managed marketing campaigns in Slovakia, the Czech Republic, Poland, Ukraine, and in the Baltic countries. The team under his leadership organized more than 100 TMR marketing events. He launched the loyalty CRM system GOPASS, which as of today has more than 60 thousand members. Besides this role at TMR he represents the Company in district tourist organizations of the High and Low Tatras and Liptov. Before his career in TMR he served as a director in companies Seagram Slovakia and Belvedere Slovakia.

Number of shares held as of 31 October 2014: 107

■ **Igor Mráz** - Director of Aquapark Tatralandia

Mr. Mráz was integrated to TMR in April 2011 as director of Aquapark Tatralandia. He held an executive role in

Aquapark Tatralandia since its establishment (2003). Since then he served on positions of a project manager and an investments director. From 2009 to 2012 he also served as a member of the Board of Directors at Tatralandia a.s. Under his leadership the successful project, Tropical Paradise, was launched. Before coming to work at Aquapark Tatralandia, he worked at a private architectural firm. He graduated from Technical University in Košice, Faculty of Civil Engineering majoring in Civil Engineering.

Number of shares held as of 31 October 2014: 0

Remuneration of the Top Management

The remuneration of members is approved by the Board of Directors based on the Company's operating results.

The remuneration paid for the year ending 31 October 2014 totaled EUR 432 thous.

GENERAL MEETING

The General Meeting is the Company's supreme body. Its competence includes mainly the following:

- Amendments to the Articles.
- Decisions on an increase/decrease in the Company's registered capital; instructing the Board of Directors to increase the share capital in accordance with Article 210 of the Commercial Code and decisions to issue preferred or convertible bonds.
- Decisions on termination of the Company and/or change in the legal form.
- Election and removal of members of the Supervisory Board, except for members of the Supervisory Board elected and removed in accordance with Article 200 of the Commercial Code by employees in accordance with applicable law.
- Approval of annual individual financial statements and extraordinary individual financial statements, decisions regarding the distribution of profit or settlement of loss, and decisions on remuneration.
- Decisions regarding the termination of trading the Company's shares on the stock exchange and decision on the fact that the Company ceases to be a publicly traded company.
- Decisions on transformation of registered shares into share certificates and vice versa
- Decisions regarding the approval of a contract on transfer of business or a part thereof.

- Approval of the Supervisory Board Remuneration Rules and the contracts on office signed by members of the Supervisory Board.

- Deciding other issues falling under the competence of the General Meeting in accordance with the Articles and under existing law.

The competence of the General Meeting is defined by Act 513/1991 Coll. of the Commercial Code, as amended, and the Company's Articles. The General Meeting is comprised of all shareholders, members of the Board of Directors, and members of the Supervisory Board present at the session and/or third parties invited by the Company's body (bodies) or shareholders who convened the meeting. Each shareholder is authorised to attend the General Meeting, vote, ask for information and explanations regarding corporate matters and/or entities controlled by the Company, if relevant to the agenda of the General Meeting, and file proposals. Shareholders can exercise their rights at the General Meeting through authorised representatives who shall prove their authorisation by a written power of attorney defining the scope of the authorisation. Exercise of the shareholders' voting rights is not limited in the Articles. The number of votes held by each shareholder is defined by the proportion between the nominal value of the shares held by the shareholder and the amount of registered capital, whilst every EUR 7 of the shares' nominal value means one voting right.

Decision-Making Procedure of the General Meeting

The General Meeting decides by majority vote held by the present shareholders. In matters related to amendments of the Articles, an increase or decrease in the registered capital, instructing the Board of Directors to increase the registered capital, the issuance of preference bonds or exchangeable bonds, the termination of the Company or change in the legal format a 2/3 majority of votes of the present shareholders is required and a notarised record shall be prepared on the results of the voting. A 2/3 majority of votes of the present shareholders is also necessary for approval of the General Meeting's decision on the termination of trading the Company's shares on the stock exchange and for the election and removal of members of the Supervisory Board, as well as for the General Meeting's decision that the Company ceases to be a public joint-stock company and becomes a private joint-stock company. For amendments to the Articles in terms of establishing the option of correspondence voting and for amendments to the Articles in terms of establishing and defining the requirements for attending the General Meeting and for shareholders' voting through electronic equipment, affirmative votes of 3/5 majority of all votes

are required. Minutes of the General Meetings are freely available at the Company's website: www.tmr.sk.

The Annual General Meeting for the period from 1 November 2013 - 31 October 2014 was held on 12 April 2014.

Annual General Meeting Held on 27 April 2013

At the Annual General Meeting held on 12 April 2014, the shareholders adopted the following key resolutions:

1. Approval of the presence of third parties at the Annual General Meeting
2. Approval of the annual individual financial statements as of 31 October 2013
3. Approval of distribution of net income earned in the financial year beginning 01/11/2013 and ending 31/10/2013 in the amount of EUR 5,711,806 in a way that 10% of the net income in the amount of EUR 571,180.60 shall be added to the reserve fund and the rest in the amount of EUR 5,140,625.40 shall be transferred to the Retained Earnings account. Approval of the engagement of the auditor - KPMG Slovensko spol. s.r.o. to audit the financial statements for the year ending 31 October 2014
4. Re-election of Igor Rattaj as a member of the Supervisory Board and approval of his role contract.
5. Removal of the member of the Supervisory Board - Jiří Uvíra
6. Election of the new member of the Supervisory Board - Adam Tomis and approval of his role contract.

Description of Shareholders' Rights

Legal regulations and Articles of Association hereof regulate the rights and the obligations of the shareholder. Both legal and natural persons may become a shareholder of the Company. The shareholder may not exercise the rights of the shareholder which would affect the rights and professional interests of other shareholders. The company must treat all shareholders on equal terms. The shareholder shall have the right to participate on the management of the Company, on its profits and on its liquidation balance upon the cancellation of the Company with liquidation. The right to participate on the management of the Company shall be exercised by the shareholder by participation at the General Meeting and by execution of the rights related to this participation, whereas the shareholders shall be bounded with the organizational measures applicable to the proceedings of General Meeting. At the General Meeting any shareholder may vote, ask for information and explanations concerning the matters of the Company or the matters of parties controlled thereby, which are related to the agenda of the General Meeting, make proposals, and request to have their suggested topics to be included in the agenda of the General Meeting in accordance with relevant

regulations. The date relevant for the exercise of the rights according to previous sentence shall be the day indicated in the notice of General Meeting in accordance with section 180, subsection 2 of the Commercial Code. The shareholder or shareholders holding shares, of which the nominal value equals not less than 5% of the share capital, are entitled to request for convocation of an extraordinary general meeting by including specification of their reason.

The shareholder shall be entitled to share the profits generated by the Company (dividend), which were allocated by the General Meeting for their distribution. The shareholder shall not be under the obligation to refund to the Company the dividends obtained in good faith. Following the winding up of the Company with the liquidation the shareholders shall be entitled to share liquidation balance in the amount stipulated by the law. At the Company headquarters the shareholder is entitled to view Company documents that are filed in a document archive or in a financial statement register pursuant to a specific law, and the shareholder is entitled to request copies of these documents or request to have them mailed at a specified address on the shareholder's expense and risk.

Further details on the shareholders' rights are described in the Company's Articles of Association at www.tmr.sk/investor-relations/corporate-governance.

SUPERVISORY BOARD REPORT

For the financial period from 1 November 2013 to 31 October 2014, the Company's Supervisory Board carried out the Company monitoring activities consisting of nine members. In April 2014, the Annual General Meeting Igor Rattaj was reelected a member of the Supervisory Board, effective as of 30/06/2014, the Company shareholders removed Mr. Uvíra from his role of a member of the Supervisory Board as of 12/04/2014 and elected Mr. Tomis a new member of the Supervisory Board, effective as of 12/04/2014. In the period from 1 November 2013 to 31 October 2014, the Supervisory Board held three sessions:

On 11/03/2014 present were seven members of the Supervisory Board.

On 27/05/2014 present were eight members of the Supervisory Board.

On 10/12/2014 present were seven members of the Supervisory Board.

During the financial year ending 31/10/2014 as part of its control function, the Supervisory Board focused at controlling the Board of Directors' fulfillment of its duties assigned by the General Meeting, at monitoring the Board of Directors activity in terms of effective management of the Company, achievement of strategic goals in given conditions and determining the Company's growth plans, the operating and financial activity, the Company's assets, liabilities and receivables, correct bookkeeping, fulfillment of the business plan, financial budget, investment plan and compliance with the Company's Articles of Association, Code of Conduct and general legally binding regulations. The Supervisory Board approved the financial plans submitted by the Board of Directors, major investments and other material financial and business transactions for the relevant financial year, approved remuneration rules for members of the Board of Directors, and submitted the results of its monitoring activities to the General Meeting.

THE COMPANY'S CORPORATE GOVERNANCE CODE

The Company is fully aware of the importance of compliance with the Corporate Governance principles. On 3 November 2010, the Board of Directors declared observance of the Corporate Governance Code in Slovakia. Moreover, on 8 October 2012 the Company declared adherence to the Corporate Governance Code principles for companies listed on the Warsaw Stock Exchange. Information on adherence to the codes is available on the Company's website www.tmr.sk/investor-relations/corporate-governance.

As for the Corporate Governance Code for companies in Slovakia, the Company's corporate governance fails to comply with this Code in the following items:

- **I.A.5.** PThe right to elect and to remove members of the Company's bodies:

Partly met. The General Meeting elects and removes members of the Supervisory Board and the Audit Committee. The Board of Directors is elected and removed by the Supervisory Board.

- **I.C.1.** Irrespective of distribution of powers in the Company, the remuneration strategy and any major amendment thereto should be a separate item in the agenda of the General Meeting:

Partly met. The Company acts in accordance with the Commercial Code and the Articles. The General Meeting approves the Remuneration Rules for members of the Supervisory Board. The Remuneration Rules for members of the Board of Directors and the Audit Committee are approved by the Supervisory Board.

- **I.C.3.** Shareholders should get sufficient information allowing them to properly assess the decision on share-based remuneration:

Partly met. The Company acts in accordance with the Commercial Code and the Articles. The General Meeting approves the Remuneration Rules for members of the Supervisory Board. The Remuneration Rules for members of the Board of Directors and the Audit Committee are approved by the Supervisory Board.

- **I.D.3.** Shareholders should be encouraged to participate in key decisions regarding corporate governance, such as the nomination and election of members of the Company's bodies. Shareholders should be given the opportunity to express their opinion on the policy of remuneration of members of the Company's bodies and key members of the executive management. The share component (share options) of the remuneration schemes for members of the Company's bodies and employees should be approved by the shareholders:

Partly met. In the scope defined by the valid legal regulations, as part of the discussion regarding the discussed item of the General Meeting's agenda, shareholders have the right to express their opinion either in writing or verbally. This right is unlimited. Nomination and election of members of the Board of Directors is the responsibility of the Supervisory Board.

- **II.A.4.** Obstacles to cross-border voting should be eliminated:

Partly met. The existing deadlines allow responses of both local and foreign shareholders. The Company so far does not allow electronic voting at General Meeting.

- **IV.A.4.** Companies should disclose at least the following basic information:

- d) key requirements and reasoning for obtaining annual bonuses and benefits in kind:

Partly met. The variable component in remuneration of the Board of Directors is defined by the Board of Directors Remuneration Rules. The Remuneration Rules are approved by the Supervisory Board. The Remuneration Rules do not include benefits in kind.

- e) Basic description of the supplementary pension or remuneration in case of early termination of the term of office:

Not met. The Company does not have any rules in place regarding supplementary pensions or bonuses in case of resignation from office.

- f) Information on preliminary works and the decision-making

process regarding the remuneration strategy:

Not met. The variable component in remuneration of the Board of Directors is defined by the Board of Directors Remuneration Rules, and derived from results achieved by the company. The Remuneration Rules are approved by the Supervisory Board.

- g) d. Sum of bonuses granted for services provided above the scope of the job description, f. sum of payments to the supplementary pension scheme, g. estimated sum of benefits in kind granted as a part of the remuneration scheme:

Not met. So far, these amounts were not material.

- **IV.A.9.** Internal structure of bodies and strategy in the Company's corporate governance, mainly the contents of the Corporate Governance Code, and procedure for implementation:

Partly met. Corporate Governance is based on the Corporate Governance Code in Slovakia, the Ethics Code of TMR, the Articles and the Company's internal guidelines/documentated processes in place.

- **IV.F.** The framework of the Company's corporate governance should be supplemented by efficient procedures defining and supporting acquisitions of analyses and advisory services from analysts, traders with securities, rating agencies, etc. These analyses and advisory services, relevant for decision making by investors, should not be charged with conflict of interests, which could impair their integrity:

Not met. The present external advisors in relations with investors are, at the same time, employed by one of the shareholders (J&T Banka, a.s.). However, a conflict of interests, if any, is contractually covered by the "Chinese walls" on the side of the advisors and by the Corporate Ethics Code of advisors acting exclusively in the best interests of the client.

- **V.E.1.** Supervisory Board should also comprise independent members so that they perform efficient monitoring of the management. The Chairman of the Supervisory Board should always be independent: Partly met. There are three independent members in the Supervisory Board - representatives of the Company employees that are not part of the Company top management. The Chairman of the Supervisory Board, as an individual and through the companies he owns, folds a significant shareholder stake in the Company and interferes in the management of the Company.

- **V.E.4.A.** Nomination Committee can be comprised of members of the Supervisory Board, and members of the Board of Directors, and/or management, however, most of its members should be independent members of the

Supervisory Board. The key role of the Nomination Committee is to give recommendations regarding the election and removal of members of the Company's bodies and to evaluate the overall structures of the bodies and individual members of the bodies:

Not met. The Company does not have any Nomination Committee in place. Nominations of members of the Board of Directors are the responsibility of the Supervisory Board.

- **V.E.4.B.** The Remuneration Committee should be comprised exclusively of members of the Supervisory Board, most of which should be independent members of the Supervisory Board. The key role of the Remuneration Committee should include submitting proposals and recommendations regarding rules for all forms of remuneration of members of the Board of Directors and/or other key management of the Company, and supervising that remuneration of individuals is in line with the Company's Remuneration Rules:

Partly met. The Company does not have any Remuneration Committee in place. The remuneration of the Board of Directors is the responsibility of the Supervisory Board.

- **V.E.4.C.** The Audit Committee should be comprised exclusively of members of the Supervisory Board and members appointed by the General Meeting, most of which should be independent members of the Supervisory Board. The key role of the Committee should include submitting proposals and recommendations regarding internal monitoring and external audit and the supervision over compliance with legal regulations and recommendations regarding the Company's financial reporting and audits. At least once in six months, the Committee should submit a report to the Supervisory Board, providing information regarding its activities and findings.

Partly met. The Audit Committee is comprised of two members: a member of the Board of Directors and an independent member appointed by the General Meeting.

As to the Corporate Governance Code of companies listed on the Warsaw Stock Exchange, the Company's corporate governance does not accord with the Code in the following issues:

- **Rule I.9:** requires ensuring equal representation of women and men in the Company's senior management and supervisory positions.

Presently, there are no women either in top management or in the Supervisory Board. One out of two Audit Committee members is a woman. However, the Company supports equality of chances for men and women in the Company. The Company does not exclude the possibility that

recommendations to appoint women to the Company's bodies and the Company's management would be implemented in the future.

- **Rule IV.1:** Presence of representatives of the media should be allowed at General Meetings.

Presence of third parties is usually allowed based on the proposal by the Board of Directors at Annual General Meetings. At the Annual General Meetings in 2014 a proposal was presented by the Board of Directors to allow presence of third parties at the General Meeting. This proposal was adopted by the shareholders and third parties were allowed to attend the General Meeting. The Company does not exclude a possibility that it will allow attendance of third parties at all General Meetings, although such decision would have to be preceded by the approval of the shareholders at the General Meeting in the form of change in Articles of Association.

- **Rule IV.10:** A company should enable its shareholders to participate in a General Meeting using electronic communication means.

The Company so far has not made electronic voting at General Meetings available. However, the Company does not exclude that it will implement this practice going forward, although this practice will have to be preceded by the approval of shareholders at the General Meeting in the form of change in Articles of Association.

OTHER SUPPLEMENTARY DATA

Tatry mountain resorts, a.s. is the issuer of 6,707,198 shares admitted to trading on the listed parallel market of the Bratislava Stock Exchange, on the main market of the Prague Stock Exchange, and on the main market of the Warsaw Stock Exchange (WSE) with the following structure:

ISIN: SK11220010287
Security type and form: ordinary bearer shares
Nominal share value: 7.00 EUR
Number of shares outstanding: 6,707,198
% share in share capital: 100%
Limitation on transferability of shares: none
The Company, a.s. as of 31/10/2014 issued two tranches of bonds in the total of EUR 180 mil.:

Bonds TMR I 4.50%/ 2018
ISIN: SK4120009606
Volume: 70 000 000 EUR
Market: The Bratislava Stock Exchange
Nominal Value: 1 000 EUR
Coupon Rate: fixed rate 4.50% p.a.
Coupon Payment: semi-annual always on 17-06 and 17-12
Maturity Date: 17 December 2018

Issue Date: 17-12-2013
Bonds TMR I 4,50%/ 2018 are senior, secured by a pledge over certain immovable assets owned by the Company. For more information see the Security Prospectus available at <http://tmr.sk/investor-relations/bonds/>.

Bonds TMR II 6.0%/ 2021
ISIN: SK4120009614
Volume: 110 000 000 EUR
Market: The Bratislava Stock Exchange
Nominal Value: 1 000 EUR
Coupon Rate: fixed rate 6.00% p.a.
Coupon Payment: annual always on 05-02
Maturity Date: 5 February 2021
Issue Date: 05-02-2014
Bonds TMR II 6,0%/ 2021 are junior, subordinated. For more information see the Security Prospectus available at <http://tmr.sk/investor-relations/bonds/>.

The Company has not issued any employee stock or preferred shares.

The Company, based on the decision of the General Meeting, may issue bonds, convertible into Company shares (convertible bonds), or bonds with the senior subscription rights to Company shares (preferred bonds), provided that the General Meeting at the same time decides on the conditional raising of share capital.

In case of the buy-back of own Company shares with the purpose of their transfer to Company employees, the Article 161a Par. 2 point a) of the Commercial Code shall not be applied. In this case the purchased shares shall be transferred to the Company employees within 12 (twelve) months from their acquisition by the Company.

In case of the buy-back of own Company shares with the purpose of preventing an eminent major damage to the Company, the Article 161a Par. 2 point a) of the Commercial Code shall not be applied. The Board of Directors is obliged to inform the next General Meeting about the circumstances according to the Article 161a Par. 4 of the Commercial Code.

The voting rights attached to Company shares have no limitations. The holders of securities issued by the Company do not have differing controlling rights.

As of 31/10/2014 the Company has no knowledge of any shareholder agreements that might lead to limitations on transferability of the securities and to limitations on voting rights.

The Company incurred no research and development costs in FY 2012/14.

TMR does not have any branch office abroad and does not use any financial derivatives to hedge its financial risks. The cash

flows and liquidity ratios are monitored in regular intervals. The Company ensures internal controls through regular monitoring of the financial plan and overall financial position. Management of market risks, business and financial activities is described in the Risk Factors and Risk Management section and in the Consolidated Financial Statements, par. 35.

The Company has not entered into any agreements which would become effective, changed or terminated as a result of change in control, or as a result of an acquisition offer.

The Company has not entered into any agreements with any members of bodies or employees under which the company would be obliged to provide such members or employees with any compensation if their office or employment terminates by resignation, notice served by the employee, removal, notice served by the employer without giving a reason or if their office or employment terminates as a result of an acquisition offer.

During FY 2013/14 the Company adopted International Financial Reporting Standards (IFRS) in preparation of Separate Financial Statements.

CONTRACTS WITH EXTERNAL ADVISORS AND RELATED PARTIES

Lease of the Špindlerův Mlýn Resort

Melida, a.s., a company associated with TMR, signed a lease contract on 6 November 2012 as the lessee with the company SKIAREÁL Špindlerův mlýn, a.s., as the lessor. The subject of the contract was the lease of the Špindlerův Mlýn resort in the Czech Republic. TMR is also a contractual party with the current 19% share in the share capital of Melida, a.s. Based on the lease contract, Melida, a.s. will be operating the ski resort Špindlerův Mlýn in the Krkonoše Mountains for 20 years for the lease fee in the amount of CZK 43.8 mil. per year. Besides the sole operation of Špindlerův Mlýn, Melida committed to provide further development of the resort by expanding trails, renewing technological equipment, and by improving skiers' experience in any other way with investments in the minimum amount of CZK 800 mil. during the whole lease term. TMR acts in the lease contract as a by-party that provides a guarantee for Melida, a.s. by guaranteeing Melida's liabilities resulting from the lease contract and by providing it a zero-interest loan.

Contract with ŽS REAL, a.s.

As of 01/02/2014 the Company provides advisory and consulting services to ŽS REAL, a.s. - the operator of the all-year aquapark Aqualand Moravia in Pasohlávky, the Czech Republic - in order

to achieve complex operations of the aquapark within the contract terms.

Financial Audit

As of the date of this Annual Report, KPMG Slovensko spol. s.r.o., seated at Dvořákovo nábrežie 10, 811 02 Bratislava, is responsible for the audit of individual and consolidated financial statements. KPMG Slovensko spol. s.r.o. has been engaged to perform the audit of the Company's Separate Financial Statements as of 31 October 2014 and Consolidated Financial Statements as of 31 October 2014 based on the decision of the General Meeting held on 12 April 2014.

Advisors

As of the date of this Annual Report, the Company had a contract signed with J&T IB and Capital Markets, a.s. organizačná zložka, seated at Dvořákovo nábrežie 10, 811 02 Bratislava, on the provision of advisory services with respect to relations with investors and financial advisory services in the dual-listing of TMR shares on the Prague Stock Exchange.

PROPOSAL ON DISTRIBUTION OF PROFIT

For the year ending October 31, 2014 the Company achieved net loss of EUR 225 thous. according to Separate Financial Statements. The Board of Directors proposes to transfer the net loss for the financial year 2014 in the amount of EUR -225 thous. to accumulated losses of previous years.

SHARES



Shares

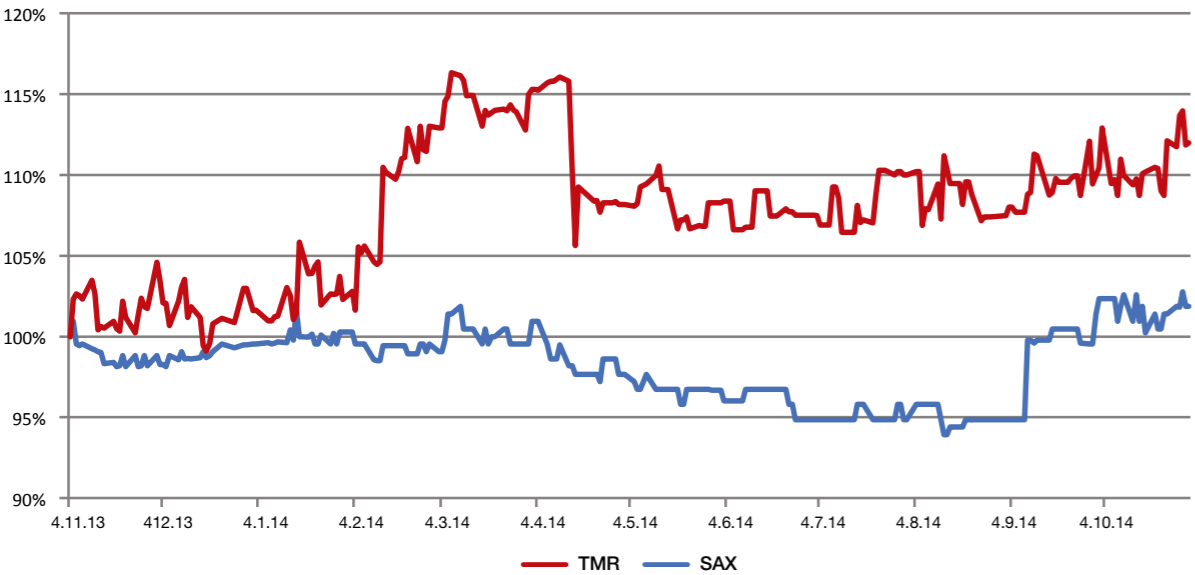
Shareholder Club

TMR and individual shareholders joined together in partnership based on trust in order to move successfully forward, create loyalty with special offers in the region's most popular resorts, and to increase the number of registered shareholders. For this reason Shareholder 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 Company and its activities better through special deals as part of the GOPASS program. You can find more information on <http://tmr.sk/shareholder-club/>.

Shareholder Club Benefits

No. of Shares	Benefits - No. of GOPASS points
25	6 entries
40	12 entries
80	25 entries
130	1 season ticket
250	2 season tickets
500 VIP	More info at http://tmr.sk/shareholder-club/
750 VIP GOLD	More info at http://tmr.sk/shareholder-club/

TMR Stock Performance on the BSSE

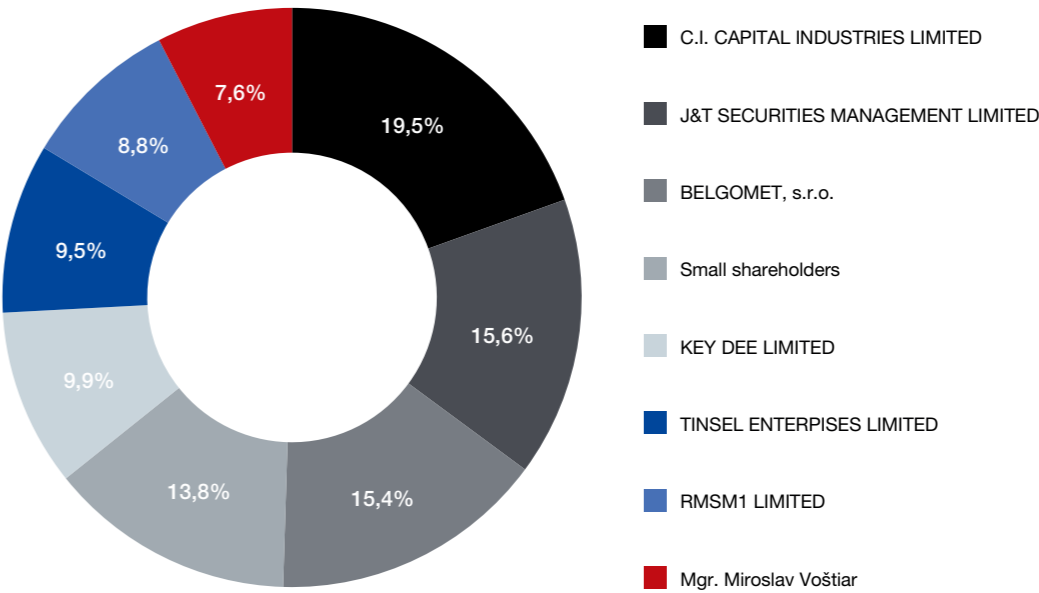


Closing Price	BCPB (EUR)	WSE (PLN)	BCPP (CZK)
31.10.2014	21.80	94.00	580.40
31.10.2013	21.94	92.50	548

*BSSE - the Bratislava Stock Exchange
WSE - the Warsaw Stock Exchange
PSE - the Prague Stock Exchange

Shares

Shareholder Structure
as of 31/10/2013



To the best of the Company's knowledge the following entities held the following direct or indirect interest in the share capital and the Company voting rights as of 31/10/2014:

Company/ Name	No. of Shares	Interest in Share Capital		Voting Rights %
		in EUR thousands	%	
C.I. CAPITAL INDUSTRIES LIMITED	1 309 139	9 164	19,5%	19,5%
J&T SECURITIES MANAGEMENT LIMITED	1 046 517	7 326	15,6%	15,6%
BELGOMET, s.r.o.	1 030 919	7 216	15,4%	15,4%
Small shareholders	923 624	6 465	13,8%	13,8%
KEY DEE LIMITED	664 058	4 648	9,9%	9,9%
TINSEL ENTERPRISES LIMITED	635 490	4 448	9,5%	9,5%
RMSM1 LIMITED	588 166	4 117	8,8%	8,8%
Mgr. Miroslav Voštiar	509 285	3 565	7,6%	7,6%
Total	6 707 198	46 950	100,0%	100,0%

Consolidated Financial Statements

**Tatry mountain resorts, a.s.
and Subsidiary Companies**

Consolidated Financial Statements
for the period from 1 November 2013 to 31 October 2014

prepared in accordance
with the International Financial Reporting Standards (“IFRS”)
as adopted by the EU

Consolidated statement of profit and loss and other comprehensive income

<i>In thousands of EUR</i>	Note	1.11.2013 – 31.10.2014	1.11.2012 – 31.10.2013
Revenues	6	55,934	52,533
Other operating income	7	375	1,815
Total income		56,309	54,348
Consumption of materials and goods	8	-9,491	-8,316
Purchased services	9	-14,179	-13,682
Personnel expenses	10	-14,832	-13,215
Other operating expenses	11	-928	-719
Gain/(loss) on disposal of assets		147	73
Gain/(loss) on revaluation of investment property	17	1,413	-24
Creation and reversal of value adjustments to receivables	22	-28	101
Profit before interest, tax, depreciation and amortisation (EBITDA)*		18,411	18,566
Depreciation and amortisation	15,16	-13,317	-10,550
Goodwill impairment losses	16	-	-350
Profit before interest, tax (EBIT)		5,094	7,666
Interest income	12	1,475	1,599
Interest expenses	12	-7,766	-681
Gain/(loss) on financial instruments, net	13	-280	538
Gain/(loss) from associates	18	-	5,242
Gain/(loss) on disposal of companies	5	-	-3,390
Negative goodwill	3	1,569	-
Profit before tax		92	10,974
Income tax	14	591	-4,370
Profit		683	6,604
Attributable to:			
- Holders of interest in the parent company's equity		703	6,604
- Non-controlling interest		-20	-
Other components of the comprehensive income			
- items not subsequently reclassified to profit/(loss):			
Revaluation of tangible assets upon transfer to investment property		-	15
- items that may be reclassified subsequently to profit or loss:			
Revaluation of available-for-sale securities to fair value	14	-	6
Foreign currency translation reserve		-119	-
Total comprehensive income		564	6,625

Consolidated statement of profit and loss and other comprehensive income (continued)

Total comprehensive income		564	6,625
Attributable to:			
- Holders of interest in the parent company's equity		588	6,625
- Non-controlling interest		-24	-
Earnings per share (in EUR)	28	0.105	0.985
Number of shares		6,707,198	6,707,198

* EBITDA represents profit from recurring activities of the Group before tax, interest, depreciation and amortisation adjusted for other income and expenses which are listed under EBITDA.

The notes presented on pages 93 through 142 form an integral part of the consolidated financial statements.

An overview of the comprehensive statement of profit and loss and other comprehensive income by individual segments is provided in Note 4 – Information about operating segments.

Consolidated statement of financial position

<i>In thousands of EUR</i>	Note	31.10.2014	31.10.2013
Assets			
Goodwill and other intangible assets	16	15,120	7,774
Property, plant and equipment	15	274,064	255,605
Investment property	17	7,264	5,851
Loans granted	21	21,966	16,071
Other receivables	23	176	3,621
Total non-current assets		318,590	288,922
Inventories	20	2,921	2,115
Trade receivables	22	1,213	2,724
Loans granted	21	7,444	9,586
Other receivables	23	21,101	31,843
Financial investments	25	2,081	2,369
Cash and cash equivalents	26	3,903	4,280
Other assets	24	2,366	3,665
Total current assets		41,029	56,582
Total assets		359,619	34,504
Equity			
Share capital	27	46,950	46,950
Share premium		30,430	30,430
Profit/(loss) for the current period		703	6,604
Retained earnings and other funds		24,097	17,493
Foreign currency translation reserve		-115	-
Total equity attributable to holders of interest in the parent company's equity		102,065	101,477
Non-controlling interest		247	-
Total equity		102,312	101,477
Liabilities			
Loans and borrowings	28	33,692	28,882
Provisions	31	52	25
Other long-term liabilities	30	-	215
Bonds issued	32	178,395	-
Deferred tax liability	19	20,166	18,899
Total non-current liabilities		232,305	48,021
Loans and borrowings	28	10,035	9,846
Trade payables	29	4,370	7,599
Provisions	31	121	217
Bonds issued	32	6,022	-
Other short-term liabilities	30	4,454	178,344
Total current liabilities		25,002	196,006
Total liabilities		257,307	244,027
Total equity and liabilities		359,619	345,504

The notes presented on pages 93 through 142 form an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

In thousands of EUR

	Share capital	Share premium	Legal reserve fund	Funds from revaluation	Revaluation reserve	Retained earnings	Equity attributable to holders of interest in the parent company's equity	Non-controlling interest	Total
Balance as at 1 November 2012	221,338	30,430	3,287	119	-	21,242	276,416	-	276,416
Profit for the current accounting period	-	-	-	-	-	6,604	6,604	-	6,604
Other components of the comprehensive income, after tax									
- items not subsequently reclassified to profit/(loss):									
Revaluation of tangible assets upon transfer to investment property	-	-	-	15	-	-	15	-	15
- items that may be reclassified subsequently to profit or loss:									
Revaluation of available-for-sale securities to fair value	-	-	-	6	-	-	6	-	6
Total comprehensive income	-	-	-	21	-	6,604	6,625	-	6,625
Transactions with owners, recognised directly in equity									
Decrease in share capital	-174,388	-	-	-	-	-	-174,388	-	-174,388
Contributions to the fund	-	-	637	-	-	-637	-	-	-
Changes owing to the merger	-	-	-47	-	-	-19	-66	-	-66
Dividends paid	-	-	-	-	-	-7,110	-7,110	-	-7,110
Total transactions with owners	-174,388	-	590	-	-	-7,766	-181,564	-	-181,564
Balance as at 31 October 2013	46,950	30,430	3,877	140	-	20,080	101,477	-	101,477

Consolidated statement of changes in equity (continued)

In thousands of EUR

	Share capital	Share premium	Legal reserve fund	Funds from revaluation	Revaluation reserve	Retained earnings	Equity attributable to holders of interest in the parent company's equity	Non-controlling interest	Total
Balance as at 1 November 2013	46,950	30,430	3,877	140	-	20,080	101,477	-	101,477
Profit for the current accounting period	-	-	-	-	-	703	703	-20	683
Other components of the comprehensive income, after tax									
- items not subsequently reclassified to profit/(loss):									
Revaluation of tangible assets upon transfer to investment property	-	-	-	-	-	-	-	-	-
- items that may be reclassified subsequently to profit or loss:									
Revaluation of available-for-sale securities to fair value	-	-	-	-	-	-	-	-	-
Foreign currency translation reserve	-	-	-	-	-115	-	-115	-4	-119
Total comprehensive income	-	-	-	-	-115	703	588	-24	564
Transactions with owners, recognised directly in equity									
Contributions to the fund	-	-	571	-	-	-571	-	-	-
Effect of acquisition of a subsidiary	-	-	-	-	-	-	-	271	271
Total transactions with owners	-	-	571	-	-	-571	-	271	271
Balance as at 31 October 2014	46,950	30,430	4,448	140	-115	20,212	102,065	247	102,312

The notes presented on pages 93 through 142 form an integral part of the consolidated financial statements.

Consolidated cash flow statement*In thousands of EUR*

	Note	1.11.2013 – 31.10.2014	1.11.2013 – 31.10.2013
OPERATING ACTIVITIES			
Profit		683	6,604
Adjustments relating to:			
Gain on disposal of property, plant and equipment and intangible assets		-147	-73
Depreciation and amortisation	15,16	13,317	10,550
Reversal of value adjustments to receivables		28	-101
Goodwill impairment losses	16	-	350
(Gain)/loss from associates	5	-	-5,242
(Gain)/loss on financial instruments, net	13	-280	-538
Gain on disposal of subsidiaries and associates	5	-	3,390
Gain on revaluation of investment property	17	-1,413	-24
Interest (income)/expense, net	12	6,291	-918
Negative goodwill	5	-1,569	-
Change in provisions		-69	121
Income tax	14	-591	4,370
Change in trade receivables, other receivables and other assets		6,314	4,051
Change in inventories		-806	-472
Change in trade payables and other liabilities		-6,129	-7,421
Cash flow from operating activities before income tax		15,629	14,647
Income tax paid		-285	-941
Cash flow from operating activities		15,344	13,706
INVESTMENT ACTIVITIES			
Acquisition of property, plant and equipment and intangible assets	15,16	-27,487	-36,710
Proceeds from disposal of property, plant and equipment and intangible assets		1,421	73
Cost of business combinations, net of cash acquired	5	-7,024	-7,346
Proceeds from paid bills of exchange		3,194	18,405
Loans granted		-10,332	-14,654
Instalments of granted loans		7,882	-
Proceeds from disposal of companies or part thereof		-	24
Procurement of financial investments		-	-119
Proceeds from disposal of financial investments		288	12,822
Interest received	21, 23	-8,326	66
Cash flow from investment activities		-23,732	-27,439
FINANCIAL ACTIVITIES			
Instalments of liabilities under financial leasing		-897	-670
Instalments of received loans and borrowings		-10,791	-2,582
New loans and borrowings		14,930	25,576
Settlement of liability from the decrease in share capital		-173,670	-
Bonds issued		180,582	-
Interest paid		-2,143	-681
Dividends paid		-	-6,743
Cash flow from financial activities		8,011	14,900
Net increase/(decrease) of cash and cash equivalents		-377	1,167
Cash and cash equivalents at the beginning of the year	26	4,280	3,113
Cash and cash equivalents at end of the year	26	3,903	4,280

The notes presented on pages 93 through 142 form an integral part of the consolidated financial statements.

Notes to the consolidated financial statements

1. Information about the Company	94
2. Significant accounting policies	96
3. Critical accounting estimates and assumptions	108
4. Information about operating segments	114
5. Increment and decrement of interests in companies	116
6. Revenues	117
7. Other operating income	118
8. Consumption of material and goods	118
9. Purchased services	118
10. Personnel expenses	119
11. Other operating expenses	119
12. Interest income and expenses	119
13. Gain on financial instruments, net	120
14. Income tax and deferred tax	120
15. Property, plant and equipment	122
16. Goodwill and intangible assets	124
17. Investment property	125
18. Investments in associates	126
19. Deferred tax asset, deferred tax liability	126
20. Inventories	127
21. Loans granted	127
22. Trade receivables	128
23. Other receivables	129
24. Other assets	129
25. Financial investments	130
26. Cash and cash equivalents	130
27. Equity	130
28. Loans and borrowings	132
29. Trade payables	133
30. Other liabilities	134
31. Provisions	134
32. Bonds issued	135
33. Fair value information	135
34. Operating leasing	136
35. Information about risk management	136
36. Related parties	140
37. Subsequent events	141
38. Capital commitments and capital management	141
39. Contingent assets and contingent liabilities	141
40. Group entities	142

1. Information about the Company

The company Tatry mountain resorts, a.s. (hereinafter referred to as “the parent company” or “the Company”) is a joint-stock company with its registered office and place of business at No. 72 Demänovská Dolina, Liptovský Mikuláš 031 01. The Company was founded on 20 March 1992 and incorporated with the Companies Register on 1 April 1992. The Company's registration number is 31 560 636 and the Company's tax registration number is 2020428036.

The Company is not a fully liable partner in other accounting entities.

The Company's shares have been listed on the Bratislava Stock Exchange since 19 November 1993, on the Warsaw Stock Exchange (WSE) since 15 October 2012 and on the Prague Stock Exchange (BCCP) since 22 October 2012.

The Extraordinary General Meeting held on 22 August 2013 decided on a decrease of the share capital of the company Tatry Mountain Resorts, a.s. from EUR 221,338,000 to EUR 46,950,000, i.e. a decrease by EUR 174,388,000. In 2014 the Company made two issues of bonds in total face value of EUR 180,000,000; since 19 February 2014 the bonds have been admitted for trading on Bratislava Stock Exchange. See Note 32 – Bonds issued.

In 2009, the Company decided to change its accounting period from a calendar year to a fiscal year with the period from 1 November to 31 October. This change was carried out in order to make the period more realistic, since the Company's operations are subject to seasonal variations.

On 1 May 2013, the parent company Tatry mountain resorts, a.s. merged with the subsidiaries GRANDHOTEL PRAHA a.s., Interhouse Tatry s.r.o. a Tatry mountain resorts services, a.s. On that day the company Tatry mountain resorts, a.s. became the successor company and assumed all legal, business and other liabilities and assets of its subsidiary companies. All subsidiaries were dissolved by merger with the parent company and subsequently deleted from the Companies Register.

The structure of the Company's shareholders as at 31 October 2014 and 31 October 2013 was as follows:

31 October 2014	Share in share capital		Voting rights
	In EUR'000	%	%
C.I. CAPITAL INDUSTRIES LIMITED	9164	19.5%	19.5%
J&T SECURITIES MANAGEMENT	7,326	15.6%	15,6%
BELGOMET, s.r.o.	7,216	15.4%	15.4%
KEY DEE LIMITED	4,648	9.9%	9.9%
TINSEL ENTERPRISES LIMITED	4,448	9.5%	9.5%
RMSMI LIMITED	4,117	8.8%	8.8%
Mgr. Miroslav Voštiar	3,565	7.6%	7.6%
Minor shareholders	6,466	13.7%	13.7%
Total	46 950	100%	100%

31 October 2013	Share in share capital		Voting rights
	In EUR'000	%	%
KEY DEE LIMITED	4,648	9.9%	9.9%
Capital Industrial, a.s.	4,620	9.8%	9.8%
Tinsel Enterprises Limited	4,605	9.8%	9.8%
EGNARO INVESTMENT LIMITED	4,378	9.3%	9.3%
J&T Securities Management Limited	3,717	7.9%	7.9%
Poštová banka, a.s.	3,540	7.5%	7.5%
BELGOMET, s.r.o.	3,321	7.1%	7.1%
CONTIGY DEVELOPMENT LIMITED	2,511	5.3%	5.3%
Minor shareholders	15,610	33.4%	33.4%
Total	46,950	100%	100%

1. Information about the Company (continued)

The Company's consolidated financial statements for the period ended 31 October 2014 comprise of the financial statements of the parent company and its subsidiary (hereinafter referred to as “the Group”).

The main activities of the Group are the operation of cableways and ski lifts, restaurant and hospitality services, the operation of ski and snowboard schools, the purchase and sale of goods, and hotel management. Since 29 March 2011, the Group has been operating Aquapark Tatralandia and thereby expanded its portfolio of provided services.

The average headcount of the Group in the period from 1 November 2013 to 31 October 2014 was 1,018, of that 25 people in management (from 1 November 2012 to 31 October 2013: 1,051 employees, of that 26 in management).

During the year, the Group used the services of personnel agencies for the short-term leasing of employees. In 2014, the Group leased 319 employees of the total headcount of 1,018. In 2013, the Group leased 283 employees of the total headcount of 1,051.

The Company's bodies are:

Board of Directors:

Ing. Bohuš Hlavatý, Chairman (since 29.6.2009)
 Ing. Branislav Gábriš, Vice-Chairman (since 18.2.2011)
 Ing. Andrej Devečka, Member (from 14.12.2006 until 14.12.2011, since 22.12.2011)
 Ing. Jozef Hodek, Member (since 29.6.2009)
 Ing. Dušan Slavkovský, Member (since 1.5.2010)
 Ing. Michal Krolák, Member (since 18.2.2011)

Supervisory Board:

Ing. Igor Rattaj (since 29.6.2009)
 Ing. František Hodorovský (since 18.1.2011)
 Boris Kollár (since 30.4.2011)
 Roman Kudláček (since 21.4.2012)
 Ing. Ján Štetka (since 30.6.2012)
 Ing. Peter Kubeňa (since 30.6.2012)
 Miroslav Roth (since 30.6.2012)
 Ing. Pavol Mikušiak (since 27.4.2013)
 Adam Tomis (since 12.4.2014)
 Jiří Uvíra (from 18.1.2011 until 12.4.2014)
 Jan Marian Komornicki (from 18.1.2011 until 27.4.2013)

2. Significant accounting policies

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") in the wording adopted by the EU and in accordance with Act No. 431/2002 Coll. of the National Council of the Slovak Republic on Accounting. The consolidated financial statements are prepared for the period from 1 November 2013 to 31 October 2014.

The financial statements were approved by the Board of Directors on 24 February 2015.

(b) Basis of preparation

The consolidated financial statements have been prepared based on the principle of cost, while the investment property, available-for-sale securities and financial instruments measured at fair value through profit or loss were revalued to their fair value.

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

The consolidated financial statements are presented in thousands of EUR. The accounting policies have been consistently applied by the Group companies in compliance with the previous accounting period.

The preparation of financial statements in compliance with the International Financial Reporting Standards as adopted by the EU requires the application of various judgements, assumptions and estimates which affect the reported amounts of assets, liabilities, income and expenses. However, actual results will likely differ from these estimates. Critical accounting estimates and judgements which were made by management and which bear a significant risk of material adjustment in the next accounting period are discussed in Note 3– Critical accounting estimates and assumptions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and also in future periods if the revision affects both current and future periods.

The following International Financial Reporting Standards, amendments to the standards and interpretations as adopted by the EU are effective for the accounting period starting 1 November 2013. They have been applied by the Group in the preparation of the consolidated financial statements:

The application of the standards mentioned below has had no significant impact on the Group's financial statements.

Amendments to **IAS 12 Income Taxes**, effective for annual periods beginning on or after 1 January 2013, introduces an exception to the general measurement principles of IAS 12 for investment property measured at fair value. In this case, the measurement of deferred tax assets and liabilities is based on a rebuttable presumption that the carrying amount of investment property will be recovered entirely through sale. The presumption can only be rebutted if the investment property can be depreciated and is held within a business model whose objective is to consume all material economic benefits of the given asset for the entire useful life of the asset. This is the only case when the presumption can be rebutted.

Amendments to **IAS 19 Employee Benefits**, effective for annual periods beginning on or after 1 January 2013, change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately at the moment of their occurrence through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

2. Significant accounting policies (continued)

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine effective for annual periods beginning on or after 1 January 2013, clarifies the requirements for accounting for stripping costs associated with waste removal in surface mining, including when production stripping costs should be recognised as an asset, how the asset is initially recognised, and subsequent measurement..

Amendments to **IFRS 7 Financial Instruments: Disclosures** effective for annual periods beginning on or after 1 January 2013, require an entity to disclose information about rights of set-off and related arrangements (e.g., collateral agreements). The disclosures will provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreements, irrespective of whether they are set off in accordance with IAS 32.

IFRS 13 Fair Value Measurement, effective for annual periods beginning on or after 1 January 2013, provides a uniform guidance for fair value measurement and disclosures about fair value measurements. IFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements. Fair value under IFRS 13 is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date" (i.e., an 'exit price'). In general, the disclosure requirements under IFRS 13 are more extensive than those required by the currently valid standards.

International Financial Reporting Standards in issue but not yet effective

The following International Financial Reporting Standards, amendments to standards and interpretations were issued and thereafter adopted by the EU as at 31 October 2014, however, they are not yet effective and thus have not been applied by the Group in preparing these financial statements.

IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements, effective for annual periods beginning on or after 1 January 2014; earlier application is possible if the entity applies early also standards IFRS 11, IFRS 12, IAS 27 (2011) and IAS 28 (2011). IFRS 10 introduces a uniform model, to be used for the assessment of control for all investments including entities which are presently regarded as special purpose entities (SPE) within the scope of SIC-12. IFRS 10 introduces new requirements for the assessment of control, which differ from the present requirements defined in IAS 27 (2008). Under the new control assessment model, the investor has power over the investee, if: (1) the investor has exposure, or rights, to variable returns from its involvement with the investee; (2) is able to use its power over the investee to affect the amount of the investor's return; and (3) there is a connection between the power and the return. The new standard contains reporting requirements and requirements for preparation of consolidated financial statements. Those requirements are taken over from IAS 27 (2008). The Group is currently evaluating the impact of these standards on its financial statements.

Amendments to **IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 Separate Financial Statements**, effective for annual periods beginning on or after 1 January 2014, introduces an exception to consolidation requirements under IFRS 10 and requires investment entities that meet certain criteria to measure their investments in controlled entities, as well as investments in associates and joint ventures, at fair value through profit or loss, instead of consolidating them. The consolidation exception is mandatory (i.e., not optional); the only exception are subsidiaries that are considered an extension of the investment entity's investing activities, these subsidiaries have to be consolidated. The amendments also determine disclosure requirements for investment entities. The Group is currently evaluating the impact of these standards on its financial statements.

2. Significant accounting policies (continued)

IFRS 11 Joint Arrangements, effective for annual periods beginning on or after 1 January 2014, replaces IAS 31 Interests in Joint Ventures. IFRS 11 defines two categories of joint arrangements: joint operation and joint venture. Joint operation – an arrangement in which the parties with joint control have rights to the assets and obligations for the liabilities relating to that arrangement. In respect of its interest in a joint operation, a joint operator must recognise all of its assets, liabilities, revenues and expenses, including its relative share of jointly controlled assets, liabilities, revenue and expenses.

Joint venture – an arrangement in which the parties with joint control have rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method. The option in IAS 31 to account for joint ventures (as defined in IFRS 11) using proportionate consolidation has been removed from IFRS 11.

Under these new categories, the legal form of the joint arrangement is not the only factor considered when classifying the joint arrangement as either a joint operation or a joint venture, which is a change from IAS 31. Under IFRS 11, parties are required to consider whether a separate vehicle exists and, if so, the legal form of the separate vehicle, the contractual terms and conditions, and other facts and circumstances. The Group is currently evaluating the impact of these standards on its financial statements..

IFRS 12 Disclosure of Interests in Other Entities effective for annual periods beginning on or after 1 January 2014, requires additional disclosures about significant judgements and presumptions used in determining the nature of interests in a unit of account or arrangements, interests in subsidiaries, joints arrangements and associates and in unconsolidated entities. The Group is currently evaluating the impact of these standards on its financial statements.

Amendments to **IAS 27 Separate Financial Statements** (2011) are effective for annual periods beginning on or after 1 January 2014. IAS 27 (2011) now addresses only the requirements for separate financial statements (preserving the original requirements). The requirements for consolidated financial statements are now addressed in IFRS 10 Consolidated Financial Statements. The amendment is not expected to have an impact on the Company's financial situation or performance.

Amendments to **IAS 28 Investments in Associates and Joint Ventures** (2011) are effective for annual periods beginning on or after 1 January 2014. IAS 28 (2011) replaces IAS 28 Investments in Associates, and prescribes the accounting for investments in associates and the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard defines “significant influence” and provides guidance on how to apply the equity method in accounting (including the exemptions of the application of the equity method in some cases). It also defines the method for testing investments in associates and joint ventures for impairment. The Group is currently evaluating the impact of these standards on its financial statements.

Amendments to **IAS 32 Financial Instruments: Presentation** are effective for annual periods beginning on or after 1 January 2014. To clarify certain aspects because of diversity in application of the requirements of offsetting, the amendment focuses on four main areas: (1) the meaning of the term “legally enforceable right of set-off”; (2) the application of simultaneous realisation and settlement; (3) the offsetting of collateral amounts; (4) the unit of account for applying the offsetting requirements. The amendment is not expected to have an impact on the Company's financial position or performance.

Amendments to **IAS 36 Impairment of Assets** (Recoverable Amount Disclosures for Non-Financial Assets), effective for annual periods beginning on or after 1 January 2014, clarifies that the scope of recoverable amount disclosures, when the amounts are based on fair value less costs of disposal, is limited to impaired assets. The amendment is not expected to have an impact on the Company's financial position or performance.

Amendments to **IAS 39 Financial Instruments: Recognition and Measurement** (Novation of Derivatives and Continuation of Hedge Accounting), effective for annual periods beginning on or after 1 January 2014, provides an exception to the requirement to discontinue hedge accounting in situations where over-the-counter (OTC) derivatives designated in hedging relationships are directly or indirectly novated to a central counterparty (CCP) as a consequence of laws or regulations, or the introduction of laws or regulations. The amendment is not expected to have an impact on the Company's financial position or performance.

2. Significant accounting policies (continued)

IFRIC 21 Levies, effective for annual periods beginning on or after 17 June 2014, is applied with a retroactive effect. An early application is permitted. The interpretation provides guidance on how to identify the obligating event for the recognition of a liability and when to recognise the liability for a levy imposed by a government. The IFRIC identifies the obligating event as the activity that triggers the payment of the levy in accordance with the relevant legislation and as a result of which, the liability to pay levies is recognised in the period in which the obligation event occurs. The liability to pay levies is recognised progressively if the obligating event occurs over a period of time. If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached. The IFRIC explains that an entity does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the entity being economically compelled to continue to operate in that future period. The amendment is not expected to have an impact on the Company's financial position or performance.

Amendments to **IAS 19 Employee Benefits** (Defined Benefit Plans: Employee Contributions), effective for annual periods beginning on or after 1 February 2015. The amendments are applied with a retroactive effect. An early application is permitted. The amendments apply only to defined benefit plans with contributions from employees or from third parties meeting the following criteria: (1) shall be set out in the formal terms of the defined benefit plan; (2) are linked to service, and (3) independent of the number of years of service. When these criteria are met, the Company can (but does not have to) recognise them as a reduction in the service cost in the period in which the related service is rendered. The amendment is not expected to have an impact on the Company's financial position or performance.

IFRS Annual Improvements

The Improvements bring 11 amendments to 9 standards and consequential amendments to other standards and interpretations. Most of the amendments are to be applied to accounting periods beginning on or after 1 February 2015, with permitted earlier adoption. Further 4 amendments to 4 standards effective for annual periods beginning on or after 1 January 2015, with permitted earlier adoption. The amendments are not expected to have an impact on the Group financial statements.

Other International Financial Reporting Standards

The Company has not adopted any other IFRS standards adopted by EU early where adoption is not mandatory at the date of preparation of the financial statements. Where transition provisions give an entity the choice of whether to apply new standards prospectively or retrospectively, the Company has decided to apply the standards prospectively.

(c) Basis of consolidation

i. Subsidiaries

Subsidiaries are those enterprises that are controlled by the Company. The control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise, so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The consolidated financial statements include the Group's interests in other entities based on the Group's power to control such entities regardless of whether the control is actually exercised or not. The financial statements of subsidiaries are included in the consolidated financial statements from the day of origin of the control until the day of cessation of the control.

ii. Associates

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when a company holds between 20 and 50 percent of the voting rights of another entity. The consolidated financial statements include the Group's share of the recognised gains and losses of associates on an equity accounted basis (equity method) from the day of origin of the significant influence until the day of cessation of the significant influence. Investment in associate is recognised initially at cost. When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount of such an associate is reduced to nil and recognition of further losses is discontinued, except to the extent that the Group has incurred obligations in respect of the associate.

2. Significant accounting policies (continued)

iii. Scope of consolidation

The consolidation as at 31 October 2014 includes two companies. The consolidation as at 31 October 2013 included 5 companies. Three subsidiaries referred to in Note 1 – Information about the Company have prepared their extraordinary financial statements as at 30 April 2013 and were included in the consolidation since that date, i.e. as the date prior to their merger with the parent company. Other companies prepared their financial statements as at 31 October 2013. The list of all companies included in the consolidation is provided in Note 40 – Group entities.

iv. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains or losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

v. Acquisition method of accounting

Acquisitions of subsidiaries are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Acquisition-related costs are recognised directly in profit or loss.

The acquiree's identifiable assets acquired and the liabilities assumed that meet the recognition criteria under IFRS 3 are recognised at their fair value at the acquisition date.

Goodwill is measured as the excess of the 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 the liabilities assumed. Otherwise the difference is reassessed and any excess remaining (negative goodwill) after the reassessment is recognised directly in profit and loss.

The non-controlling interest is measured as a proportionate share of identifiable assets of the acquiree's identifiable assets.

vi. Unification of accounting principles

The accounting principles and procedures applied by the consolidated companies in their financial statements were unified in the consolidation, and comply with the principles applied by the parent company.

(d) Foreign currency

Foreign currency transactions

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in thousands of euros, which is the Group's functional and presentation currency. Transactions in foreign currencies are translated into euros at the foreign exchange rate valid at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into euros at the financial statements date at the exchange rate of the European Central Bank valid at that day.

Foreign exchange differences arising from such translations are recognised through profit or loss. Non-monetary assets and liabilities denominated in foreign currencies, which are measured at cost, are translated into euros using the exchange rate valid at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into euros at the foreign exchange rates valid at the dates the fair values are determined.

(e) Financial instruments

i. Classification

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2. Significant accounting policies (continued)

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

Available-for-sale securities are those non-derivative financial assets that are not classified as financial instruments at fair value through profit or loss, loans and advances to banks and customers or as financial assets held to maturity.

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

ii. Recognition

Loans granted are recognised on the day they are provided by the Group.

Financial assets at fair value through profit or loss and available-for-sale securities are recognised on the date the Group commits to purchase the assets.

iii. Measurement

Financial instruments are measured upon initial recognition at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the financial instrument.

Subsequent to initial recognition, financial assets are measured at amortized costs, except for financial assets at fair value through profit and loss and available-for-sale securities, which are measured at fair value.

iv. Fair value measurement principles

The fair value of financial instruments is based on their quoted market price at the financial statements date without any deduction for acquisition-related costs. If a quoted market price is not available, the fair value of the instrument is estimated by the management using the pricing model or discounted cash flow techniques.

Where the discounted cash flow method is used, estimated future cash flows are based on the management's best estimates and the discount rate is the market rate at the date of the financial statement for an instrument with similar terms and conditions. Where pricing models are used, inputs for these models are based on market-related factors at the date of the financial statement.

v. Gain and losses on subsequent valuation

Gains and losses arising from a change in fair value are recognised in profit or loss for financial instruments at fair value through profit or loss and directly in equity for available-for-sale securities. Changes in the fair value of available-for-sale securities are derecognised from other equity to profit or loss at the moment of 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 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.

Loans and advances to customers are derecognised as at the day they are paid/ settled by the Group.

2. Significant accounting policies (continued)

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and in banks, short-term highly liquid investments with original maturities of three months or less and short-term highly liquid investments readily convertible for known amounts of cash.

(g) Inventories

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

Purchased inventories are measured at cost, which includes the purchase price and other directly attributable expenses incurred in acquiring the inventories and bringing them to their existing location and condition.

(h) Offsetting

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

(i) Impairment

The carrying amounts of the Group's assets, other than inventories (refer to the accounting policy under letter g)), investment property (refer to the accounting policy under letter l)), financial assets at fair value through profit or loss (refer to the accounting policy under letter e)), available-for-sale securities (refer to the accounting policy under letter e)) and deferred tax assets (refer to the accounting policy under letter p)) are reviewed at each financial statements date to determine whether there is objective evidence of impairment of the asset. If any such indication exists, the asset's recoverable amount is estimated. Intangible assets that have an indefinite useful life are not subject to amortisation, but are tested annually for impairment as part of the cash-generating unit to which they belong.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Loans granted are recognised net of value adjustment for losses on loans. Value adjustments are determined on the basis of the state of the loan and performance of the borrower and the value of any collateral and all third-party guarantees is taken into account.

The recoverable amount of receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed upon initial recognition of these financial assets). Short-term receivables are not discounted.

If assets available for sale caused a decrease in fair value recognized directly in equity and if objective reasons exist that prove that there was a decrease in the fair value of the assets, the cumulated loss recognized in equity shall be reported in the profit and loss statement even if the relevant financial asset had not been reversed from the financial position. The amount of loss recognized in the profit and loss statement is the difference between the acquisition cost and the fair value, adjusted for the impairment of the financial asset already recognized in profit and loss. A decrease in fair value of more than 20% of the acquisition cost or a decrease in fair value below the acquisition costs that lasts continuously more than nine months in case of securities investments is considered an impairment.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of receivables carried at amortised cost is reversed if the increase in the recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. In the case of goodwill, an impairment loss cannot be decreased subsequently.

2. Significant accounting policies (continued)

In respect of other assets, an impairment loss is reversed or decreased when there is an indication that the impairment loss no longer exists and there has been a change in the estimates used to determine the recoverable amount. An impairment loss can only be reversed or decreased to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Property, plant and equipment

i. Owned assets

Single items of property, plant and equipment are measured at cost less accumulated depreciation (see below) and impairment losses (refer to the accounting policy under letter i)). Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and costs of dismantling and removing the items and restoring the site where it was located. When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items (major components) of property, plant and equipment.

ii. Leasing

Agreements on lease of assets in relation to which the Group assumes substantial part of risks and benefits of ownership are classified as financial leasing. Leased assets are stated at an amount equal to the lower of their fair value and the present value of the minimum leasing payments at inception of the lease, less accumulated depreciation (see below) and impairment losses (refer to the accounting policy under letter i))

iii. Subsequent expenditures

Subsequent expenditure is capitalised if it is probable that the future economic benefits embodied in the part of property, plant and equipment will flow to the Group and the relevant cost can be measured reliably. All other expenditures including the costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss in the period to which they relate.

iv. Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of individual items of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- Buildings 30 - 45 years
- Individual movables and sets of movables
 - Geothermal borehole 40 years
 - Slides 25 years
 - Cableways and ski lifts 20 - 30 years
 - Equipment 5 - 12 years
 - Fixtures and fittings and others 5 - 10 years

Depreciation methods, useful lives, as well as residual values, are reassessed annually as at the financial statement's date. Each significant part of property, plant and equipment (component) with cost material in relation to the total cost of the relevant item is depreciated separately.

v. Capitalized borrowing costs

Borrowing costs attributable to the asset that necessarily takes a substantial period of time to get ready for its use or sale are capitalised by the Group as part of the cost of the asset.

2. Significant accounting policies (continued)

(k) Intangible assets

i. Goodwill and intangible assets acquired in a business combination
Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest 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 the liabilities assumed. Goodwill on acquisition of subsidiaries is included under intangible assets. Goodwill on acquisition of associates is included in the investments in associates.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Negative goodwill arising on an acquisition is reassessed and any excess remainder of the negative goodwill after the reassessment is recognised in profit or loss. Intangible assets acquired in a business combination are recognised at fair value on the acquisition date if the intangible asset is separable or arises from contractual or other legal rights. Intangible assets with an indefinite useful life are not subject to amortisation and are recorded at cost net of impairment loss. Intangible assets with a definite useful life are amortized over the useful life and are stated at cost net of accumulated amortisation and impairment losses.

ii. Software and other intangible assets
Software and other intangible assets acquired by the Group are stated at cost less accumulated amortisation (see below) and impairment losses (refer to the accounting policy under letter i)). Useful life of these assets is reassessed regularly. Lease contracts refer to valuation of rights from long-term lease contracts.

iii. Amortisation
Amortisation is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date the asset is available for use. The estimated useful lives are as follows:

- Software 4 – 5 years
- Lease contracts 29 years
- Valuable rights each item uses an individual depreciation plan, valuable rights also include trademarks which represent non-depreciated assets. The Group uses 6, 7, 8, 12 and 50-year useful lives for its valuable rights.

(l) Investment property
Investment property represents assets that are held by the Group to generate rental income or to realise a long-term increase in value, or for both of these purposes. Investment property is stated at fair value, which is determined by an independent registered expert or by the management. Fair value is based on current prices of similar assets in an active market in the same location and the same conditions, or where such conditions are not available, by applying the generally applicable valuation models such as the yield method. Any gain or loss arising from a change in fair value is recognised in profit or loss.

Assets that are constructed or developed for their future use as investment property are measured at fair value if the fair value can be determined reliably.

Details on the valuation of investment property are specified in Note 3(b) – Critical accounting estimates and assumptions, Valuation of investment property. Rental income from investment property is accounted for as described in the accounting policy under letter (o).

2. Significant accounting policies (continued)

(m) Provisions
A provision is recognised in the balance sheet when the Group has a present legal, contractual, or non-contractual obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Long-term provisions the reduction of which to their present value would have a significant impact on the financial statements are discounted to their present value.

i. Long-term employee benefits
Liability of the Group resulting from long-term employee benefits other than pension plans represents the estimated amount of future benefits that employees have earned in return for their service in the current and prior periods. The liability is calculated using the projected unit credit method, discounted to its present value. A discount rate used to calculate the present value of liability is derived from the yield curve of high-quality bonds with maturities close to the conditions of the Group's liabilities as at the date of the financial statements preparation.

ii. Short-term employee benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are recognised as expenses at the time of provision of the service by the employees. A payable is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or contractual obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(n) Interest income and expense
Interest income and expense is recognised in profit or loss in the period to which it relates. All expenses on loans and borrowings are recognised in profit or loss, with the exception of capitalised borrowing costs; refer to the accounting policy under letter (j), part (v).

(o) Rental income
Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.

(p) Income tax
Income tax on the profit for the current accounting period comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the current accounting period, using tax rates valid as at the date of the financial statement's preparation, and any adjustments to tax payable in respect of previous accounting periods.

Deferred tax is accounted for using the balance sheet method and calculated from all temporary differences between the carrying amounts of assets and liabilities determined for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences weren't taken into account: the initial recognition of assets or liabilities which affect neither accounting nor taxable profit, and the differences relating to investments in subsidiaries to the extent that it is probable that they will not be reversed in the foreseeable future. No deferred taxes are recognised on the initial recognition of goodwill. The amount of deferred tax is based on the expected way of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates valid or approved as at the date of the financial statement's preparation.

Income tax is recognised directly in profit or loss, except for the part that relates to items recognised directly in equity, in which case the income tax is recognised in equity.

Deferred tax asset and liability are offset if there is a legally enforceable right to offset the payable tax liability and asset, and they relate to the same tax authority and the taxable entity.

A deferred tax asset is only recognised up to the amount of probable future taxable profits against which the unused tax losses and credits can be offset. Deferred tax assets are reduced by the amount for which it is probable that the related tax benefit will not be realised.

2. Significant accounting policies (continued)

(q) Operative and financial lease payments

Payments made under operative leasing are recognised in profit or loss on a straight-line basis over the term of the lease.

Minimum lease payments of financial leasing are divided into interest payments and instalments of the principal. Interest is allocated to each period during the term of the lease so as to express a constant periodic rate of interest for the period applied to the outstanding part of the principal.

(r) Trade and other payables

Trade and other payables are stated at amortised cost. (see par. (w) Financial liabilities).

(s) Revenues from services rendered

The Group recognises six types of basic revenues from services rendered:

- Revenues from cableways and ski lifts (hereinafter also referred to as “Mountain Resorts”)
- Revenues from the aquapark (hereinafter also referred to as “Aquapark”)
- Revenues from sports services and stores (hereinafter also referred to as “Sports Services and Stores”)
- Revenues from hotel services (hereinafter also referred to as “Hotels”)
- Revenues from restaurant facilities (hereinafter also referred to as “Dining”)
- Revenues from real estate projects (mainly revenues from investment property, hereinafter also referred to as “Real Estate”)

Revenues are accrued depending on in which period the services were rendered, excluding revenues from the aqua park, hotel services and restaurant facilities, which are recognised in profit or loss after the service has been rendered. Revenues from services rendered do not include value added tax. They are also net of discounts and rebates (rebates, bonuses, discounts, credit notes and the like).

Since 2012 the Group has been running a loyalty program for its clients – GOPASS. GOPASS enables its clients to earn points for purchase of products and services in its resorts and to redeem these points as discounts from future purchases. The Group uses the program as a tool for active communication and customer relations management. GOPASS integrates the Group’s whole product and service offer.

The amount of unredeemed points are recognized as a decrease in sales against revenue time difference, as they are related to promised discounts from future purchases of clients. The Group monitors the value of unredeemed points and revalues it on a regular basis for its recognition in the financial statements.

(t) Dividends

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

(u) Non-current assets and disposal groups held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group held for sale) are re-measured in accordance with the International Financial Reporting Standards as adopted by the EU. Thereafter, upon initial classification as held for sale, the assets and disposal group held for sale are recognised at the lower of their carrying amount or fair value less cost to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except for inventories, financial assets, deferred tax assets and investment property, which continue to be measured in accordance with the Group’s accounting policies.

Impairment losses on initial recognition as held for sale are recognised in profit or loss even if the revaluation reserve was created. The same applies to gains and losses on subsequent measurements. Gains are not recognised in excess of any cumulative impairment loss.

2. Significant accounting policies (continued)

Property, plant and equipment and intangible assets classified as held for sale are no longer depreciated or amortised.

In case that, after the asset assignment into the group of assets held for sale, value is realized mainly through use rather than sale thereof, the assets shall be accounted back and depreciation or amortization for property, plant and equipment and intangible assets shall be recognised in the period when such change of assets arose.

(v) Reporting by segments

Operating segments are parts of the Group that are able to generate income and expenses with available financial information, which is regularly reviewed by the chief operating decision makers in order to allocate resources to the segments and to assess their performance. The management monitors 7 main segments, namely mountain resorts, the aqua park, hotels, restaurant facilities, sports services and shops, real estate projects and other.

(w) Financial liabilities

The Group recognises financial liabilities as other financial liabilities. The Company does not recognise any financial liabilities valued at fair value through profit or loss.

In the Group’s statement of financial position, other financial liabilities are recognized as received loans and borrowings, bonds issued, trade payables, other liabilities and current tax liabilities.

Financial liabilities are recognised by the Group on the trade date. Upon initial recognition, financial liabilities are measured at fair value including transaction costs.

Subsequent to initial recognition, financial liabilities are measured at amortized cost. Upon measurement at amortized cost the difference between the cost and the face value is recognised through profit or loss during existence of the asset or liability using the effective interest rate method.

Financial liabilities are derecognised when the Group’s obligation specified in the contract expires, is settled or cancelled.

(x) Fair value estimates

The following notes summarise the main methods and assumptions used in estimating the fair values of financial assets and liabilities referred to in Note 33 – Fair value information:

i. Loans granted

Fair value is calculated based on discounted expected future principal and interest cash flows. 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 made and changes in interest rates in the case of fixed rate loans.

ii. Loans and borrowings

For loans and borrowings with no defined maturities, fair value is taken to be the amount payable on demand as at the date of preparation of the consolidated financial statement. The estimated fair value of fixed-maturity loans and borrowings is based on discounted cash flows using rates currently offered for loans and borrowings of similar remaining maturities.

iii. Trade receivables/payables, other receivables 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.

3. Critical accounting estimates and assumptions

The preparation of financial statements in accordance with International Financial Reporting Standards as adopted by the EU requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and 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 values at the acquisition date. Allocation of the total purchase price among the net assets acquired for financial statement reporting purposes is performed with the support of professional advisors or the Group's management.

The valuation is based on historical and prospective information available as of the date of the business combination. Any prospective information that may impact the fair value of the acquired assets is based on management's assumptions of the future development of competitive and economic environments.

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

On 5 March 2014, the Group acquired a 97% ownership interest in Szczyrkowski Ośrodek Narciarski S.A. (hereinafter the "SON") seated at Szczyrk, Republic of Poland. SON operates a ski resort in Szczyrk, at the Polish part of the Beskid Mountains. The Group acquired the ownership interest at EUR 7,191,000 and became the major shareholder of SON. The Group's management revalued the acquired assets and liabilities which resulted in the increase in SON's assets. The adjustments were recognised in the consolidated financial statements using the full consolidation method.

The fair value of the acquired assets and liabilities is based on the business plan prepared by the management, the key assumptions, which were the most sensitive factors for determining the fair value, were revenues expected by the management, profitability, weighted average cost of capital used as a discount rate for future cash flows and terminal growth. Expected revenues and profitability were based on other similar resorts of the Group. Projected cash flows used to determine the fair value covered a 5-year period with further extrapolation for following periods. Based on such normalization of cash flows terminal value was calculated with terminal growth of 2.2%. the discount rate used for projected cash flows was calculated as the weighted average cost of capital at 6.5%.

The Fair value adjustments resulting from business combinations in the accounting period from 1 November 2013 to 31 October 2014 are summarised in the table below:

<i>In thousands of EUR</i>	Property, plant and equipment	Lease contracts	Deferred tax liability	Total net balance sheet effect
Acquired assets				
Assets of Szczyrk resort	2 248	7 510	-1 854	7 904

If in determining the fair value EBITDA, which is a part of the projected cash flows, was 10% lower in comparing to the management's estimate, the fair value would have been lower by EUR 1,405 thous. If the discount rate was 0.5 p.p. higher than the management's estimate, i.e. 7%, the fair value would have been lower by EUR 1,391 thous. If the terminal growth rate was 0.5 p.p. lower than the management's estimate, i.e. 1.7%, the fair value would have been lower by EUR 1,189 thous. Each scenarios were applied independently.

3. Critical accounting estimates and assumptions (continued)

In connection with the Group's acquisition of an additional 50% interest in the company Interhouse Tatry, s.r.o. during the year 2013, the Group's management performed a revaluation of the acquired assets and liabilities. The fair value of acquired assets and liabilities did not differ significantly from their carrying amounts according to the IFRS. Adjustment of values of these assets and liabilities was therefore not necessary.

On 6 November 2012, the associate MELIDA, a.s., which was acquired in 2012, entered into a lease contract with the company SKIAREÁL Špindlerův Mlýn, a.s. The subject matter of the contract is the operation of the company under the terms and conditions stipulated in that contract, i.e. the long-term lease of all assets of the Špindlerův Mlýn ski resort for the period of 20 years. The Company's management evaluated that contract as business combination. Consequently, all acquired assets and liabilities of the company SKIAREÁL Špindlerův Mlýn, a.s. were remeasured to market value.

Fair value adjustments resulting from business combination made by the Group in the accounting period from 1 November 2012 to 31 October 2013 are provided below. These adjustments were made in the associate MELIDA, a.s. and were transferred to the consolidated financial statements using the equity method through share in profit of the associate. The revaluation resulted in recognition of negative goodwill in the associate falling on 50% interest of the Group in the amount of EUR 4,874,000.

<i>In thousands of EUR</i>	Property, plant and equipment	Lease contracts	Valuable rights	Deferred tax liability	Total net balance sheet effect
Acquired assets					
Assets of the Skiareál Špindlerův Mlýn resort	13 607	8 489	3 934	-4 946	21 084

(b) Valuation of investment property

Investment property is carried at fair value. Fair values of investment property are determined either by independent court expert or by management (refer to Significant accounting policies, Note I), in both cases based on current market values and conditions. Market value is the estimated amount for which a property could be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing, wherein the parties each act knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared considering the estimated net cash flows expected to be received from renting out the property and a capitalisation yield that reflects the specific risks inherent in the market and in those cash flows. Valuations reflect (where appropriate) the type of tenants in occupation or responsible for meeting lease commitments, or likely to be in occupation after letting vacant property, the general market's perception of the tenants' creditworthiness, the allocation of maintenance and insurance responsibilities between the Group and the lessees, and the remaining economic life of the properties.

Investment property represents four hotels (SKI, Liptov, Kosodrevina and Slovakia) and the Otupné accommodation facility in the aggregate carrying amount of EUR 2,693,000 (31 October 2013: EUR 2,631,000). These hotels are leased to third parties who operate them as well as forest areas and lands acquired by acquisition in 2009 in the carrying amount of EUR 4,571,000 (31 October 2013: EUR 3,220,000). The value of the hotels was determined by estimate of the management in the manner stated above. The value of lands was determined by the management using market prices, with the final value being based on the estimated market price per square metre depending on the type of land and market transactions for lands of similar nature.

As at 31 October 2014, the Group's management reassessed the value of the investment property considering the existing market conditions. This resulted in an increase in value of forest areas and land by EUR 1,351,000, the value of Hotel Kosodrevina increased by EUR 39,000 and the value of Hotel Ski increased by EUR 23,000. Total revaluation of investment property in 2014 through profit and loss resulted in a gain of EUR 1,413,000 (2013: loss of EUR 24,000).

3. Critical accounting estimates and assumptions (continued)

In 2013, the Company leased out Hotel Slovakia and the Otupné accommodation facility; subsequently, this property was reclassified from Property, plant and equipment to the Investment property category. As at the reclassification date, the Company carried out the revaluation of the Otupné accommodation facility through other comprehensive income in the amount of EUR 15,000.

As at 31 October 2013, the Company's management carried out revaluation of investment property based on the current market conditions. That resulted in an increase in the value forest areas and lands by EUR 901,000, an increase in the value of Liptov Hotel by EUR 228,000, and a decrease in the value of Kosodrevina Hotel by EUR 378,000, of Hotel SKI by EUR 232,000 and of Hotel Slovakia by EUR 543,000. The total revaluation of investment property made in 2013 through profit or loss resulted in a loss of EUR 24,000. If the fair value of that part of investment property which was determined on the basis of the management's estimates differed from the management's estimates by 10%, the carrying amount of investment property would be higher or lower by EUR 726,000 compared to the amount reported as at 31 October 2014 (31 October 2013: EUR 585,000).

(c) Goodwill and impairment testing

As at the date of the financial statement's preparation, the Group is considering the potential impairment of goodwill. If no indicator for potential impairment is detected, the Group, in accordance with IAS 36, will test the goodwill recognised in the business combination during the current accounting period and the goodwill reported in prior accounting periods for potential impairment on an annual basis as at 31 October, i.e., as at the date of the preparation of the annual consolidated financial statement.

On the date of acquisition, the acquired goodwill is assigned to the relevant cash-generating units (CGU), which are expected to benefit from the synergy effects resulting from the business combinations.

In the accounting period from 1 November 2012 to 31 October 2013, the goodwill resulted from acquisition of an additional 50% interest in the company Interhouse Tatry s.r.o. (the company operating Grandhotel Starý Smokovec) in the amount of EUR 3,740,000. Thereafter, the goodwill was tested for impairment as at 31 October 2013. The results of the test indicated impairment of the goodwill by EUR 350,000 to the value of EUR 3,390,000.

Impairment is determined based on the assessment of the recoverable amount for the CGU relevant to the goodwill, using the value-in-use principle. This value is derived from future cash flows estimated by the management. The discount rate used for estimating the fair value was 6.05% for 2014 and 7.02% for 2013 (net of the income tax).

The value in use was derived from the business plan prepared by the management. The key assumptions, which were also the most sensitive indicators for determining the recoverable amount, were the estimated revenues assessed by the management, profitability and cost of capital, which were used as a discount factor for future net cash flows. The estimated revenues and profitability are based on changes in target customer groups, stronger marketing and improved quality of provided services.

Cash flow projections used for determining the value in use cover a mid-term period of 5 years with further extrapolation for the following period. Such normalised cash flow then serves as the basis for the calculation of the terminal value with the assumption of 2.2% annual growth in cash flows (2013: 2.3%). The discount rates used in the cash flow projection were calculated as the weighted average cost of capital.

In 2014, the goodwill was tested in CGU Vysoké Tatry and the test did not show any reason for impairment. See Note3(d).

3. Critical accounting estimates and assumptions (continued)

In 2013, as there were no indicators of impairment, the goodwill was tested separately. If as at 31 October 2013 the projected EBITDA, which is part of the projected cash flows, was 5% lower compared to the management's estimates, the value-in-use would be EUR 1,138,000 less in the case of Grandhotel Starý Smokovec (Interhouse Tatry s.r.o.). If the discounted rate was increased by 10% compared to the management's estimate, i.e. it was 7.72%, the value-in-use would be EUR 2,032,000 less in the case of Grandhotel Starý Smokovec. In both cases, the goodwill would be impaired by EUR 1,138,000 and EUR 2,032,000, respectively, and consequently, the consolidated impairment losses would increase by the above-mentioned amounts.

(d) Asset impairment testing

As at the date of the financial statement's preparation, the Group is considering potential impairment of the Group's assets. IAS 36 requires testing assets for impairment if there are any internal or external indicators of potential impairment of assets.

The Group performs 6 core activities: the operation of ski resorts, an aqua park, restaurant services, sport services and shops, accommodation services and real estate projects, namely in three locations: Jasná (Low Tatras), High Tatras and in Liptovský Mikuláš and Szczyrk in Poland. Each location was assessed by the management as a separate cash-generating unit (CGU). The Group monitors their performance and prepares separate budgets for single cash-generating units. The Group's assets were allocated to the relevant cash-generating units under the substance principle, whereas all assets located in the CGU are included in single CGUs, thus in addition to ski lifts and cableways also hotels, restaurant facilities, and sports services and shops.

The assessment as at 31 October 2012 revealed certain indications of impairment of the Group's assets and therefore the assets were tested for impairment. Three separate basic cash-generating units were tested, namely: the High Tatras resort, JASNÁ Low Tatras resort and Tatralandia aqua park in Liptovský Mikuláš. The test results did not lead to a decrease of the carrying amount of assets.

Potential impairment is determined by comparing the recoverable amount and the carrying amount of the cash-generating unit. The recoverable amount was determined on the basis of the value-in-use. The value in use was derived from the value of future cash flows discounted to present value. The discount rate used for the asset impairment testing was 6.5%, in 2014 (net of income tax). The discount rate was calculated using the weighted average cost of capital.

The value in use of each cash-generating unit was determined based on the projected cash flows resulting from the long-term financial plan prepared by the management. The financial plans were prepared for the period of the next five years. Projected cash flows for the period following after the five years were derived from the aforementioned financial plans. In the following period, the Company is expected to reach such operating and financial performance regarded by the management as sustainable. Such a normalised level of cash flow served as the basis for the calculation of the terminal value with the assumption of 2.2% annual growth of cash flows in the test performed as at 31 October 2014.

Aside from the discount rate, other key assumptions that influence the value in use the most are mainly the planned prices and visit rates. Most assumptions are based on past experience, except for the facts anticipated in relation to new investments (such as, for instance, the carrying capacity of new cableways). When estimating future prices, the management also considered the prices of comparable resorts, hotels and water parks in other countries, taking into account the differences in the client target group.

3. Critical accounting estimates and assumptions (continued)

If, as at 31 October 2014, the projected EBITDA, which is part of the projected cash flows, was by 5% lower compared to the management's estimate, the value-in-use for the independent CGU Jasná (Nízke Tatry) would be by EUR 9,831,000 lower, for Vysoké Tatry location it would be by EUR 7,444,000 lower and in case of Liptovský Mikuláš (Tatralandia) it would be by EUR 4,980,000 lower. In none of those cases it was necessary to recognise an impairment of assets, not even with lower EBITDA. If the discount rate was increased by a half percentage point compared to the management's estimate, i.e. if it equalled 7.00 %, the value-in-use for the independent CGU Jasná (Nízke Tatry) would be by EUR 14,243,000 lower, for Vysoké Tatry location it would be by EUR 12,062,000 lower and for Liptovský Mikuláš (Tatralandia) it would be by EUR 7,765,000 lower. In none of those cases it was necessary to recognise an impairment of assets not even for higher discount rate.

As at 31 October 2013 the assessment by the Company's management did not reveal any indicator of potential impairment of the Company's assets. Therefore, the Company did not test the assets for impairment.

(e) Financial instruments at fair value

The fair value of financial instruments is determined on the basis of:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities,

Level 2: inputs other than quoted prices included in Level 1 that are comparable for the asset or liability, either directly (i.e. as prices of similar instruments) or indirectly (i.e. derived from such prices),

Level 3: inputs for the asset or liability that are not based on comparable market data (incomparable inputs).

If no listed market price is available, fair value is estimated by using valuation techniques. In applying valuation techniques, management uses estimates and assumptions that are consistent with the available information about estimates and assumptions that market participants would use in setting a price for the financial instrument.

<i>In thousands of EUR</i>	31.10.2014				31.10.2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Available-for-sale securities	59	-	-	59	59	-	-	59
Financial instruments at fair value through profit or loss	-	-	2 022	2 022	288	-	2 022	2 310

Within Level 3, the Company reports the financial investment (a 19% share in the registered capital) in the company MELIDA, a.s. in the amount of EUR 1,869 thous. and other financial investments valued through profit or loss, as stated in par. 25 Financial Investments. On 6 November 2012, the company MELIDA, a.s. entered into a contract for lease of undertaking with the company SKIAREÁL Špindlerův Mlýn, a.s. For the consolidated financial statements, that arrangement was evaluated by the Group's management as business combination.

Therefore, all the acquired assets and liabilities of the company SKIAREÁL Špindlerův Mlýn, a.s. were revaluated to fair value as at that date. In 2014, the Group's management, based on results achieved by MELIDA, a.s. (profit before tax in the amount of EUR 993,000) – estimated the fair value and concluded that the value does not significantly differ from the amount recognised in 2013. Therefore, no change in the value was recognised.

3. Critical accounting estimates and assumptions (continued)

The fair value of these financial assets was estimated by the Group's management using the discounted cash flows method, with the use of inputs from the business plan and cash flow estimates. Before their use, the business place and cash flow estimates were thoroughly re-assessed by the Group's management. The discount rate used for the measurement of these financial assets in 2014 and 2013 was 7.02%. The main assumptions used for the measurement were the expected cash flows and discount rate.

Reconciliation of opening and closing balances of fair values of single levels of financial assets:

<i>In thousands of EUR</i>	Balance as at 31.10. 2013	Revaluation through profit or loss	Revaluation through other comprehensive income	Disposals	Transfer from other asset categories	Balance as at 31.10. 2014
Available-for-sale securities	59	-	-	-	-	59
Financial instruments at fair value through profit or loss	2,310	-	-	-288	-	2,022

Information about operating segments – Consolidated statement of comprehensive income

The Group in 2014 and 2013 generated all of its revenues in the territory of the Slovak Republic. Inter-segment eliminations are included in the amounts reported for individual periods. No company's client has exceeded the limit of 10% share in total revenues.

4. Information about operating segments (continued)

Information about operating segments – Consolidated statement of financial position

Out of total Property, plant and equipment as of 31 October 2014 the amount of EUR 12,771 thous. represents the Group's assets in Poland. Total deferred tax of the Polish subsidiary comes to EUR 1,871 thous. as of 31 October 2014. Inter-segment eliminations are included in the amounts reported for individual periods. Inter-segment prices are determined on the basis of market rates for similar services and financing.

5. Increment and decrement of interests in companies

On 5 March 2014, the Company acquired a 97% ownership interest in Szczyrkowski Ośrodek Narciarski S.A. (hereinafter the “SON”) seated at Szczyrk, Republic of Poland. Full control over SON was gained on 30 April 2014, when the Company appointed new members of the Board of Directors. SON operates a ski resort in Szczyrk, at the Polish part of the Beskid Mountains. The Company acquired the ownership interest at EUR 7,191,000 and became the major shareholder of SON. The acquisition of the subsidiary in 2014 had the following impact on the Group’s assets and liabilities:

<i>In thousands of EUR</i>	Szczyrkowski Ośrodek Narciarski S.A.
Intangible assets	7,510
Property, plant and equipment	5,542
Other assets	102
Cash and cash equivalents	167
Loans and borrowings	-1,757
Other liabilities	-679
Deferred tax liability	-1,854
Net identifiable assets and liabilities (100% share)	9,031
Acquired interest (97% share)	8,760
Cost of acquisition	-7,191
Negative goodwill on acquisition	1,569
Paid consideration, settled in cash	-7,191
Acquired cash	167
Net cash outflow	-7,024
Loss from the date of acquisition	-666

As shown in the table above, the acquisition of the subsidiary SON caused the Group to recognize negative goodwill of EUR 1,569 thous. The former owner of the resort did not have financial strength necessary to ensure further growth and stability of the resort. This was the reason why the Group managed to acquire the subsidiary at a lower cost than its market value. Since the acquisition date till 31 October 2014 the subsidiary did not recognize any revenues. In case the Group had acquired the subsidiary at the beginning of the financial year, the Group’s revenues for 2014 would total EUR 57,074 thous. and loss of EUR 107 thous.

On 16 February 2013, the Group acquired an additional 50% business interest in the company Interhouse Tatry s.r.o., whereupon the Group became the exclusive owner of Grandhotel Starý Smokovec, High Tatras. The Group acquired full control over the company Interhouse Tatry s.r.o. on 1 November 2012 on the basis of an agreement on managerial control over the company made with the owner of the 50% interest; since that date, i.e. since the beginning of the financial year 2013, the Group has included the company in its consolidated statements by using the full consolidation method. The acquisition of the subsidiary in 2013 had the following effect on the Group’s assets and liabilities:

<i>In thousands of EUR</i>	Interhouse Tatry s.r.o.
Intangible assets	1
Property, plant and equipment	9,854
Inventories	76
Trade receivables and other assets	124
Cash and cash equivalents	154
Loans and borrowings	-401
Trade payables	-288
Other liabilities	-468
Deferred tax liability	-1,531
Net identifiable assets and liabilities (100% share)	7,521
Net identifiable assets and liabilities (50% - subject matter of the purchase)	3,760
Cost of acquisition	-7,500

Goodwill on acquisition	-3,740
Paid consideration, settled in cash	-7,500
Acquired cash	154
Net cash outflow	-7,346
Loss from the date of acquisition	-360

On 26 November 2012, the company Tatry mountain resorts, a.s. established the company Korona Ziemi Sp. z o.o. (private limited company) with the Polish municipality Gmina Zawoja. As at the date of establishment, the Group had 50% interest in the company; the interest was subsequently reduced to 19% due to an increase of the company's registered capital in 2013.

On 28 August 2012, the Group acquired a 100% package of shares of the company MELIDA, a.s. and subsequently, as at 17 September 2012, sold 50% of the shares. On 1 October 2013, the Group sold a 31% package of shares of the company MELIDA, a.s. Refer to Note 18 – Investments in associates.

The table below provides an overview of subsidiaries and associates acquired and/or sold in 2014 and 2013:

<i>In thousands of EUR</i>	Date of acquisition (gaining control)	Cost	Cash outflow	Group's interest after acquisition %
Acquisition of the subsidiary				
Szczyrkowski Ośrodek Narciarski S.A.	5.3.2014	7,191	-7,191	100%
Interhouse Tatry s.r.o.	1.11.2012	7,500	-7,500	100%
	Date of establishment	Cost	Cash outflow	Group's share %
Establishment of associate				
Korona Ziemi SP z o.o.	26.11.2012	96	-96	50%
	Date of sale	Selling price	Cash inflow	Gain/(loss) on sale
Sale of associates				
MELIDA, a.s. (31%)	1.10.2013	24	24	- 3,390

Effect from the sale

As for the sale of the 50% package of shares of the company MELIDA, a.s. in 2012, the result was zero. As for the sale of the 31% interest in 2013, the sale resulted in a loss in the amount of EUR 3,390,000. The loss-making sale was carried out with a strategic partner with whom the Group plans to implement several projects in the future with expected synergy effects which cannot be quantified at present.

6. Revenues

<i>In thousands of EUR</i>	1.11.2013 – 31.10.2014	1.11.2012 – 31.10.2013
Mountain Resorts	21,978	21,835
Hotels	15,869	13,435
Sports Services and Stores	2,452	2,668
Dining	7,205	6,715
Aquapark	8,123	7,652
Real Estate	307	228
Total	55,934	52,533

7. Other operating income

<i>In thousands of EUR</i>	1.11.2013 – 31.10.2014	1.11.2012 – 31.10.2013
Contractual penalties	30	1,381
Compensation from insurance companies	17	25
Other operating income	328	409
Total	375	1,815

The contractual penalties as at 31 October 2014 in the amount of EUR 30,000 refer to a contractual fine for s delayed supply under a Contract for Work. The contractual penalties 31 October 2013 in the amount of EUR 1,354,000 refer mainly to revenues from EBITDA contracts. EBITDA contracts result from contracts on purchase of interests in the following companies: GRANDHOTEL PRAHA a.s. and Interhouse Tatry s.r.o. By acquisition of these companies on 28 December 2009, the Company obtained a guarantee from the sellers that assets in these companies would generate the agreed EBITDA in the next four years. If the agreed EBITDA is not reached, the former owners are obliged to cover the difference to reach the agreed EBITDA in the next four years. The contracts terminated in 2013.

8. Consumption of materials and goods

<i>In thousands of EUR</i>	1.11.2013 – 31.10.2014	1.11.2012 – 31.10.2013
Materials in hotels and restaurant facilities	-3,751	-3,390
Goods	-2,616	-1,963
Fuels	-690	-753
Materials for repair and maintenance	-465	-582
Other materials and goods	-1,969	-1,628
Total	-9,491	-8,316

9. Purchased services

<i>In thousands of EUR</i>	1.11.2013 – 31.10.2014	1.11.2012 – 31.10.2013
Energy	-4,242	-3,957
Advertising expenses	-2,837	-3,514
Other purchased services	-2,011	-1,852
Rent expenses (premises) and other	-1,892	-1,584
Other administration costs	-879	-638
Communication expenses	-819	-549
Repairs and maintenance expenses	-763	-836
Cost of legal consultancy	-272	-307
Cost of services related to owned premises	-248	-232
Transport, accommodation and travel	-149	-173
Trainings	-67	-40
Total	-14,179	-13,682

Other purchased services include expenses for bookkeeping, auditing, marketing and other expenses relating to the administrative operation of the Group. The Group's separate and consolidated financial statements are being audited by KPMG Slovensko spol. s.r.o. In the period from 1 November 2013 to 31 October 2014 cost of these services amounted to EUR 165,000 (for the period ending 31 October 2013: EUR 178,000). During the year, KPMG Slovensko Advisory, k.s. also provided services related to tax consultancy in the amount of EUR 4,000 (for the period ending 31 October 2013: EUR 4,000).

10. Personnel expenses

<i>In thousands of EUR</i>	1.11.2013 – 31.10.2014	1.11.2012 – 31.10.2013
Wage costs	-7,795	-7,171
Cost of personnel lease	-3,884	-3,203
Cost of social security contributions (compulsory)	-2,930	-2,559
Remuneration for members of statutory bodies and top management	-208	-265
Other social expenses	-15	-17
Total	-14,832	-13,215

The average headcount of the Group in the period from 1 November 2013 to 31 October 2014 was 1,018, of that 25 people were in management (from 1 November 2012 to 31 October 2013: 1,334, of that 26 people in management). During the year, the Group used the services of personnel agencies for the short-term lease of personnel. In 2014, 319 employees of the total number of 1 018 were leased. In 2013, 283 employees of the total number of 1,334 were leased.

11. Other operating expenses

<i>In thousands of EUR</i>	1.11.2013 – 31.10.2014	1.11.2012 – 31.10.2013
Insurance (property, cars, travel insurance)	-291	-275
Fees and commissions	-241	-198
Shortages and damages	-65	-100
Other operating expenses	-331	-146
Total	-928	-719

12. Interest income and expenses

<i>In thousands of EUR</i>	1.11.2013 – 31.10.2014	1.11.2012 – 31.10.2013
Interest income	1,475	1,599
Interest expenses	-7,766	-681
Total	6,291	918

The interest income for the period from 1 November 2013 to 31 October 2014 in the amount of EUR 1,475,000 (1 November 2012 to 31 October 2013: EUR 1,599,000) result mainly from granted loans bearing a fixed interest rate. Refer to Note 21 – Loans granted.

The interest expense for the period from 1 November 2013 to 31 October 2014 in the amount of EUR 7,766,000 include: borrowing costs in the amount of EUR 568,000 and interest expense on issued bonds in the amount of EUR 7,198,000. The Company issued interest-bearing bonds totalling EUR 180 million, at face value. The first portion, TMR I bonds in the amount of EUR 70 million with 4.5% p.a. nominal interest rate is due on 17 December 2018 . The second portion, TMR II bonds in the amount of EUR 110 million with 6% p.a. nominal interest rate is due on 5 February 2021. For further details regarding the issued bonds refer to Note 32 – Bonds Issued. The interest expense for the bonds include the accrued interest on the bonds issued in the amount of EUR 6,022,000.

The interest expense for the period from 1 November 2012 to 31 October 2013 in the amount of EUR 681,000 are the borrowing costs.

In the period from 1 November 2013 do 31 October 2014, the Company capitalised interest expense totalling EUR 737,000.

13. Gain on financial instruments, net

<i>In thousands of EUR</i>	1.11.2013 – 31.10.2014	1.11.2012 – 31.10.2013
Revaluation of financial instruments at fair value through profit and loss	-15	-681
Revaluation of the advance for future acquisition	-	1,559
Revaluation of a receivable from EBITDA contract	-	-906
Expenses for the administration of financial instruments	-136	-100
Gain on the sale of financial instruments at fair value through profit and loss	14	671
Other, net	-143	-5
Total	-280	538

The revaluation of the advance for future acquisition for the period from 1 November 2012 to 31 October 2013 in the amount of EUR 1,559,000 refers to cancellation of the discounting on the advance made owing to amended maturity of a contract – the amount became due within one year. The advance made for future acquisition refers to a company operating cableways which the Company plans to acquire in the future. The contract has been signed with WEBIS, s.r.o. Refer to Note 23 – Other Receivables.

14. Income tax and deferred tax

<i>In thousands of EUR</i>	1.11.2013 – 31.10.2014	1.11.2012 – 31.10.2013
Current tax:		
Tax for the current accounting period	-	-
Withholding tax on interest	-	-
Deferred tax:		
Recognition and settlement of temporary differences	1,402	-4,249
Change in the tax rate	-189	-121
Total income tax	591	-4,370

Deferred income taxes are calculated with the use of statutory tax rates the validity of which is expected in the period in which the receivable is realized or payable settled.

In order to calculate deferred tax from temporary differences incurred in the Slovak Republic the Group used a 22% rate, resulting from the decreased income tax rate of legal entities since 1 January 2014 (2013: 23%). As a result, the Group reported the impact of the income tax decrease on tax implication of the Group.

Reconciliation of the effective tax rate

<i>In thousands of EUR</i>	1.11.2013 – 31.10.2014		1.11.2012 – 31.10.2013	
	%		%	
Profit/(loss) before tax	92		10 974	
23% tax rate	23,00%	21	23,00%	2 524
Non-deductible expenses	1152,17%	1 060	19,15%	2 101
Non-taxable income	-1563,04%	-1 438	-18,86%	-2 070
Current tax: withholding tax on interest	1,09%	1	0,00%	0
Use of previously unrecognised tax losses	0,00%	0	14,49%	1 590
Tax rate impact in Poland	-50,00%	-46	0,00%	
Change in the tax rate	-205,43%	-189	2,05%	225
Total	-642,21%	-591	39,83%	4 370

14. Income tax and deferred tax (continued)**Income tax recognised in other comprehensive income**

<i>In thousands of EUR</i>	1.11.2013 – 31.10.2014			1.11.2012 – 31.10.2013		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Revaluation of available-for-sale securities to fair value	-	-	-	6	-	6
Other comprehensive income in total	-	-	-	6	-	6

Changes of deferred tax liability (net) during the period of 2014 and 2013

2014

<i>In thousands of EUR</i>	Balance as at 1.11.2013	Recognized in profit and loss statement	Recognized in other comprehensive income	Acquired through business combination	Balance as at 31.10.2014
Property, plant and equipment, and intangible assets	-18,595	407	-	-1,854	-20,042
Investment property	400	293	-	-	-693
Loss on impairment of trade receivables and other assets	-286	317	-	-	31
Short-term provisions	212	40	-	-	172
Tax losses	166	200	-	-	366
Other temporary differences	-	-	-	-	-
Total, net	-18,899	591	-	-1,854	-20,166

2013

<i>In thousands of EUR</i>	Balance as at 1.11.2012	Recognized in profit and loss statement	Recognized in other comprehensive income	Acquired through business combination	Balance as at 31.10.2013
Property, plant and equipment, and intangible assets	-13,244	-3,816	-	-1,531	-18,595
Investment property	-189	211	-	-	400
Loss on impairment of trade receivables and other assets	322	-608	-	-	-286
Short-term liabilities	113	99	-	-	212
Tax losses	-	166	-	-	166
Other temporary differences	-	-	-	-	-
Total, net	-12,988	-4,370	-	-1,531	-18,899

See also Note 19 – Deferred tax asset, deferred tax liability.

15. Property, plant and equipment*In thousands of EUR*

	Lands and buildings	Individual movable objects and sets of movable objects	Assets under construction	Total
Cost				
Opening balance 1.11.2012	156,570	60,759	35,346	252,675
Additions	21,011	16,253	8,778	46,042
Additions due to business combinations	9,750	104	-	9,854
Disposals	-5,683	-833	-	-6,516
Reclassification to investment property	-1,756	-	-	-1,756
Transfers within assets	10,334	15,162	-25,496	-
Balance as at 31.10.2013	190,226	91,445	18,628	300,299
Opening balance as at 1.11.2013	190,226	91,445	18,628	300,299
Additions	3,656	14,689	8,612	26,957
Additions due to business combinations	4,489	994	59	5,542
Disposals	-1,312	-1,500	-597	-3,409
Reclassification to investment property	34	-	-	34
Transfers between asset categories	16,867	5,917	-22,784	-
Foreign exchange difference	-94	-21	-1	-116
Balance as at 31.10.2014	213,866	111,524	3,917	329,307
Accumulated depreciation and asset impairment losses				
Opening balance as at 1.11.2012	-19,702	-14,453	-597	-34,752
Depreciation charge for the current accounting period	-4,495	-5,792	-	-10,287
Disposals	179	91	-	270
Reclassification to investment property				
Depreciation charge for the current accounting period	75	-	-	75
Balance as at 31.10.2013	-23,943	-20,154	-597	-44,694
Opening balance as at 1.11.2013	-23,943	-20,154	-597	-44,694
Depreciation charge for the current accounting period	-4,634	-8,050	-	-12,684
Disposals	438	1,100	597	2,135
Balance as at 31.10.2014	-28,139	-27,104	-	-55,243
Carrying amount				
As at 1.11.2012	136,868	46,306	34,749	217,923
As at 31.10.2013	166,283	71,291	18,031	255,605
As at 1.11.2013	166,283	71,291	18,031	255,605
As at 31.10.2014	185,727	84,420	3,917	274,064

In the period from 1 November 2013 to 31 October 2014 the Company put in use a 8-seat cableway Lúčky in Jasná resort in the amount of EUR 8,811,000. During that period the Company completed construction of the restaurant Rotunda at Chopok in total amount of EUR 4,314,000, a parking lot at Chopok Juh Krupová cable car station in the amount of EUR 1,518,000, and sheathing of the cableway at Chopok South in the amount of EUR 1,615,000 and also a new 15-seat cabin cableway Gondola was put in use in Tatranská Lomnica resort in total amount of EUR 10,417,000. In Tatralandia resort, the Company constructed a new summer restaurant Medrano in the amount of EUR 798,000. Further significant investments were investments in expansion of production of artificial snow in Jasná and Vysoké Tatry resorts, improvement and extension of slopes for downhill skiing, investments in hotels and restaurants located at ski slopes and in resorts and other operating investments.

15. Property, plant and equipment (continued)

Through the acquisition of SON subsidiary, the Company acquired tangible assets in total amount of EUR 5,542,000 after revaluation. The assets include mainly land owned by SON.

In the period from 1 November 2012 to 31 October 2013, the Company put in use a 24-seat cabin cableway Funitel to Chopok in the Jasná resort in the amount of EUR 25,450,000 and also a transport facility Twinliner in the amount of EUR 3,836,000 and a 15-seat cabin cableway Gondola on the south side of Chopok in the amount of EUR 10,389,000. The Company invested EUR 1,037,000 in the development of restaurant and bar infrastructure. During that period of time, the Company put into operation the second part of the investment in the Tatralandia aqua park – Tropic World in the amount of EUR 2,342,000. It is a year-round indoor operation. The Company carried out and put into use the second part of the renovation and modernization of rooms in Wellness Hotel Grand in Jasná in the amount of EUR 4,532,000. Also the annex of Wellness Hotel Grand in Jasná, used as a congress centre, in the amount of EUR 1,203,000, was put into operation. The remaining increase in assets is connected with other investments in shops and other operating investments.

On 16 February 2013, the Group acquired an additional 50% business interest in the company Interhouse Tatry s.r.o., whereby it became the exclusive owner of Grandhotel Starý Smokovec, High Tatras. The Group acquired full control over the company Interhouse Tatry s.r.o. on 1 November 2012 on the basis of an agreement on managerial control over the company made with the owner of the 50% interest; since that date, the Group has included the company in its consolidated statements using the full consolidation method. Therefore in the previous chart the Group reported increments of assets due to the acquisition of companies for 2013.

Idle assets

As at 31 October 2013 the Group owned a building under construction. A 100% value adjustment in the amount of EUR 597,000 was created for that building. The Group did not use this property. In 2014, the Group sold the property.

Impairment loss

For the period ending 31 October 2013 and 31 October 2014, the Group recognised no impairment loss for property, plant and equipment.

Insurance of assets*In thousands of EUR*

	31.10.2014	31.10.2013
Type of insurance		
Natural disaster	192,317	218,952
Vandalism	118,315	115,882
General machinery risks	20,219	13,586
Damage liability	13,000	13,000

Security

As at 31 October 2014 property, plant and equipment in the amount of EUR 206,243,000 was used for securing bank loans (31 October 2013: EUR 190,276,000).

Capitalized borrowing costs

The Group capitalises interest expense on loans used for financing acquisition of the assets. As at 31 October 2014, the capitalised interest amounted to EUR 738,000. The amount is recognised in assets under the value of constructions.

16. Goodwill and intangible assets*In thousands of EUR*

	Goodwill	Valuable rights	Lease contracts	Software	Total
Cost					
Opening balance as at 1.11.2012	4,124	3,966	-	557	8,647
Additions	-	-	-	797	797
Additions due to acquisitions	3,740	-	-	1	3,741
Disposals	-	-	-	-3	-3
Balance as at 31.10.2013	7,864	3,966	-	1,352	13,182
Opening balance as at 1.11.2013	7,864	3,966	-	1,352	13,182
Additions	-	-	-	496	496
Additions due to acquisitions	-	-	7,510	-	7,510
Disposals	-	-2	-	-	-2
Foreign exchange difference			-27		-27
Balance as at 31.10.2014	7,864	3,964	7,483	1,848	21,159
Accumulated depreciation and asset impairment losses					
Opening balance as at 1.11.2012	-4,124	-563	-	-111	-4,798
Depreciation charge for the current accounting period	-	-116	-	-147	-263
Disposals	-	-	-	3	3
Asset impairment losses	-350	-	-	-	-350
Balance as at 31.10.2013	-4,474	-679	-	-255	-5,408
Opening balance as at 1.11.2013	-4,474	-679	-	-255	-5,408
Depreciation charge for the current accounting period	-	-116	-129	-388	-633
Disposals	-	2	-	-	2
Balance as at 31.10.2014	-4 474	-793	-129	-643	-6,039
Carrying amount					
As at 1.11.2012	-	3,403	-	446	3,848
As at 31.10.2013	3,390	3,287	-	1,097	7,774
As at 1.11.2013	3,390	3,287	-	1,097	7,774
As at 31.10.2014	3,390	3,171	7,354	1,205	15,120

Through the acquisition of SON subsidiary, the Group acquired intangible assets in total amount of EUR 7,510,000 after revaluation. The assets include mainly valuation of rights from the signed long-term contracts for land in Szczyrk resort.

On 16 February 2013, the Group acquired an additional 50% business interest in the company Interhouse Tatry s.r.o., whereby it became the exclusive owner of Grandhotel Starý Smokovec, High Tatras. The Group acquired full control over the company Interhouse Tatry s.r.o. on 1 November 2012 on the basis of an agreement on managerial control over the company made with the owner of the 50% interest; since that date, the Group has included the company in its consolidated statements using the full consolidation method. Goodwill reported from that transaction was EUR 3,740,000 and was reduced by EUR 350,000 on the basis of an impairment test. For more information refer to Note 5 - Increment and decrement of interests in companies and also Note 3(c) - Goodwill and impairment testing.

17. Investment property*In thousands of EUR*

	31.10.2014	31.10.2013
Cost		
Opening balance as at 1.11.2013/1.11.2012	5,851	4,194
Transfer from tangible assets (net)	-	1,681
Revaluation to fair value	1,413	-24
Balance as at 31.10.2014/31.10.2013	7,264	5,851

Investment property includes four hotels (SKI, Liptov, Kosodrevina and Slovakia) and the Otopné accommodation facility in the carrying amount of EUR 2,693,000 (31 October 2013: EUR 2,631,000), which are leased to third parties who operate them, and also forest areas and lands acquired by acquisition in 2009 in the carrying amount of EUR 4,571,000 (31 October 2013: 3,220,000). The value of the hotels was estimated by the management using the above-mentioned method. The value of lands was determined by the management on the basis of market prices; the resulting value is based on the estimated market price per square meter, depending on the type of land and market transactions for lands of similar nature.

As at 31 October 2014 the Company's management reassessed the value of the investment property considering the existing market conditions. This resulted in an increase in value of forest areas and land by EUR 1,351,000, the value of Hotel Kosodrevina increased by EUR 39,000 and the value of Hotel SKI increased by EUR 23,000. Total revaluation of investment property in 2014 through profit and loss resulted to a gain of EUR 1,413,000 (2013: loss of EUR 24,000).

In 2013, the Group leased out Hotel Slovakia and the Otopné accommodation facility; subsequently, this property was reclassified from Property, plant and equipment to the Investment property category. As at the reclassification date, the Group carried out the revaluation of the Otopné accommodation facility through other comprehensive income in the amount of EUR 15,000. As at 31 October 2013, the Group's management carried out revaluation of investment property based on the current market conditions. That resulted in an increase in the value forest areas and lands by EUR 901,000, an increase in the value of Liptov Hotel by EUR 228,000, and a decrease in the value of Kosodrevina Hotel by EUR 378,000, of Hotel SKI by EUR 232,000 and of Hotel Slovakia by EUR 543,000. The total revaluation of investment property made in 2013 through profit or loss resulted in a loss of EUR 24,000 (2012: EUR 0).

In the period from 1 November 2013 to 31 October 2014 revenues from investment property amounted to EUR 307,000 and direct operating costs relating to the investment property were in the amount of EUR 163,000 (1 November 2012 to 31 October 2013: revenues from investment property represented EUR 225,000 and direct operating costs relating to the investment property were in the amount of EUR 92,000).

Investment property is measured at fair value (see Note 3(b) – Critical accounting estimates and assumptions, Valuation of investment property).

Security

As at 31 October 2014 a part of the investment property in the amount of EUR 2,494,000 (31 October 2013: EUR 2,631,000) was used to secure bank loans.

18. Investments in associates

<i>In thousands of EUR</i>	Value of the investment	
	31.10.2014	31.10.2013
MELIDA, a.s.		
Share in the company's share capital	-	17
Group's share in the profit reported by the associate	-	5,242
Loss from sale of interest in the associate	-	-3,390
Reclassification into financial investments	-	-1,869
Korona Ziemi Sp. z o.o.		
Company establishment	-	96
Increase of registered capital	-	23
Reclassification into financial investments	-	-119
Total	-	-

In 2013, the Group's share in profit from the associate MELIDA, a.s. represents a 50% share in negative goodwill in the amount of EUR 4,874,000 and share in profit during ownership of the 50% interest in that company in the amount of EUR 368,000. In 2013, the Group sold part of the interest in the company MELIDA, a.s. for EUR 24,000 and, in consequence, the Group reported a loss from the sale in the amount of EUR 3,390,000; the interest in the company MELIDA, a.s. is now classified as a financial investment in the amount of EUR 1,869,000.

On 26 November 2012, the Group established the company Korona Ziemi Sp. z o.o. (private limited company) with the Polish municipality Gmina Zawoja with registered capital in the amount of PLN 671,000 in total. On 12 September 2013, the associate's registered capital was increased to PLN 2,605,000 in total and the Group's interest represents 19% (PLN 495,000) as at 31 October 2013. With regard to the above-mentioned facts, the company Korona Ziemi Sp. z o.o. was reclassified from associates to financial investments.

19. Deferred tax asset, deferred tax liability

Deferred tax asset (liability) was recognised for the following items:

<i>In thousands of EUR</i>	Receivables		Liabilities		Total	
	31.10.2014	31.10.2013	31.10.2014	31.10.2013	31.10.2014	31.10.2013
Temporary differences relating to:						
Plant, property and equipment, and intangible assets	-	-	-20,042	-18,591	-20,042	-18,591
Investment property	-	-	-693	-400	-693	400
Losses from impairment of trade receivables and other assets	31	-	-	-286	31	-286
Current liabilities	172	212	-	-	172	212
Tax losses	366	166	-	-	366	166
Offsetting	-569	-378	569	378	0	0
Total	-	-	-20,166	-18,899	-20,166	-18,899

Deferred tax asset wasn't recognised in respect of the following item (tax base):

<i>In thousands of EUR</i>	31.10.2014	31.10.2013
Tax losses	-	-
Total	-	-

A deferred tax asset from unused losses from previous periods is only recognised up to the amount in which it is likely that it will be redeemed in the future against future taxable profit. On the basis of the merger of the parent company Tatry mountain resorts, a.s. with subsidiaries GRANDHOTEL PRAHA a.s., Interhouse Tatry s.r.o. and Tatry mountain resorts services, a.s. as at 1 May 2013, tax losses were transferred from subsidiaries to the parent company. These losses were thereafter redeemed in the tax return for the period ending 31 October 2013 or deferred tax assets were recognised to these losses as at that date.

The expected last periods for redemption of tax losses are as follows:

<i>In thousands of EUR</i>	2015	2016	2017	2018	after 2018
Tax losses	416	416	416	415	-

The maximum deadline for redemption of tax losses incurred before 1 January 2010 is five years. On the basis of legislation changes with effect from 1 January 2014, losses incurred after 1 January 2010 can be redeemed within 4 years and the Group can claim proportionally not more than 25% of the tax losses per year.

20. Inventories

<i>In thousands of EUR</i>	31.10.2014	31.10.2013
Goods	1,845	1,301
Materials	1,076	814
Total	2,921	2,115

As at 31 October 2014 inventories in the amount of EUR 2,921,000 (31 October 2013: EUR 2,115,000) were used to secure bank loans.

21. Loans granted

<i>In thousands of EUR</i>	31.10.2014	31.10.2013
Short-term	7 444	9 586
Long-term	21 966	16 071
Total	29 410	25 657

As at 31 October 2014 short-term loans include mainly the loan granted in the amount of EUR 7,147,000 (31 October 2013: EUR 9,343,000) to the company J&T Private Equity B.V. with a fixed interest rate of 6.5% p.a., where, as at 31 October 2014, the amount of unpaid accrued interest on that amount represents EUR 571,000 (31 October 2013: EUR 294,000), the loan in the amount of EUR 297,000 (31 October 2013: EUR 122,000) granted to JASNÁ Development s.r.o. with a fixed interest rate of 5% p.a., where, as at 31 October 2014, the amount of unpaid accrued interest on that amount represents EUR 12,000 (31 October 2013: EUR 2,000).

As at 31 October 2014, long-term loans include the loan in the amount of EUR 8,997,000 (31 October 2013: EUR 7,736,000) granted to WEBIS, s.r.o. with a fixed interest rate of 5% p.a., where, as at 31 October 2014, the amount of unpaid accrued interest on that amount equals to EUR 1,309,000 (31 October 2013: EUR 944,000); the loan granted to I. Tatranská, akciová spoločnosť in the amount of EUR 10,063,000 (31 October 2013: EUR 6,396,000) with a fixed interest rate of 7% p.a., where, as at 31 October 2014, the amount of unpaid accrued interest on that amount equals to EUR 991,000 (31 October 2013: EUR 439,000); the loan in the amount of EUR 2,032,000 granted to the owner of Energetik Hostel (31 October 2013: EUR

1,939,000) with a fixed interest rate of 5% p.a., where, as at 31 October 2014, the amount of unpaid accrued interest on that amount equals to EUR 185,000 (31 October 2013: EUR 92,000); the interest-free loan in the amount of EUR 789,000 granted to Melida, a.s.; the loan in the amount of EUR 308,000 (31 October 2013: EUR 0) granted to Szczyrkowski Osrodek Narciarski S.A. (SON), with a fixed interest rate of 7% p.a., where, as at 31 October 2014, the amount of unpaid accrued interest on that amount equals to EUR 1,000; and the loan in the amount of EUR 86,000 (31 October 2013: EUR 101,000) granted to Klaster Liptov with a fixed interest rate of 3% p.a., where, as at 31 October 2014, the amount of unpaid accrued interest on that amount equals to EUR 1,000 (31 October 2013: EUR 6,000).

22. Trade receivables

<i>In thousands of EUR</i>	31.10.2014	31.10.2013
Trade receivables	1,356	2,858
Value adjustments to receivables	-143	-134
Total	1,213	2,724
<i>Short-term</i>	1,213	2,724
<i>Long-term</i>	-	-
Total	1,213	2,724

As at 31 October 2014, trade receivables amounting to EUR 1,236,000 include common receivables from operations and barter receivables. (31 October 2013: receivable from the claimed EBITDA contract for the period from 1 November 2012 to 31 October 2013 in the amount of EUR 1,354,000, the remaining portion were common receivables from operations and barter receivables and receivables from repurchase upon settlement of financial lease contracts).

The classification of receivables by maturity is as follows:

<i>In thousands of EUR</i>	31.10.2014			31.10.2013		
	Gross	Value adjust- ment	Net	Gross	Value adjust- ment	Net
Within maturity	984	-	984	2,399	-	2,399
After maturity up to 30 days	85	-	85	169	-	169
After maturity from 30 up to 180 days	155	-11	144	193	-37	156
After maturity from 180 up to 365 days	58	-58	0	23	-23	0
After maturity over 365 days	74	-74	0	74	-74	0
Total	1,356	-143	1,213	2,858	-134	2,724

As at 31 October 2014 and 31 October 2013 the amount of the value adjustments consisted of value adjustments to common receivables from operations.

The development of the value adjustment during the accounting period is depicted in the overview below:

<i>In thousands of EUR</i>	31.10.2014	31.10.2013
Balance as at 1.11.2013/1.11.2012	134	248
Creation of the value adjustment	34	-
Use	-19	-13
Reversal of the value adjustment	-6	-101
Balance as at 31.10.2014/31.10.2013	143	134

As at 31 October 2014, receivables in the amount EUR 1,213,000 were used to secure bank loans (31 October 2013: EUR 2,724,000).

23. Other receivables

<i>In thousands of EUR</i>	31.10.2014	31.10.2013
Advances granted	21,277	24,103
Receivables from bills of exchange	-	11,361
Total	21,277	35,464
<i>Short-term</i>	21,101	31,843
<i>Long-term</i>	176	3,621
Total	21,277	35,464

Advances granted for assets are connected with future acquisitions in the amount of EUR 19,451,000 (31 October 2013: EUR 19,451,000) and unfinished investment activities in the amount of EUR 172,000 (31 October 2013: EUR 4,652). The Group granted an advance for a future acquisition, which is a company operating cableways. The Group plans to buy that company in the future. The contract was concluded with the company WEBIS, s.r.o. for 1 year.

During the year ending 31 October 2014, the receivables from bills of exchange were paid in full amount. The amount of the bill of exchange unpaid as at 31 October 2013 was EUR 11,361,000. The amount of unpaid accrued interest on that amount is EUR 8,168,000 as at 31 October 2013. The bill of exchange is payable at sight and bears interest at the rate of 7.5% p.a.

24. Other assets

<i>In thousands of EUR</i>	31.10.2014	31.10.2013
Prepaid expenditures and accrued income	1,969	986
Other tax receivables	309	2,339
Other assets	88	340
Total	2,366	3,665
<i>Short-term</i>	2,366	3,665
<i>Long-term</i>	-	-
Total	2,366	3,665

As at 31 October 2014, the item other tax receivables includes mainly receivables from current tax in the amount of EUR 309,000 (31 October 2013: receivables from current tax in the amount of EUR 1,140,000 and VAT receivables in the amount of EUR 1,109,000).

25. Financial investments

<i>In thousands of EUR</i>	31.10.2014	31.10.2013
Financial instruments at fair value through profit or loss	2,022	2,310
Available-for-sale securities	59	59
Total	2,081	2,369

As at 31 October 2014, financial instruments at fair value through profit or loss include mainly an investment in the company MELIDA a.s. in the amount of EUR 1,869,000 and as at 31 October 2013 also the investment in the company Best Hotel Properties a.s. (hereinafter the “BHP”). As at 31 October 2013, the Group owned 23 825 shares of BHP, which administers a network of hotels. As at 31 October 2013, the value of these shares was EUR 288,000. The Group obtained a guarantee for the purchase on the basis of a contract on advisory services signed with the company J&T FINANCE GROUP, a.s.; according to the guarantee, for the purchase of shares of the company BHP the Company will earn at least 7% p.a. over a 3-year period. As at 31 October 2014, all BHP shares were sold.

Other financial investments at fair value through profit or loss as at 31 October 2014 include the investment in the company Korona Ziemi Sp. z o.o. in the amount of EUR 119,000 (31 October 2013: EUR 119,000) and the financial contribution to Tatranské dopravné družstvo (Tatra Transport Cooperation), a company dealing with intermediation in services. As at 31 October 2014 and as at 31 October 2013 the contribution amounted to EUR 34,000.

On 17 March 2010, the Group bought 3,850 shares of Compagnie des Alpes (SA), a French company traded on the Paris Stock Exchange and operating ski resorts and summer leisure parks. The Group purchased the shares as a financial investment. The shares are available for sale and are revalued to fair value through equity based on present stock-exchange prices. As at 31 October 2014, the value of the shares was EUR 59,000 (31 October 2013: EUR 59,000).

26. Cash and cash equivalents

<i>In thousands of EUR</i>	31.10.2014	31.10.2013
Cash in hand	157	173
Valuables	1	22
Current accounts in banks	3,745	4,085
Total	3,903	4,280

The Company can freely dispose of the bank accounts.

27. Equity**Share capital and share premium**

The share capital approved, subscribed and fully paid as at 31 October 2014 and 31 October 2013 comprised 6,707,198 ordinary shares with nominal value of EUR 7 per share.

On 12 April 2010, issues of shares with the codes ISIN: CS0009011952, series 01,02 , ISIN: SK1120002110, series 01, ISIN: SK1120005527, series 01, ISIN: SK1120006061, series 01, ISIN: SK1120009156, series 01 ceased to exist and were merged into a single issue with ISIN code SK1120010287.

The annual General Meeting of Tatry mountain resorts, a.s. was held on 12 April 2014. The General Meeting decided, inter alia, on the distribution of profit generated by Tatry mountain resorts, a.s. in the period from 1 November 2012 to 31 October 2013 as recognised in the statutory financial statements prepared for that accounting period in accordance with Slovak accounting regulations, in the amount of EUR 5,712,000 so that a part of the profit in the amount of EUR 571,000 was used for allocation to the Company's reserve funds and a part in the amount of EUR 5,141,000 was transferred to retained earnings of previous years.

27. Equity (continued)

The shareholders are entitled to dividends. The value of vote per one share for the purpose of voting at the Company's General Meeting is defined as the proportion between the value of one share and the total amount of share capital. The table below provides a list of the Company's shareholders, including information on the number of shares held by each shareholder, ownership interest and voting rights of each shareholder.

31 October 2014	Number of shares	Ownership interest %	Voting rights %
C.I. CAPITAL INDUSTRIES LIMITED	1,309,139	19.5%	19.5%
J&T SECURITIES MANAGEMENT LIMITED	1,046,517	15.6%	15.6%
BELGOMET, s.r.o.	1,030,919	15.4%	15.4%
KEY DEE LIMITED	664,058	9.9%	9.9%
TINSEL ENTERPRISES LIMITED	635 490	9.5%	9.5%
RMSM1 LIMITED	588,166	8.8%	8.8%
Mgr. Miroslav Voštiar	509,285	7.6%	7.6%
Minor shareholders	923,624	13.7%	13.7%
Total	6,707,198	100%	100%

31 October 2013	Number of shares	Ownership interest %	Voting rights %
KEY DEE LIMITED	664,058	9.9%	9.9%
Capital Industrial, a.s.	660,000	9.8%	9.8%
Tinsel Enterprises Limited	657,894	9.8%	9.8%
EGNARO INVESTMENT LIMITED	625,413	9.3%	9.3%
J&T Securities Management Limited	531,029	7.9%	7.9%
Poštová banka, a.s.	505,782	7.5%	7.5%
BELGOMET, s.r.o.	474,373	7.1%	7.1%
CONTIGY DEVELOPMENT LIMITED	358,681	5.3%	5.3%
Minor shareholders	2,229,968	33.4%	33.0%
Total	6,707,198	100%	100%

Earnings per share

	31.10.2014	31.10.2013
Profit attributable to Group owners (EUR'000)	703	6,604
Weighted average number of ordinary shares	6,707,198	6,707,198
Earnings per share in euros	0.105	0.985

Legal reserve fund

The legal reserve fund is in the amount of EUR 4,448,000 (31 October 2013: EUR 3,878,000). According to Slovak legislation, the statutory reserve fund has to be created at least in the amount of 10% of net profit of the company annually and up to a minimum of 20% of the subscribed share capital (cumulative balance). The statutory reserve fund can only be used to cover Company losses and may not be used for payment of dividends. The calculation of the statutory reserve fund is made in compliance with Slovak legal regulations.

Decrease in share capital

The Extraordinary General Meeting held on 22 August 2013 decided on a decrease of the share capital of the company Tatry Mountain Resorts, a.s. from EUR 221,338,000 to EUR 46,950,000, i.e., a decrease by EUR 174,388,000. As at 31 October 2013 that amount was recognized as liabilities to shareholders and the plan is to pay them within one year. The change of the share capital took effect on 22 October 2013, the day when the decrease of the share capital was registered with the relevant Companies Register. After the decrease of the company's share capital, the value of one share decreased from the original EUR 33 per share to EUR 7 per share.

27. Equity (continued)**Distribution of profit**

The Group's Board of Directors proposes to transfer the net loss for the financial year 2014 in the amount of EUR -225,000 to accumulated losses of previous years.

Change in the foreign currency translation reserve

The foreign currency translation reserve includes all foreign exchange differences resulting from conversion of the financial statements of the foreign company - Szczyrk in Poland – to euros.

Non-controlling interest

Non-controlling interests include a minor shareholder's 3% share of a in Szczyrk subsidiary.

28. Loans and borrowings

<i>In thousands of EUR</i>	31.10.2014	31.10.2013
Received loans and borrowings	42,003	36,968
Leasing	1,724	1,760
Total	43,727	38,728
<i>Short-term</i>	10,035	9,846
<i>Long-term</i>	33,692	28,882
Total	43,727	38,728

Received loans and borrowings as at 31 October 2014 and 31 October 2013 are presented in the table below:

Creditor	Type of interest rate	Maturity	Outstanding amount as at 31.10.2014 <i>In thousands of EUR</i>
Tatra banka, akciová spoločnosť	3M EURIBOR + margin	30.9.2017	2,319
Tatra banka, akciová spoločnosť	3M EURIBOR + margin	30.9.2017	2,191
Tatra banka, akciová spoločnosť	3M EURIBOR + margin	31.12.2016	3,150
Tatra banka, akciová spoločnosť	3M EURIBOR + margin	30.9.2016	1,200
Tatra banka, akciová spoločnosť	1M EURIBOR + margin	31.12.2016	672
Tatra banka, akciová spoločnosť	1M EURIBOR + margin	31.12.2018	395
Tatra banka, akciová spoločnosť	3M EURIBOR + margin	30.9.2017	15,750
Tatra banka, akciová spoločnosť	3M EURIBOR + margin	31.12.2017	9,000
Tatra banka, akciová spoločnosť	3M EURIBOR + margin	30.11.2018	5,000
Powszechna Kasa Oszczędności Bank Polski, Spółka Akcyjna	3M WIBOR + margin	27.5.2021	1,751
Tatra-Leasing, s.r.o.	3M EURIBOR + margin	26.3.2017	195
Tatra-Leasing, s.r.o.	3M EURIBOR + margin	17.12.2016	187
Tatra-Leasing, s.r.o.	3M EURIBOR + margin	2.2.2018	194
Creditor	Type of interest rate	Maturity	Outstanding amount as at 31.10.2013 <i>In thousands of EUR</i>
MELIDA, a.s.	fixed	upon request	1,255
Tatra banka, akciová spoločnosť	fixed	30.9.2017	3,033
Tatra banka, akciová spoločnosť	fixed	30.9.2017	2,921
Tatra banka, akciová spoločnosť	fixed	31.12.2016	3,150
Tatra banka, akciová spoločnosť	fixed	30.9.2016	1,800
Tatra banka, akciová spoločnosť	fixed	31.12.2016	971
Tatra banka, akciová spoločnosť	fixed	31.12.2018	488
Tatra banka, akciová spoločnosť	3M EURIBOR + margin	30.9.2017	13,809

Tatra banka, akciová spoločnosť	3M EURIBOR + margin	31.12.2017	9,000
Tatra-Leasing, s.r.o.	3M EURIBOR + margin	26.3.2017	272
Tatra-Leasing, s.r.o.	3M EURIBOR + margin	17.12.2016	269

As at 31 October 2014, the weighted arithmetic average of interest rates on received loans and borrowing was 3.37% (31 October 2013: 2.93%). The interest is payable on a monthly basis. For further details, see Note 12 – Interest income and expense.

In 2013, the Group obtained a new investment loan from Tatra banka, a.s. in the total amount of EUR 30,000,000. The loan was drawn during 2014 in the amount of EUR 24,750,000. In 2014, the Company obtained another loan from Tatra banka, a.s. in the amount of EUR 9,000,000; as at 31 October 2014 the drawn amount equalled to EUR 5,000,000.

Security

The following assets were provided to secure bank loans: land, technology and service buildings of mountain lift equipment: ski lifts, chair lifts, funicular, elevated cableway, cabin cableway, transformer stations, service buildings and structures: Hotel Tri Studničky, Hotel Srdiečko, Hotel Kosodrevina, Hotel Liptov, Hotel SKI, former telecommunication building, bungalows. The pledge also includes all movable assets of the Jasná and High Tatras resorts and trade receivables.

As at 31 October 2014 bank loans were secured by Property, plant and equipment, investment property, inventories and receivables in the amount of EUR 212,869,000 (31 October 2013: EUR 195,116,000).

As at 31 October 2014 liabilities from financial leasing were payable as follows:

<i>In thousands of EUR</i>	Principal	Interest	Payments
Less than one year	771	45	816
Between one and five years	953	28	981
Total	1,724	73	1,797

As at 31 October 2013 liabilities from financial leasing were payable as follows:

<i>In thousands of EUR</i>	Principal	Interest	Payments
Less than one year	746	40	786
Between one and five years	1,014	31	1,045
Total	1,760	71	1,831

Security

As at 31 October 2013, the liabilities from financial leasing were not secured by any right of lien over the Company's assets.

29. Trade payables

<i>In thousands of EUR</i>	31.10.2014	31.10.2013
Trade payables	3,403	6,901
Unbilled supplies	967	698
Total	4,370	7,599
<i>Short-term</i>	4,370	7,599
<i>Long-term</i>	-	-
Total	4,370	7,599

As at 31 October 2014, overdue payables amounted to EUR 364,000 (31 October 2013: EUR 387,000).

30. Other liabilities

<i>In thousands of EUR</i>	31.10.2014	31.10.2013
Liabilities to shareholders, employees and partners	1,519	1,745
Other	1,225	971
Advances received	687	644
Deferred income	684	811
Liabilities to shareholders from decrease of share capital	252	174,388
Income tax liabilities	87	-
Total	4,454	178,559
<i>Short-term</i>	4,454	178,344
<i>Long-term</i>	-	215
Total	4,454	178,559

As at 31 October 2013, liabilities to shareholders, employees and partners include, in particular, the liability from a decrease of share capital in the amount of EUR 174,388,000. For further details about the decrease of share capital, see Note 27 – Equity.

As at 31 October 2014, the amount of deferred income includes mainly the rent for the premises of the company J & T BANKA, a.s., pobočka zahraničnej banky located in Grandhotel Starý Smokovec in the amount of EUR 252,000, discounts on purchases to be claimed in the future in the amount of EUR 180,000 and a subsidy for Hotel Tri studničky in the amount of EUR 90,000 (31 October 2013: EUR 297,000 rent for the premises of the company J & T BANKA, a.s., pobočka zahraničnej banky located in Grandhotel Starý Smokovec, EUR 180,000 for discounts on purchases to be claimed in the future and EUR 94,000 subsidy for Hotel Tri studničky).

As at 31 October 2013, the amount of other liabilities also included social security liabilities in the amount of EUR 323,000.

Creation and use of the social fund during the accounting period is shown in the table below

<i>In thousands of EUR</i>	31.10.2014	31.10.2013
Balance as at 1.11.2013/1.11.2012	4	12
Creation charged to expenses	42	60
Use	-46	-68
Balance as at 31.10.2014/31.10.2013	-	4

31. Provisions

<i>In thousands of EUR</i>	Unused vacations	Other	Total
Opening balance as at 1.11.2013	217	25	242
Creation of provisions during the year	-	-	-
Addition owing to acquisition of a company		27	27
Reversal of provisions during the year	-96	-	-96
Use of provisions during the year	-	-	-
Balance as at 31.10.2014	121	52	173
	31.10.2014	31.10.2013	
<i>Short-term</i>	121	217	
<i>Long-term</i>	52	25	
Total	173	242	

32. Bonds issued

In 2014 the Company made two issues of bonds in total face value of EUR 180,000,000; since 19 February 2014 the bonds have been admitted for trading on Bratislava Stock Exchange. For details on each bond see the table below..

<i>In thousands of EUR</i>				Initial currency of the issue	Face value of the issue in the initial currency in'000	Interest rate p.a. in %	Effective interest rate p.a. in %	Carrying amount as at 31 October 2014	Carrying amount as at 31 October 2013
	ISIN	Date of issue	Due date						
Description									
TMR I 4.50%/2018	SK4120009606	17.12.2013	17.12.2018	EUR	70,000	4.5	4.8	70,502	-
TMR II 6.00%/2021	SK4120009614	5.2.2014	5.2.2021	EUR	110,000	6.0	6.17	113,914	-
Total								184,417	-
<i>Short-term</i>								6,022	-
<i>Long-term</i>								178,395	-
Total								184,417	-

Both the above bonds are book-entry form bearer securities and the issue of the bonds was approved by the National Bank of Slovakia. The liability resulting from TMR II bond is subordinated to the liability from TMR I bond. Cash flows from both bonds were credited to the Group's account on 11 February 2014 in total amount of EUR 180,582,000, including accrued interest on TMR I in the amount of EUR 582,000.

The total liability in the amount of EUR 184,417,000 includes a current portion in the amount of EUR 6,022,000 and the liability from the coupon falling due in 2015.

Security

To secure the issued bonds, a lien was established on the Group's real estate in total amount of EUR 85,525,000. It concerns assets that are not used to secure any other liabilities.

33. Fair value information

The following table contains data about carrying amount and fair value of the Group's financial assets and liabilities:

<i>In thousands of EUR</i>	Carrying amount		Fair value	
	31.10.2014	31.10.2013	31.10.2014	31.10.2013
Financial assets				
Loans granted	29,410	25,657	30,076	26,343
Other receivables	21,277	35,464	21,277	35,464
Trade receivables	1,213	2,724	1,213	2,724
Financial investments	2,081	152	2,081	152
Cash and cash equivalents	3,903	4,280	3,903	4,280
Other assets	2,366	3,665	2,366	3,665
Total	60,250	71,942	60,916	72,628

33. Fair value information (continued)

<i>In thousands of EUR</i>	Carrying amount		Fair value	
	31.10.2014	31.10.2013	31.10.2014	31.10.2013
Financial liabilities				
Loans and borrowings	43,727	38,728	43,727	38,695
Bonds issued	184,417	-	171,513	-
Trade payables	4,370	7,599	4,370	7,599
Other liabilities	4,454	178,559	4,454	178,559
Total	236,968	224,886	223,968	224,853

As at 31 October 2014, other receivables include an advance made in the amount of EUR 19,451,000 (31 October 2013: EUR 19,451,000) for a future acquisition – a company operating cableways which the Group plans to acquire in the future. The contract has been signed with WEBIS, s.r.o. for a one-year period and therefore the carrying amount of the advance made does not materially differ from its fair value.

The financial investments as at 31 October 2014 include mainly the interest in the company MELIDA, a.s. in the amount of EUR 1,869,000 (31 October 2013: EUR 1,869,000), the interest in the company Korona Ziemi SP z o.o. in the amount of EUR 119,000 (31 October 2013: EUR 119,000) and shares of Compagnie des Alpes (SA) in the amount of EUR 59,000 (31 October 2013: EUR 59,000), which are already carried at fair value.

34. Operative leasing**Lease on the part of the lessee**

The Group has leased land on which ski slopes and cableways are situated, and a number of cars under operative lease contracts. Major contracts for land leases are concluded for a period of 30 years with an option for another 10 years. Major contracts have a 1-year notice period.

The cost of operative leasing for the period ended 31 October 2014 recognized in profit or loss amounted to EUR 1,892,000 (the period ending 31 October 2013: EUR 1,584,000).

The amount of rent for the period during which contracts cannot be cancelled is provided below:

<i>In thousands of EUR</i>	31.10.2014	31.10.2013
Less than one year	855	812
Between one and five years	1,174	1,272
More than five years	3,291	3,867
Total	5,320	5,951

35. Information about risk management

This section provides details about the risks to which the Group is exposed and about the way of management of these risks.

The Group is exposed to risks in the following areas:

- credit risk
- liquidity risk
- market risk
- operating risk

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

35. Information about risk management (continued)**Credit risk**

The Group is exposed to this risk mainly in the case of trade receivables, receivables from lease, other receivables, advances and loans granted. The amount of credit risk exposure is represented by the carrying amounts of these assets in the balance sheet if no form of guarantee is issued. The carrying amount of receivables, advances and loans granted represents the maximum accounting loss that would have to be recognised if the counterparty completely failed to meet its contractual obligations and all securities and collateral had zero value. The amount, therefore, greatly exceeds the expected losses, which are contained in the provision for bad debts.

As at 31 October 2014, the Group was exposed to the following credit risk:

<i>In thousands of EUR</i>	Legal entities	Banks	Other financial institutions	Other	Total
Financial Assets					
Loans granted	22,263		7,147	-	29,410
Other receivables	21,277	-	-	-	21,277
Trade receivables	1,213	-	-	-	1,213
Financial investments	2,081	-	-	-	2,081
Cash and cash equivalents	-	3,745	-	158	3,903
Other assets	1,355	16	-	995	2,366
Total	48,189	3,761	7,147	1,153	60,250

As at 31 October 2013, the Group was exposed to the following credit risk:

<i>In thousands of EUR</i>	Legal entities	Banks	Other financial institutions	Other	Total
Financial Assets					
Loans granted	16,314	-	9,343	-	25,657
Other receivables	24,103	-	11,361	-	35,464
Trade receivables	2,724	-	-	-	2,724
Financial investments	2,369	-	-	-	2,369
Cash and cash equivalents	-	4,085	-	195	4,280
Other assets	1,006	41	-	2,618	3,665
Total	46,516	4,126	20,704	2,813	74,159

As at 31 October 2013 Other receivables also include a receivable from a bill of exchange. As at 31 October 2013, the value of the unsettled bill of exchange towards the company J&T Private Equity B.V. amounted to EUR 11,361,000 (31 October 2012: EUR 29,165,000). The bill of exchange was payable at sight and bore interest at 7.5% p.a., and during 2014 was paid in full. The loans granted also include the loan granted to the company J&T Private Equity B.V., which is in the amount of EUR 7,147,000 as at 31 October 2014 (as at 31 October 2013: EUR 9,343,000).

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 the agreed maturities and interest rates and also the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame. Individual companies within the Group use various methods of managing liquidity risks. The Group's management focuses on monitoring and managing liquidity for each individual company controlled by the Group. For liquidity management purposes, the management changed its accounting year to a financial year ending 31 October. In the first half of its accounting period, the Group has a winter season which covers 60% of the Group's income. Based on the results of the first half of the year, the Group can influence in due advance the income and expenditures to maintain sufficient liquidity. In the High Tatras resort, the seasonality is compensated by a busy summer season and therefore the resort's liquidity is more stable over the year.

35. Information about risk management (continued)

The table below provides an analysis of the Group's financial assets and liabilities grouped according to the remaining maturities. The analysis represents the most prudent consideration of remaining maturity dates including interests. Therefore, in the case of liabilities, the earliest possible repayment date is shown while for assets the latest possible repayment date is stated. Those assets and liabilities which do not have a contractual maturity date are grouped together in the "undefined" category.

As at 31 October 2014 the Group was exposed to the following liquidity risk:

In thousands of EUR

	Carrying amount	Future cash flows	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undefined
Financial Assets							
Loans granted	29,410	32,573	-	7,871	23,913	789	-
Other receivables	21,277	1,584	-	1,584	-	-	-
Trade receivables	1,213	1,356	1,356	-	-	-	-
Financial investments	2,081	2,081	-	-	-	-	2,081
Cash and cash equivalents	3,903	3,903	3,903	-	-	-	-
Other assets	2,366	1,331	1,331	-	-	-	-
Total	60,251	42,828	6,590	9,455	23,913	789	2,081
Liabilities							
Loans and borrowings	43,727	-46,229	-2,433	-8,579	-35,130	-87	-
Bonds issued	184,417	-240,375	-1,575	-8,175	-107,425	-123,200	-
Trade payables	4,370	-4,370	-4,370	-	-	-	-
Other liabilities	4,454	-3,676	-3,104	-8	-	-	-580
Total	236,968	-294,666	-11,482	-16,762	-142,555	-123,287	-580

The carrying amount of other receivables also includes an advance granted in the amount of EUR 19,451,000; the advance will not be settled in cash, but by means of a transfer of shares.

As at 31 October 2013 the Group was exposed to the following liquidity risk:

In thousands of EUR

	Carrying amount	Future cash flows	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undefined
Financial Assets							
Loans granted	25,657	28,682	9,461	103	18,995	-	123
Other receivables	35,464	12,283	11,397	886	-	-	-
Trade receivables	2,724	2,858	2,858	-	-	-	-
Financial investments	2,369	2,369	-	-	-	-	2,369
Cash and cash equivalents	4,280	4,280	4,280	-	-	-	-
Other assets	3,665	3,069	2,837	232	-	-	-
	74,159	53,541	30,833	1,221	18,995	-	2,492
Liabilities							
Loans and borrowings	38,728	-41,175	-2,963	-7,846	-30,343	-23	-
Trade payables	7,599	-7,599	-7,599	-	-	-	-
Other liabilities	178,559	-177,748	-2,753	-174,583	-7	-	-405
Total	217,287	-226,522	-13,315	-182,429	-30,350	-23	-405

The carrying amount of other receivables also includes an advance granted in the amount of EUR 19,451,000; the advance will not be settled in cash, but by means of a transfer of shares.

35. Information about risk management (continued)**Foreign exchange risk**

Because of the acquisition of a subsidiary in Poland during 2014, the Group is primarily exposed to foreign exchange risk of Polish zloty versus euro. Management regularly monitors whether the difference between receivables and payables in the foreign currency is not too large. As at 31 October 2014 the Group recognized Property, plant and equipment in total of EUR 5,416,000, intangible assets of EUR 7,355,000 other assets of EUR 181,000, loans granted of EUR 2,504,000, deferred tax liability of EUR 1,870,000, and other liabilities of EUR 261,000 originally denominated in Polish zloty. Other assets and liabilities of the Group are denominated in euros. There is a secondary risk that the weakening of the Polish zloty or Russian rouble against the euro would lead to a reduction in the number of visitors to Slovakia from these countries.

Sensitivity analysis

Appreciation of euro by 1% versus Polish zloty would have the following impact on financial assets and financial liabilities of the Group:

Impact on the portfolio		
<i>In EUR thousands</i>	2014	2013
PLN	26	-

Depreciation of euro by 1% versus Czech crown and Russian ruble would have comparably large but opposite impact on financial assets and financial liabilities of the Group, as opposed to appreciation.

Interest rate risk

The Group's operations are exposed 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 from the current interest rates at maturity or in the time of change. The period for which the rate is fixed on a financial instrument 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 2014 and 31 October 2013, the Group has the following interest-earning assets and interest-bearing liabilities:

In thousands of EUR

	31.10.2014	31.10.2013
Fixed interest rate		
Assets	31,906	40,910
Liabilities	184,417	13,618
Variable interest rate		
Assets	-	-
Liabilities	43,708	25,110

Sensitivity analysis for variable rate instruments

A change by 100 basis points in interest rates would have the following impact on profit or loss:

In thousands of EUR

	Profit (loss)	
	100 bb increase	100 bb decrease
31 October 2014		
Variable rate instruments	-106	223
Cash flow sensitivity	-106	223

35. Information about risk management (continued)

In thousands of EUR

	Profit (loss)	
	100 bb increase	100 bb decrease
31 October 2013		
Variable rate instruments	-99	99
Cash flow sensitivity	-99	99

The Group's interest-bearing liabilities bear interest at a variable interest rate derived from EURIBOR and WIBOR. The Group considers the variable interest rate as self-management of the interest rate risk. Under economic expansion EURIBOR grows, but also the economic performance of the population grows and, consequently, it improves the company's revenues and earnings. Under economic recession it is quite the opposite.

Operating risk

Operating risk is the risk of loss arising from fraud, unauthorised activities, error, omission, inefficiency or system failure. It arises from all the Group's activities and all companies with the Group are exposed to the operating risk. Operating risk also includes risk of court disputes.

The Group's objective is to manage operating risk so as to prevent financial losses and damage to the Group's reputation within the effectiveness of cost spent on meeting that objective and to avoid procedures restricting initiative and creativity.

The Group's management has the primary responsibility for the implementation of controls related to operating risk management. This responsibility is supported by the development of the Group's joint operating risk management standards. Operating risk is managed by the system of standards, minutes from meetings and control mechanisms. The Group has a controlling department where it tries to eliminate all operating risks by way of regular checks.

The Group is also exposed to the risk of unfavourable weather conditions. Visitor rates of the resorts depend on the quantity of snow and on periods of snowfall. Unfavourable conditions have a negative impact on the number of skiers, revenues and profit. Warm weather can extremely increase the expenses on the production of artificial snow and reduce the areas fit for skiing. The historical averages for the Low Tatras and High Tatras regions are 80 cm and 85 cm of snow during the winter season, respectively. The beginning of the winter season and the snow conditions affect skiers' perception of the whole season. The Group is unable to reliably predict the snow conditions at the beginning of the winter season. Thanks to the use of snowmaking systems, snow conditions during the winter season are stable every year.

36. Related parties

Identification of related parties

As stated in the following overview, the Group had a related-party relationship with its shareholders who have significant influence in the Group and other parties; as at 31 October 2014 and as at 31 October 2013 or during the period from 1 November 2013 to 31 October 2014 and from 1 November 2012 to 31 October 2013:

- (1) Entities with joint control or significant influence over the accounting entity and its subsidiaries or associates
- (2) Jointly controlled companies in which the Group is a partner
- (3) Associates
- (4) Members of top management personnel of the entity or of the Group's shareholders (see also Note 10 – Personnel expenses)

Information about remuneration paid to members of statutory bodies and top management is provided in Note 10 – Personnel expenses.

Since none of the shareholders has an ownership interest exceeding 20% or otherwise significant influence over the Group, shareholders are not recognised as related parties, and the transactions mentioned above or any balances are not understood as transactions with related parties.

36. Related parties (continued)

The Group has the following transactions with related parties:

In thousands of EUR

	Note.	Receivables 31.10.2014	Payables 31.10.2014	Receivables 31.10.2013	Payables 31.10.2013
MELIDA, a.s.	1	778	-	34	1 267

In thousands of EUR

	Note.	Revenues 1.11.2013 – 31.10.2014	Expenses 1.11.2013 – 31.10.2014	Revenues 1.11.2012 – 31.10.2013	Expenses 1.11.2012 – 31.10.2013
MELIDA, a.s.	1	36	-	181	2

The company MELIDA, a.s. was a related party from 28 September 2012 till 1 October 2013.

37. Subsequent events

In December 2014, the Group signed a Letter of Intent under which the Group has an option to acquire a fun park by 2021. Other provisions are confidential.

On 17 December 2014, the Group paid the coupon of TMR I bond in the amount of EUR 1,571,000.

On 5 February 2015 the Group paid the coupon of TMR II bond in the amount of EUR 6,600,000.

38. Capital commitments and capital management

In 2014 the Company made two issues of bonds (see Note 32 – Bonds Issued) in total face value of EUR 180,000,000; since 19 February 2014 the bonds have been admitted for trading on Bratislava Stock Exchange. Both issues are subject to regular coupon payment; the liability is settled from the Group's own funds.

The Group's capital management aims to secure a sufficient amount of funds for the planned investments in the periods for which these investments were planned.

Neither the Company nor any of its subsidiaries, since the day they merged with the parent company, are subject to any external capital management requirements.

No changes occurred in the Company's management's approach to capital management in the period from 1 November 2013 to 31 October 2014.

39. Contingent assets and contingent liabilities

Since many areas of the Slovak tax legislation have yet to be sufficiently tested in practice, there is an uncertainty about the application of the tax legislation in these areas by tax authorities. The extent of the uncertainty cannot be quantified and will only cease once legislative precedents or official interpretations of the authorities are set.





On 31 October 2007, the Group entered into a Contract of right of lien to undertaking, receivables and movable objects in favour of the creditor Tatra banka, akciová spoločnosť. The subject matter of the contract is the right of lien to liabilities in the full amount of the liabilities as they are recognised in the Balance Sheet as at 31 October 2013 and 31 October 2014.

The Company is a party to several legal disputes. The maximum amount of compensation for all legal disputes can be up to EUR 791,000 plus related charges and fees.

40. Group entities

The list of the Group entities as at 31 October 2014 and as at 31 October 2013 is provided below:

			31.10.2014		31.10.2013	
	Country of incorporation	Consolidation method	Consolidated %	Form of control	Consolidated %	Form of control
Tatry mountain resorts, a.s.	Slovakia	full	100		100	
Szczyrkowski Ośrodek Narciarski, S.A.	Poland	full	97	direct	-	n/a

			
Bohuš Hlavatý	Jozef Hodek	Tomáš Kimlička	Marian Klas
predseda	člen	osoba zodpovedná	osoba zodpovedná
predstavenstva	predstavenstva	za zostavenie závierky	za vedenie účtovníctva

Independent Auditor's Report



KPMG Slovensko spol. s r. o.
Dvořákovo nábrežie 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 statutory Auditor's Report originally prepared in Slovak language

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of Tatry mountain resorts, a.s. ("the Company") and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31 October 2014, the consolidated statements of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 October 2014, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management as represented by the statutory body is responsible for the preparation of these consolidated financial statements that give 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 misstatement.

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

Independent Auditor's Report

*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 2014, and of its consolidated financial performance and its consolidated cash flows for the year ended 31 October 2014 in accordance with International Financial Reporting Standards as adopted by the European Union.

27 February 2015
Bratislava, Slovak Republic

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

Responsible auditor:
Richard Farkaš
License SKAU č. 406

Report on Audit of Consistency



KPMG Slovensko spol. s r. o.
Dvořákovo nábrežie 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

Report on Audit of Consistency

of the annual report with the consolidated financial statements pursuant to Article 23 (5) of Act No. 540/2007 Coll. on Auditors, Audit and Oversight of Audit

(Translation)

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

We have audited the consolidated financial statements of the company Tatry mountain resorts, a.s. ("the Company") as of 31 October 2014, presented in appendix to the annual report. We have issued an independent auditor's report on the consolidated financial statements on 27 February 2015 with the following wording:

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of Tatry mountain resorts, a.s. ("the Company") and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31 October 2014, the consolidated statements of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 October 2014, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management as represented by the statutory body is responsible for the preparation of these consolidated financial statements that give 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 misstatement.

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

Obchodný register Okresného súdu Bratislava I, oddiel Sro, vložka č. 4864/B
Evidenčné číslo licencie audítora: 96
Licence number of statutory auditor: 96
IČO/Registration number: 31 348 238

Report on Audit of Consistency



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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 October 2014, and of its consolidated financial performance and its consolidated cash flows for the year ended 31 October 2014 in accordance with International Financial Reporting Standards as adopted by the European Union.

27 February 2015
Bratislava, Slovak Republic

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

Responsible auditor:
Richard Farkaš
License SKAU č. 406

**Report on the Audit of Consistency of the annual report
with the consolidated financial statements**

We have audited the consistency of the annual report with the consolidated financial statements in accordance with the Act on Accounting.

The accuracy of the annual report is the responsibility of the company's management. Our responsibility is to audit the consistency of the annual report with the consolidated financial statements, based on which we are required to issue an appendix to the auditor's report on the consistency of the annual report with the consolidated financial statements.

Report on Audit of Consistency



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

We have reviewed the consistency of the information presented in the annual report with the information presented in the consolidated financial statements as of 31 October 2014. We have not audited any data or information other than the accounting information obtained from the financial statements and accounting books. We believe that the audit performed provides a sufficient and appropriate basis for our opinion.

In our opinion, the accounting information presented in the annual report is consistent, in all material respects, with the consolidated financial statements as of 31 October 2014, presented in appendix to the annual report.

27 February 2015
Bratislava, Slovak Republic

Audit firm:
KPMG Slovensko spol. s r. o.
License SKAU No. 96

Responsible auditor:
Richard Farkaš
License SKAU č. 406

Separate Financial Statements

Tatry mountain resorts, a.s.

Separate Financial Statements
for the period from 1 November 2013 to 31 October 2014

prepared in accordance
with the International Financial Reporting Standards (“IFRS”)
in the wording adopted by the EU

Separate statement of profit and loss and other comprehensive income

<i>In thousands of EUR</i>	Note	1.11.2013 – 31.10.2014	1.11.2012 – 31.10.2013
Revenues	6	55,933	50,157
Other operating income	7	360	1,779
Total income		56,293	51,936
Consumption of material and goods	8	-9,448	-7,591
Purchased services	9	-14,000	-13,840
Personnel expenses	10	-14,754	-11,832
Other operating expenses	11	-924	-670
Gain/(loss) on disposal of assets		146	122
Gain/(loss) from revaluation of investment property	17	413	-24
Creation and reversal of value adjustments to receivables	22	-28	51
Profit before interest, tax, depreciation and amortisation (EBITDA)*		18,698	18,152
Depreciation and amortisation	15,16	-13,010	-9,956
Goodwill impairment losses	16	-	-350
Gain/(loss) from value adjustment of tangible assets		-	-
Profit before interest and tax (EBIT)		5,688	7,846
Interest income	12	1,493	1,602
Interest expenses	12	-7,717	-677
Gain/(loss) in financial instruments, net	13	-280	2,390
Profit/(loss) before tax		-816	11,161
Income tax	14	591	-2,571
Profit/(loss)		-225	8,590
Other components of the comprehensive income			
- items not subsequently reclassified to profit/(loss):			
Revaluation of tangible assets upon transfer to investment property		-	15
- items that may be reclassified subsequently to profit or loss:			
Revaluation of available-for-sale securities to fair value	14	-	6
Total comprehensive income		-225	8,611
Earnings per share (EUR)	28	-0.034	1.281
Number of shares		6,707,198	6,707,198

*EBITDA is the profit generated from the Company's recurring activities before tax, interests, depreciation and amortisation adjusted for other income and expenses which are listed under EBITDA.

The notes presented on pages 155 through 204 form an integral part of the separate financial statements. An overview of the profit and loss statement by segments is provided in Note 4 – Information about operating segments.

Separate statement of financial position

<i>In thousands of EUR</i>	Note	31.10.2014	31.10.2013	1.11.2012
Assets				
Goodwill and other intangible assets	16	7 766	7 774	3 831
Land, property, plant and equipment	15	268 725	255 605	199 316
Investment property	17	7 264	5 851	4 194
Loans granted	21	22 275	16 071	12 966
Other receivables	23	176	3 621	24 259
Investments in subsidiaries	18	7 191	-	13 826
Investments in associates		-	-	3 803
Total non-current assets		313 397	288 922	262 195
Inventories	20	2 921	2 115	1 472
Trade receivables	22	1 236	2 724	2 874
Loans granted	21	7 889	9 586	172
Other receivables	23	21 101	31 843	29 470
Financial investments	25	2 081	2 369	13 207
Cash and cash equivalents	26	3 757	4 280	2 707
Other assets	24	2 330	3 665	2 678
Total current assets		41 315	56 582	52 580
Total assets		354 712	345 504	314 775
Equity				
Share capital	27	46 950	46 950	221 338
Share premium		30 430	30 430	30 430
Profit/loss for the period		-225	8 590	12 102
Retained earnings and other funds		24 097	15 507	10 051
Total equity		101 252	101 477	273 921
Liabilities				
Loans and borrowings	28	32 292	28 882	12 743
Provisions	31	25	25	20
Other long-term liabilities	30	-	215	-
Issued bonds	32	178 395	-	-
Deferred tax liability	19	18 308	18 899	10 480
Total non-current liabilities		229 020	48 021	23 243
Loans and borrowings	28	9 684	9 846	3 264
Trade payables	29	4 291	7 599	10 892
Provisions	31	121	217	87
Issued bonds	32	6 022	-	-
Other short-term liabilities	30	4 322	178 344	3 368
Total current liabilities		24 440	196 006	17 611
Total liabilities		253 460	244 027	40 854
Total equity and liabilities		354 712	345 504	314 775

The notes presented on pages 155 through 204 form an integral part of the separate financial statements.

<i>In thousands of EUR</i>	Share capital	Share premium	Legal reserve	Funds from revaluation	Retained earnings	Total
Balance as at 1 November 2012	221,338	30,430	3,240	119	18,794	273,921
Profit for the current accounting period	-	-	-	-	8,590	8,590
Other comprehensive income, after tax						
- items not subsequently reclassified to profit/(loss):						
Revaluation of tangible assets upon transfer to investment property			-	-15		15
- items that may be reclassified subsequently to profit or loss:						
Revaluation of available-for-sale securities to fair value			-	6	-	6
Total comprehensive income for the period	-	-	-	21	8,590	8,611
Transactions with owners, recognised directly in equity						
Decrease in registered capital	-174,388					-174,388
Contributions to the fund	-		637	-	-637	-
Changes resulting from the merger	-	-	-	-	443	443
Dividends paid	-	-	-	-	-7,110	-7,110
Total transactions during the year	-174,388	-	637	-	-7,304	-181,055
Balance as at 31 October 2013	46,950	30,430	3,877	140	20,080	101,477

Separate statement of changes in equity (continued)					
<i>In thousands of EUR</i>					
	Share capital	Share premium	Legal reserve fund	Funds from revaluation	Total
Balance as at 1 November 2013	46,950	30,430	3,877	140	101,477
Profit for the current accounting period	-	-	-	-	-225
Other comprehensive income, after tax					
- items not subsequently reclassified to profit/(loss):					
Revaluation of tangible assets upon transfer to investment property	-	-	-	-	-
- items that may be reclassified subsequently to profit or loss:					
Revaluation of available-for-sale securities to fair value	-	-	-	-	-
Total comprehensive income for the period					-225
Transactions with owners, recognised directly in equity					
Contributions to the fund	-	-	571	-	-571
Total transactions during the year					-571
Balance as at 31 October 2014	46,950	30,430	4,448	140	101,252

The notes presented on pages 155 through 204 form an integral part of the separate financial statements.

Separate cash flow statement

<i>In thousands of EUR</i>	Note	1.11.2013 – 31.10.2014	1.11.2012 – 31.10.2013
OPERATING ACTIVITIES			
Profit		-225	8 590
Adjustments relating to:			
Gain on disposal of property, plant and equipment and intangible assets	-146	-122	-108
Depreciation and amortisation	13 010	9 956	7,763
(Reversal)/Creation of value adjustments to receivables	28	-51	154
Goodwill impairment losses	-	350	173
Gain on financial instruments, net	280	-2 390	-1,527
(Gain)/ Loss from revaluation of investment property	-1 413	24	-
Interest income, net	6 224	-925	-2,895
Change in provisions	-96	68	-
Income tax	-591	2 571	2,109
Change in trade receivables, other receivables and other assets	5 477	3 125	673
Change in inventories	-806	-483	-582
Change in trade payables and other liabilities	-5 663	-4 788	-1,090
Cash flow from operating activities before income tax		16 079	15 925
Income tax paid		-285	-941
Cash flow from operating activities		15 794	14 984
INVESTMENT ACTIVITIES			
Acquisition of property, plant and equipment and intangible assets		-27 397	-36 946
Proceeds from disposal of property, plant and equipment and intangible assets		1 421	122
Cost of subsidiaries acquisition	5	-7 191	-7 500
Proceeds from merger with subsidiaries		-	284
Proceeds from paid bills of exchange		3 194	18 405
Loans granted		-11 076	-14 654
Instalments of granted loans		8 038	-
Proceeds from disposal of companies or part thereof	5	-	24
Procurement of financial investments	25	-	-119
Proceeds from disposal of financial investments	25	288	12 822
Interest received		8 340	66
Cash flow from investment activities		-24 383	-27 496
FINANCIAL ACTIVITIES			
Instalments of liabilities under financial leasing		-891	-670
Instalments of received loans and borrowings		-10 791	-2 582
New loans and borrowings		14 930	24 707
Settlement of liability from the decrease in share capital		-173 670	-
Bonds issued		180 582	-
Interest paid		-2 094	-627
Dividends paid		-	-6 743
Cash flow from financial activities		8 066	14 085

Separate cash flow statement (continued)

	Note	1.11.2013 – 31.10.2014	1.11.2012 – 31.10.2013
<i>In thousands of EUR</i>			
Net increase/(decrease) of cash and cash equivalents		-523	1 573
Cash and cash equivalents at the beginning of the year	26	4 280	2 707
Cash and cash equivalents at end of the year	26	3 757	4 280

The notes presented on pages 155 through 204 form an integral part of the separate financial statements.

Notes to the separate financial statements

1. Information about the Company	156
2. Significant accounting policies	158
3. Critical accounting estimates and assumptions	170
4. Information about operating segments	174
5. Increment and decrement of interests in companies.....	176
6. Revenues.....	177
7. Other operating income.....	177
8. Consumption of material and goods	177
9. Purchased services	178
10. Personnel expenses	178
11. Other operating expenses.....	178
12. Interest income and expenses.....	179
13. Gain on financial instruments, net	179
14. Income tax and deferred tax	180
15. Property, plant and equipment	182
16. Goodwill and intangible assets	184
17. Investment property	185
18. Investments in associates	186
19. Deferred tax asset, deferred tax liability	186
20. Inventories	187
21. Loans granted.....	187
22. Trade receivables	188
23. Other receivables	189
24. Other assets.....	189
25. Financial investments.....	189
26. Cash and cash equivalents.....	190
27. Equity.....	191
28. Loans and borrowings.....	192
29. Trade payables	193
30. Other liabilities	194
31. Provisions	194
32. Bonds issued	195
33. Fair value information.....	196
34. Operating leasing	196
35. Information about risk management	197
36. Related parties.....	201
37. Subsequent events.....	202
38. Capital commitments and capital management.....	202
39. Contingent assets and contingent liabilities	202
40. Reconciliation of separate financial statements in accordance with Slovak accounting standards and in accordance with International Financial Reporting Standards as adopted by EU.....	202

1. Information about the Company

Tatry mountain resorts, a.s. (hereinafter also the “Company”) is a joint-stock company with its registered office and point of business at: Demänovska Dolina 72, 031 01 Liptovský Mikuláš. The company was established on 20 March 1992 and was incorporated on 1 April 1992. The Company’s registration number is: 31 560 636 and the Company's tax identification number is: 2020428036.

The Company is not a fully liable partner in other accounting entities.

The Company's shares have been listed on the Bratislava Stock Exchange since 19 November 1993, on the Warsaw Stock Exchange (WSE) since 15 October 2012 and on the Prague Stock Exchange (BCCP) since 22 October 2012. The Extraordinary General Meeting held on 22 August 2013 decided on a decrease of the share capital of the company Tatry Mountain Resorts, a.s. from EUR 221,338,000 to EUR 46,950,000, i.e. a decrease by EUR 174,388,000. In 2014 the Company made two issues of bonds in total face value of EUR 180,000,000; since 19 February 2014 the bonds have been admitted for trading on Bratislava Stock Exchange. See Note 32 – Bonds issued.

In 2009, the Company decided to change its accounting period from a calendar year to a fiscal year with the period from 1 November to 31 October. This change was carried out in order to make the period more realistic, since the Company's operations are subject to seasonal variations.

On 1 May 2013, the parent company Tatry mountain resorts, a.s. merged with the subsidiaries GRANDHOTEL PRAHA a.s., Interhouse Tatry s.r.o. a Tatry mountain resorts services, a.s. On that day the company Tatry mountain resorts, a.s. became the successor company and assumed all legal, business and other liabilities and assets of its subsidiary companies. All subsidiaries were dissolved by merger with the parent company and subsequently deleted from the Companies Register.

The structure of the Company's shareholders as at 31 October 2014 and 31 October 2013 was as follows:

31 October 2014	Share in share capital		Voting rights
	In EUR'000	%	%
C.I. CAPITAL INDUSTRIES LIMITED	9164	19.5%	19.5%
J&T SECURITIES MANAGEMENT	7,326	15.6%	15,6%
BELGOMET, s.r.o.	7,216	15.4%	15.4%
KEY DEE LIMITED	4,648	9.9%	9.9%
TINSEL ENTERPISES LIMITED	4,448	9.5%	9.5%
RMSM1 LIMITED	4,117	8.8%	8.8%
Mgr. Miroslav Voštiar	3,565	7.6%	7.6%
Minor shareholders	6,466	13.7%	13.7%
Total	46 950	100%	100%

31 October 2013	Share in share capital		Voting rights
	in EUR'000	%	%
KEY DEE LIMITED	4,648	9.9%	9.9%
Capital Industrial, a.s.	4,620	9.8%	9.8%
Tinsel Enterprises Limited	4,605	9.8%	9.8%
EGNARO INVESTMENT LIMITED	4,378	9.3%	9.3%
J&T Securities Management Limited	3,717	7.9%	7.9%
Poštová banka, a.s.	3,540	7.5%	7.5%
BELGOMET, s.r.o.	3,321	7.1%	7.1%
CONTIGY DEVELOPMENT LIMITED	2,511	5.3%	5.3%
Minor shareholders	15,610	33.4%	33.4%
Total	46,950	100%	100%

1. Information about the Company (continued)

The Company's core activities include operation of cableways and ski lifts, restaurant and hospitality services, the operation of ski and snowboard schools, the purchase and sale of goods, and hotel management. Since 29 March 2011, the Company has been operating Aquapark Tatralandia and thereby expanded its portfolio of provided services.

The average headcount of the Company in the period from 1 November 2013 to 31 October 2014 was 1,008, of that 26 people in management (from 1 November 2012 to 31 October 2013: 1,051 employees, of that 25 in management).

During the year, the Company used the services of personnel agencies for the short-term leasing of employees. In 2014, the Company leased 319 employees of the total headcount of 1,008. In 2013 the Company leased 283 employees of the total headcount of 1,051.

The Company's bodies are:

Board of Directors:

Ing. Bohuš Hlavatý, Chairman (since 29.6.2009)
Ing. Branislav Gábriš, Vice-Chairman (since 18.2.2011)
Ing. Andrej Devečka, Member (from 14.12.2006 until 14.12.2011, since 22.12.2011)
Ing. Jozef Hodek, Member (since 29.6.2009)
Ing. Dušan Slavkovský, Member (since 1.5.2010)
Ing. Michal Krolák, Member (since 18.2.2011)

Supervisory Board:

Ing. Igor Rattaj (since 29.6.2009)
Ing. František Hodorovský (since 18.1.2011)
Boris Kollár (since 30.4.2011)
Roman Kudláček (since 21.4.2012)
Ing. Ján Štetka (since 30.6.2012)
Ing. Peter Kubeňa (since 30.6.2012)
Miroslav Roth (since 30.6.2012)
Ing. Pavol Mikušiak (since 27.4.2013)
Adam Tomis (since 12.4.2014)
Jiří Uvíra (from 18.1.2011 until 12.4.2014)
Jan Marian Komornicki (from 18.1.2011 until 27.4.2013)

2. Significant accounting policies

(a) Statement of compliance

The separate financial statements for the period from 1 November 2013 to 31 October 2014 have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as adopted by the EU and in accordance with Art 17a), par. 3 of Act No. 431/2002 Coll. of the National Council of the Slovak Republic on Accounting (“Act on Accounting”). These financial statements are the first separate financial statements prepared in accordance with the IFRS as adopted by the EU. For this reason the Company applied IFRS 1 in its preparation. See Note 40 - Reconciliation of separate financial statements in accordance with Slovak accounting standards and in accordance with International Financial Reporting Standards as adopted by EU. As Art 17a), par. 3 allows accounting units, who issued securities during the accounting period and the securities were admitted for trading on a regulated market, to prepare their separate financial statements in accordance with the IFRS as adopted by the EU, the Company's management decided to prepare the financial statements for the period from 1 November 2013 to 31 October 2014 with comparable data for the period from 1 November 2012 to 31 October 2013 in accordance with the IFRS as adopted by the EU. These financial statements replaces the financial statements prepared in accordance with the financial statements prepared in accordance with Slovak accounting principles. The Company does not prepare any other separate financial statements.

The IFRS require preparation of consolidated financial statements, because the Company has an ownership interest in its subsidiary. The Company did not consolidate its subsidiary into these financial statements. The investments in subsidiaries are recognised at cost (net of impairment losses, if any) and dividend returns are recognised at the moment when the Company became entitled to receiving dividends from those companies. The Company applies similar treatment to associates. The Company prepares consolidated financial statements that shall be published by the end of February 2015.

The financial statements were approved by the Board of Directors on 24 February 2015.

(b) Basis of preparation

The separate financial statements have been prepared based on the historical cost principle, while the investment property, available-for-sale securities and financial instruments measured at fair value through profit or loss were revalued to their fair value.

The Company's separate financial statements have been prepared on a going-concern basis.

The separate financial statements have been prepared in thousands EUR.

The preparation of financial statements in compliance with the International Financial Reporting Standards as adopted by the EU requires the application of various judgements, assumptions and estimates which affect the reported amounts of assets, liabilities, income and expenses. However, actual results will likely differ from these estimates. Critical accounting estimates and judgements which were made by management and which bear a significant risk of material adjustment in the next accounting period are discussed in Note 3– Critical accounting estimates and assumptions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and also in future periods if the revision affects both current and future periods.

When preparing the separate financial statements, the Company applied the following International Financial Reporting Standards, amendments to the standards and interpretations as adopted by the EU, which are effective for the accounting period starting 1 November 2012:

The application of the standards mentioned below has had no significant impact on the Company's financial statements.

2. Significant accounting policies (continued)

Amendments to **IAS 12 Income Taxes**, effective for annual periods beginning on or after 1 January 2013, introduces an exception to the general measurement principles of IAS 12 for investment property measured at fair value. In this case, the measurement of deferred tax assets and liabilities is based on a rebuttable presumption that the carrying amount of investment property will be recovered entirely through sale. The presumption can only be rebutted if the investment property can be depreciated and is held within a business model whose objective is to consume all material economic benefits of the given asset for the entire useful life of the asset. This is the only case when the presumption can be rebutted.

Amendments to **IAS 19 Employee Benefits**, effective for annual periods beginning on or after 1 January 2013, change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately at the moment of their occurrence through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine effective for annual periods beginning on or after 1 January 2013, clarifies the requirements for accounting for stripping costs associated with waste removal in surface mining, including when production stripping costs should be recognised as an asset, how the asset is initially recognised, and subsequent measurement.

Amendments to **IFRS 7 Financial Instruments: Disclosures** effective for annual periods beginning on or after 1 January 2013, require an entity to disclose information about rights of set-off and related arrangements (e.g., collateral agreements). The disclosures will provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreements, irrespective of whether they are set off in accordance with IAS 32.

IFRS 13 Fair Value Measurement, effective for annual periods beginning on or after 1 January 2013, provides a uniform guidance for fair value measurement and disclosures about fair value measurements. IFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements. Fair value under IFRS 13 is defined as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date” (i.e., an ‘exit price’). In general, the disclosure requirements under IFRS 13 are more extensive than those required by the currently valid standards.

International Financial Reporting Standards in issue but not yet effective

The following International Financial Reporting Standards, amendments to standards and interpretations were issued and thereafter adopted by the EU as at 31 October 2014, however, they are not yet effective and thus have not been applied by the Company in preparing these financial statements.

2. Significant accounting policies (continued)

IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements, effective for annual periods beginning on or after 1 January 2014; earlier application is possible if the entity applies early also standards IFRS 11, IFRS 12, IAS 27 (2011) and IAS 28 (2011). IFRS 10 introduces a uniform model, to be used for the assessment of control for all investments including entities which are presently regarded as special purpose entities (SPE) within the scope of SIC-12. IFRS 10 introduces new requirements for the assessment of control, which differ from the present requirements defined in IAS 27 (2008). Under the new control assessment model, the investor has power over the investee, if: (1) the investor has exposure, or rights, to variable returns from its involvement with the investee; (2) is able to use its power over the investee to affect the amount of the investor's return; and (3) there is a connection between the power and the return. The new standard contains reporting requirements and requirements for preparation of consolidated financial statements. Those requirements are taken over from IAS 27 (2008). The amendment is not expected to have an impact on the Company's financial situation or performance.

Amendments to **IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 Separate Financial Statements**, effective for annual periods beginning on or after 1 January 2014, introduces an exception to consolidation requirements under IFRS 10 and requires investment entities that meet certain criteria to measure their investments in controlled entities, as well as investments in associates and joint ventures, at fair value through profit or loss, instead of consolidating them. The consolidation exception is mandatory (i.e., not optional); the only exception are subsidiaries that are considered an extension of the investment entity's investing activities, these subsidiaries have to be consolidated. The amendments also determine disclosure requirements for investment entities. The Company is currently evaluating the impact of these standards on its financial statements.

IFRS 11 Joint Arrangements, effective for annual periods beginning on or after 1 January 2014, replaces IAS 31 Interests in Joint Ventures. IFRS 11 defines two categories of joint arrangements: joint operation and joint venture. Joint operation – an arrangement in which the parties with joint control have rights to the assets and obligations for the liabilities relating to that arrangement. In respect of its interest in a joint operation, a joint operator must recognise all of its assets, liabilities, revenues and expenses, including its relative share of jointly controlled assets, liabilities, revenue and expenses. Joint venture – an arrangement in which the parties with joint control have rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method. The option in IAS 31 to account for joint ventures (as defined in IFRS 11) using proportionate consolidation has been removed from IFRS 11.

Under these new categories, the legal form of the joint arrangement is not the only factor considered when classifying the joint arrangement as either a joint operation or a joint venture, which is a change from IAS 31. Under IFRS 11, parties are required to consider whether a separate vehicle exists and, if so, the legal form of the separate vehicle, the contractual terms and conditions, and other facts and circumstances. The Company is currently evaluating the impact of these standards on its financial statements..

IFRS 12 Disclosure of Interests in Other Entities effective for annual periods beginning on or after 1 January 2014, requires additional disclosures about significant judgements and presumptions used in determining the nature of interests in a unit of account or arrangements, interests in subsidiaries, joints arrangements and associates and in unconsolidated entities. The Company is currently evaluating the impact of these standards on its financial statements.

Amendments to **IAS 27 Separate Financial Statements** (2011) are effective for annual periods beginning on or after 1 January 2014. IAS 27 (2011) now addresses only the requirements for separate financial statements (preserving the original requirements). The requirements for consolidated financial statements are now addressed in IFRS 10 Consolidated Financial Statements. The Company is currently evaluating the impact of these standards on its financial statements..

Amendments to **IAS 28 Investments in Associates and Joint Ventures** (2011) are effective for annual periods beginning on or after 1 January 2014. IAS 28 (2011) replaces IAS 28 Investments in Associates, and prescribes the accounting for investments in associates and the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard defines “significant influence” and provides guidance on how to apply the equity method in accounting (including the exemptions of the application of the equity method in some cases). It also defines the method for testing investments in associates and joint ventures for impairment. The Company is currently evaluating the impact of these standards on its financial statements.

2. Significant accounting policies (continued)

Amendments to **IAS 32 Financial Instruments: Presentation** are effective for annual periods beginning on or after 1 January 2014. To clarify certain aspects because of diversity in application of the requirements of offsetting, the amendment focuses on four main areas: (1) the meaning of the term “legally enforceable right of set-off”; (2) the application of simultaneous realisation and settlement; (3) the offsetting of collateral amounts; (4) the unit of account for applying the offsetting requirements. The amendment is not expected to have a significant impact on the Company's financial position or performance.

Amendments to **IAS 36 Impairment of Assets** (Recoverable Amount Disclosures for Non-Financial Assets), effective for annual periods beginning on or after 1 January 2014, clarifies that the scope of recoverable amount disclosures, when the amounts are based on fair value less costs of disposal, is limited to impaired assets. The amendment is not expected to have an impact on the Company's financial position or performance.

Amendments to **IAS 39 Financial Instruments: Recognition and Measurement** (Novation of Derivatives and Continuation of Hedge Accounting), effective for annual periods beginning on or after 1 January 2014, provides an exception to the requirement to discontinue hedge accounting in situations where over-the-counter (OTC) derivatives designated in hedging relationships are directly or indirectly novated to a central counterparty (CCP) as a consequence of laws or regulations, or the introduction of laws or regulations. The amendment is not expected to have an impact on the Company's financial position or performance.

IFRIC 21 Levies, effective for annual periods beginning on or after 17 June 2014, is applied with a retroactive effect. An early application is permitted. The interpretation provides guidance on how to identify the obligating event for the recognition of a liability and when to recognise the liability for a levy imposed by a government. The IFRIC identifies the obligating event as the activity that triggers the payment of the levy in accordance with the relevant legislation and as a result of which, the liability to pay levies is recognised in the period in which the obligation event occurs. The liability to pay levies is recognised progressively if the obligating event occurs over a period of time. If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached. The IFRIC explains that an entity does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the entity being economically compelled to continue to operate in that future period. The amendment is not expected to have an impact on the Company's financial position or performance.

Amendments to **IAS 19 Employee Benefits** (Defined Benefit Plans: Employee Contributions), effective for annual periods beginning on or after 1 February 2015. The amendments are applied with a retroactive effect. An early application is permitted. The amendments apply only to defined benefit plans with contributions from employees or from third parties meeting the following criteria: (1) shall be set out in the formal terms of the defined benefit plan; (2) are linked to service, and (3) independent of the number of years of service. When these criteria are met, the Company can (but does not have to) recognise them as a reduction in the service cost in the period in which the related service is rendered. The amendment is not expected to have an impact on the Company's financial position or performance.

IFRS Annual Improvements

The Improvements bring 11 amendments to 9 standards and consequential amendments to other standards and interpretations. Most of the amendments are to be applied to accounting periods beginning on or after 1 February 2015, with permitted earlier adoption. Further 4 amendments to 4 standards effective for annual periods beginning on or after 1 January 2015, with permitted earlier adoption. The amendments are not expected to have an impact on the Company's financial statements.

Other International Financial Reporting Standards

The Company has not adopted any other IFRS standards adopted by EU early where adoption is not mandatory at the date of preparation of the financial statements. Where transition provisions give an entity the choice of whether to apply new standards prospectively or retrospectively, the Company has decided to apply the standards prospectively.

2. Significant accounting policies (continued)

(c) Financial instruments (excluding financial liabilities)

i. Classification

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

Available-for-sale securities are those non-derivative financial assets that are not classified as financial instruments at fair value through profit or loss, loans and advances to banks and customers or as financial assets held to maturity.

Financial instruments at fair value through profit or loss are those that the Company principally holds for trading, that is, with the purpose of short-term profit taking.

ii. Recognition

Loans granted are recognised on the day they are provided by the Company.

Financial assets at fair value through profit or loss and available-for-sale securities are recognised on the date the Company commits to purchase the assets.

iii. Measurement

Financial instruments are measured upon initial recognition at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the financial instrument.

Subsequent to initial recognition, financial assets are measured at amortized costs, except for financial assets at fair value through profit and loss and available-for-sale securities, which are measured at fair value.

iv. Fair value measurement principles

The fair value of financial instruments is based on their quoted market price at the financial statements date without any deduction for acquisition-related costs. If a quoted market price is not available, the fair value of the instrument is estimated by the management using the pricing model or discounted cash flow techniques.

Where the discounted cash flow method is used, estimated future cash flows are based on the management's best estimates and the discount rate is the market rate at the date of the financial statement for an instrument with similar terms and conditions. Where pricing models are used, inputs for these models are based on market-related factors at the date of the financial statement.

v. Gain and losses on subsequent revaluation

Gains and losses arising from a change in fair value are recognised in profit or loss for financial instruments at fair value through profit or loss and directly in equity for available-for-sale securities. Changes in the fair value of available-for-sale securities are derecognised from other equity to profit or loss at the moment of sale.

2. Significant accounting policies (continued)

vi. Derecognition

A financial asset is derecognised when the Company loses control over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or are surrendered by the Company.

Available-for-sale assets that are sold are derecognised and the corresponding payable receivables to buyers are recognised as at the date the Company commits to sell the assets.

Loans and advances to customers are derecognised as at the day they are paid/ settled by the Company.

(d) Financial investments

i. Subsidiaries

Subsidiaries are all enterprises that are controlled by the Company. The control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise, so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Investments in subsidiaries are measured at cost.

ii. Associates

Associates are those enterprises in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when a company holds between 20 and 50 percent of the voting rights of another entity. Investments in associates are recognised at cost.

The cost of financial investments is derived from the amount of spent cash or cash equivalents or is recognised at fair value of contributed assets and liabilities to acquire the enterprise at the moment of acquisition. Costs related to acquisition (transaction costs) are included in the cost of the investment.

As at the reporting date, the management reconsiders whether any events occurred which could cause impairment of financial investments. Potential impairment of financial investments below their cost is recognised through a value adjustment. Value adjustments are derived from the value of future cash flows discounted to present value.

(e) Foreign currency

Foreign currency transactions

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The separate financial statements are presented in thousands of euros, which is the Company's functional and presentation currency. Transactions in foreign currencies are translated into euros at the foreign exchange rate valid at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into euros at the financial statements date at the exchange rate of the European Central Bank valid at that day.

Foreign exchange differences arising from such translations are recognised through profit or loss. Non-monetary assets and liabilities denominated in foreign currencies, which are measured at cost, are translated into euros using the exchange rate valid at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into euros at the foreign exchange rates valid at the dates the fair values are determined.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and in banks, short-term highly liquid investments with original maturities of three months or less and short-term highly liquid investments readily convertible for known amounts of cash.

(g) Inventories

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

Purchased inventories are measured at cost, which includes the purchase price and other directly attributable expenses incurred in acquiring the inventories and bringing them to their existing location and condition.

2. Significant accounting policies (continued)

(h) Offsetting

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

(i) Impairment

The carrying amounts of the Company's assets, other than inventories (refer to the accounting policy under letter g)), investment property (refer to the accounting policy under letter l)), financial assets at fair value through profit or loss (refer to the accounting policy under letter c)), available-for-sale securities (refer to the accounting policy under letter c)) and deferred tax assets (refer to the accounting policy under letter p)) are reviewed at each financial statements date to determine whether there is objective indication of impairment of the asset. If any such indication exists, the asset's recoverable amount is estimated. Intangible assets that have an indefinite useful life are not subject to amortisation, but are tested annually for impairment as part of the cash-generating unit to which they belong.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Loans granted are recognised net of value adjustment for losses on loans. Value adjustments are determined on the basis of the state of the loan and performance of the borrower and the value of any collateral and all third-party guarantees is taken into account.

The recoverable amount of receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed upon initial recognition of these financial assets). Short-term receivables are not discounted.

If assets available for sale caused a decrease in fair value recognized directly in equity and if objective reasons exist that prove that there was a decrease in the fair value of the assets, the cumulated loss recognized in equity shall be reported in the profit and loss statement even if the relevant financial asset had not been reversed from the financial position. The amount of loss recognized in the profit and loss statement is the difference between the acquisition cost and the fair value, adjusted for the impairment of the financial asset already recognized in profit and loss. A decrease in fair value of more than 20% of the acquisition cost or a decrease in fair value below the acquisition cost that lasts continuously more than nine months in case of securities investments is considered an impairment.

The recoverable amount of other assets is the greater of their value in use less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of receivables carried at amortised cost is reversed if the increase in the recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

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

In respect of other assets, an impairment loss is reversed or decreased when there is an indication that the impairment loss no longer exists and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss can only be reversed or decreased to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2. Significant accounting policies (continued)

(j) Property, plant and equipment

i. Owned assets

Single items of property, plant and equipment are measured at cost less accumulated depreciation (see below) and impairment losses (refer to the accounting policy under letter i)). Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and costs of dismantling and removing the items and restoring the site where it was located. When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items (major components) of property, plant and equipment.

ii. Leasing

Agreements on lease of assets in relation to which the Company assumes substantial part of risks and benefits of ownership are classified as financial leasing. Leased assets are stated at an amount equal to the lower of their fair value and the present value of the minimum leasing payments at inception of the lease, less accumulated depreciation (see below) and impairment losses (refer to the accounting policy under letter i)).

iii. Subsequent expenditures

Subsequent expenditure is capitalised if it is probable that the future economic benefits embodied in the part of property, plant and equipment will flow to the Company and the relevant cost can be measured reliably. All other expenditures including the costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss in the period to which they relate.

iv. Depreciation

Except as specified below, depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of individual items of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- Buildings 30 - 45 years
- Individual movables and sets of movables
 - Geothermal borehole 40 years
 - Slides 25 years
 - Cableways and ski lifts 20 - 30 years
 - Equipment 5 - 12 years
 - Fixtures and fittings and others 5 - 10 years

Depreciation methods, useful lives, as well as residual values, are reassessed annually as at the financial statement's date. Each significant part of property, plant and equipment (component) with cost significant in relation to the total cost of the relevant item is depreciated separately.

v. Capitalized borrowing costs

Borrowing costs attributable to the asset that necessarily takes a substantial period of time to get ready for its use or sale are capitalised by the Company as part of the cost of the asset.

(k) Intangible assets

i. Goodwill and intangible assets acquired in a business combination

Goodwill recognized as a result of the Company merging with its subsidiaries is measured as the excess of the sum of the consideration transferred, or the amount of the investments, over the net of the actual amounts of the identifiable assets acquired and the liabilities assumed. Goodwill on acquisition of subsidiaries and associates is included in the investments in subsidiaries and associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2. Significant accounting policies (continued)

ii. Software and other intangible assets

Software and other intangible assets acquired by the Company are stated at cost less accumulated amortisation (see below) and impairment losses (refer to the accounting policy under letter i)). Useful life of these assets is reassessed regularly.

iii. Amortisation

Amortisation is recognized in profit or loss on a straight-line basis over the estimated useful lives of 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 depreciation plan, valuable rights also include trademarks which represent non-depreciated assets. The Company uses 6, 7, 8, 12 and 50-year useful lives for its valuable rights. |

(l) Investment property

Investment property represents assets that are held by the Company to generate rental income or to realise a long-term increase in value, or for both of these purposes.

Investment property is stated at fair value, which is determined by an independent registered expert or by the management. Fair value is based on current prices of similar assets on an active market under the same location and the same conditions, or where such conditions are not available, by applying the generally applicable valuation models such as the yield method. Any gain or loss arising from a change in fair value is recognised in profit or loss.

Assets that are constructed or developed for their future use as investment property are measured at fair value if the fair value can be determined reliably.

Details on the valuation of investment property are specified in Note 3(a) – Critical accounting estimates and assumptions, Valuation of investment property.

Rental income from investment property is accounted for as described in the accounting policy under letter (o).

(m) Provisions

A provision is recognised in the balance sheet when the Company has a present legal, contractual, or non-contractual obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Long-term provisions the reduction of which to their present value would have a material impact on the financial statements are discounted to their present value.

i. Long-term employee benefits

Liability of the Company resulting from long-term employee benefits other than pension plans represents the estimated amount of future benefits that employees have earned in return for their service in the current and prior periods. The liability is calculated using the projected unit credit method, discounted to its present value. A discount rate used to calculate the present value of liability is derived from the yield curve of high-quality bonds with maturities close to the conditions of the Company’s liabilities as at the date of the financial statements preparation.

ii. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are recognised as expenses at the time of provision of the service by the employees. A payable is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or contractual obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2. Significant accounting policies (continued)

(n) Interest income and expense

Interest income and expense is recognised in profit or loss in the period to which it relates using the effective interest rate basis. All expenses on loans and borrowings are recognised in profit or loss, with the exception of capitalised borrowing costs; refer to the accounting policy under letter (j), part (v).

(o) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.

(p) Income tax

Income tax on the profit for the current accounting period comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the current accounting period, using tax rates valid as at the date of the financial statement’s preparation, and any adjustments to tax payable in respect of previous accounting periods.

Deferred tax is accounted for using the balance sheet method and calculated from all temporary differences between the carrying amounts of assets and liabilities determined for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences weren’t taken into account: the initial recognition of assets or liabilities which affect neither accounting nor taxable profit, and the differences relating to investments in subsidiaries to the extent that it is probable that they will not be reversed in the foreseeable future. No deferred taxes are recognised on the initial recognition of goodwill. The amount of deferred tax is based on the expected way of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates valid or approved as at the date of the financial statement’s preparation.

Income tax is recognised directly in profit or loss, except for the part that relates to items recognised directly in equity, in which case the income tax is recognised in equity.

Deferred tax asset and liability are offset if there is a legally enforceable right to offset the payable tax liability and asset, and they relate to the same tax authority and the taxable entity.

A deferred tax asset is only recognised up to the amount of probable future taxable profits against which the unused tax losses and credits can be offset. Deferred tax assets are reduced by the amount for which it is probable that the related tax benefit will not be realised.

(q) Operative and financial lease payments

Payments made under operative leasing are recognised in profit or loss on a straight-line basis over the term of the lease.

Minimum leasing payments of financial leasing are divided into interest and instalments of the principal. Interest is allocated to each period during the term of the lease so as to express a constant periodic rate of interest for the period applied to the unpaid part of the principal

(r) Trade and other payables

Trade and other payables are stated at amortised cost (see point (w) Financial liabilities).

2. Significant accounting policies (continued)

(s) Revenues from services rendered

The Company recognises six types of basic revenues from services rendered:

- Revenues from cableways and ski lifts (hereinafter also referred to as “Mountain Resorts”)
- Revenues from the aquapark (hereinafter also referred to as “Aquapark”)
- Revenues from sports services and stores (hereinafter also referred to as “Sports Services and Stores”)
- Revenues from hotel services (hereinafter also referred to as “Hotels”)
- Revenues from restaurant facilities (hereinafter also referred to as “Dining”)
- Revenues from real estate projects (mainly from investment property, hereinafter also referred to as “Real Estate”)

Revenues are accrued depending on in which period the services were rendered, excluding revenues from the aqua park, hotel services and restaurant facilities, which are recognised in profit or loss after the service has been rendered. Revenues from services rendered do not include value added tax. They are also net of discounts and rebates (rebates, bonuses, discounts, credit notes and the like).

Since 2012 the Company has been running a loyalty program for its clients – GOPASS. GOPASS enables its clients to earn points for purchase of products and services in its resorts and to redeem these points as discounts from future purchases. The Company uses the program as a tool for active communication and customer relations management. GOPASS integrates the Company’s whole product and service offer.

The amount of unredeemed points are recognized as a decrease in sales against revenue time difference, as they are related to promised discounts from future purchases of clients. The Company monitors the value of unredeemed points and revalues it on a regular basis for its recognition in the financial statements.

(t) Dividends

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

(u) Non-current assets and disposal groups held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group held for sale) are re-measured in accordance with the International Financial Reporting Standards as adopted by the EU. Thereafter, upon initial classification as held for sale, the assets and disposal group held for sale are recognised at the lower of their carrying amount or fair value less cost to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except for inventories, financial assets, deferred tax assets and investment property, which continue to be measured in accordance with the Company's accounting policies.

Impairment losses on initial recognition as held for sale are recognised in profit or loss even if the revaluation reserve was created. The same applies to gains and losses on subsequent measurements. Gains are not recognised in excess of any cumulative impairment loss.

Property, plant and equipment and intangible assets classified as held for sale are no longer depreciated or amortised.

In case that, after the asset assignment into the group of assets held for sale, value is realized mainly through use rather than sale thereof, the assets shall be accounted back and depreciation or amortization for property, plant and equipment and intangible assets shall be recognised in the period when such change of assets arose.

2. Significant accounting policies (continued)

(v) Reporting by segments

Operating segments are parts of the Company that are able to generate income and expenses with available financial information, which is regularly reviewed by the chief operating decision makers in order to allocate resources to the segments and to assess their performance. The management monitors 7 main segments, namely mountain resorts, the aqua park, hotels, restaurant facilities, sports services and shops, real estate projects and other.

(w) Financial liabilities

The Company recognises financial liabilities as other financial liabilities. The Company does not recognise any financial liabilities valued at fair value through profit or loss.

In the Company’s separate statement of financial position, other financial liabilities are recognized as received loans and borrowings, bonds issued, trade payables, other liabilities and current tax liabilities.

Financial liabilities are recognised by the Company on the trade date. Upon initial recognition, financial liabilities are measured at fair value including transaction costs.

Subsequent to initial recognition, financial liabilities are measured at amortized cost. Upon measurement at amortized cost the difference between the cost and the face value is recognised through profit or loss during existence of the asset or liability using the effective interest rate method.

Financial liabilities are derecognised when the Company's obligation specified in the contract expires, is settled or cancelled.

(x) Fair value estimates

The following notes summarise the main methods and assumptions used in estimating the fair values of financial assets and liabilities referred to in Note 33 – Fair value information:

i. Loans granted

Fair value is calculated based on discounted expected future principal and interest cash flows. 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 made and changes in interest rates in the case of fixed rate loans.

ii. Loans and borrowings

For loans and borrowings with no defined maturities, fair value is taken to be the amount payable on demand as at the date of preparation of the consolidated financial statement. The estimated fair value of fixed-maturity loans and borrowings is based on discounted cash flows using rates currently offered for loans and borrowings of similar remaining maturities.

i. Trade receivables/payables, other receivables 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.

3. Critical accounting estimates and assumptions

The preparation of financial statements in accordance with International Financial Reporting Standards as adopted by the EU requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Valuation of investment property

Investment property is carried at fair value. Fair values of investment property are determined either by independent court expert or by management (refer to Significant accounting policies, Note I), in both cases based on current market values and conditions. Market value is the estimated amount for which a property could be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing, wherein the parties each act knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared considering the estimated net cash flows expected to be received from renting out the property and a capitalisation yield that reflects the specific risks inherent in the market and in those cash flows. Valuations reflect (where appropriate) the type of tenants in occupation or responsible for meeting lease commitments, or likely to be in occupation after letting vacant property, the general market's perception of the tenants' creditworthiness, the allocation of maintenance and insurance responsibilities between the Company and the lessees, and the remaining economic life of the properties.

Investment property represents four hotels (SKI, Liptov, Kosodrevina and Slovakia) and the Otupné accommodation facility in the aggregate carrying amount of EUR 2,693,000. These hotels are leased to third parties who operate them as well as forest areas and lands acquired by acquisition in 2009 in the carrying amount of EUR 4,571,000. The value of the hotels was determined by estimate of the management in the manner stated above. The value of lands was determined by the management using market prices, with the final value being based on the estimated market price per square metre depending on the type of land and market transactions for lands of similar nature.

As at 31 October 2014 the Company's management reassessed the value of the investment property considering the existing market conditions. This resulted in an increase in value of forest areas and land by EUR 1,351,000, the value of Hotel Ski increased by EUR 23,000, the value of Hotel Kosodrevina increased by EUR 39,000. Total revaluation of investment property in 2014 through profit and loss amounted to EUR 1,413,000 (2013: loss of EUR 24,000).

In 2013, the Company leased out Hotel Slovakia and the Otupné accommodation facility, thus they were reclassified from Property, plant and equipment to the category Investment property. As at the reclassification date, the Company carried out the revaluation of the Otupné accommodation facility through other comprehensive income in the amount of EUR 15,000.

As at 31 October 2013, the Company's management carried out revaluation of investment property based on the current market conditions. That resulted in an increase in the value forest areas and lands by EUR 901,000, an increase in the value of Liptov Hotel by EUR 228,000, and a decrease in the value of Kosodrevina Hotel by EUR 378,000, of Hotel SKI by EUR 232,000 and of Hotel Slovakia by EUR 543,000. The total revaluation of investment property made in 2013 through profit or loss resulted in a loss of EUR 24,000. If the fair value of that part of investment property which was determined on the basis of the management's estimates differed from the management's estimates by 10%, the carrying amount of investment property would be higher or lower by EUR 726,000 compared to the amount reported as at 31 October 2014 (31 October 2013: EUR 585,000).

3. Critical accounting estimates and assumptions (continued)

(b) Goodwill and impairment testing

As at the date of the financial statement's preparation, the Company is considering the potential impairment of goodwill. If no indicator for potential impairment is detected, the Company, in accordance with IAS 36, will test the goodwill recognised for potential impairment on an annual basis as at 31 October, i.e., as at the date of the preparation of the annual separate financial statement

On the reporting date, the acquired goodwill is assigned to the relevant cash-generating units (CGU), which are expected to benefit from the synergy effects resulting from the business combinations.

In the accounting period from 2012 to 31 October 2013 the goodwill resulted from the merger with Interhouse Tatry s.r.o. (the company operating Grandhotel Starý Smokovec) in the amount of EUR 3,740,000. As at 31 October 2013 the goodwill was tested for impairment. The results of the test indicated impairment of the goodwill by EUR 350,000 and, consequently, the value of the goodwill was decreased to EUR 3,390,000.

Impairment is determined based on the assessment of the recoverable amount for the CGU relevant to the goodwill (CGU Vysoké Tatry), using the value-in-use principle. This value is derived from future cash flows estimated by the management.

The discount rate used for estimating the fair value was 6.5% for 2014 and 7.02% for 2013 (net of the income tax).

The value in use was derived from the business plan prepared by the management. The key assumptions, which were also the most sensitive indicators for determining the recoverable amount, were the estimated revenues assessed by the management, profitability (EBIDTA) and cost of capital, which were used as a discount factor for future net cash flows. The estimated revenues and profitability are based on changes in target customer groups, stronger marketing and improved quality of provided services.

Cash flow projections used for determining the value in use cover a mid-term period of 5 years with further extrapolation for the following period. Such normalised cash flow then serves as the basis for the calculation of the terminal value with the assumption of 2.2% annual growth in cash flows (2013: 2.3%). The discount rates used in the cash flow projection were calculated as the weighted average cost of capital.

In 2014, the goodwill was tested in CGU Vysoké Tatry and the test did not show any reason for impairment. See Note 3(c).

In 2013, as there were no indicators of impairment, the goodwill was tested separately. If as at 31 October 2013 the projected EBITDA, which is part of the projected cash flows, was 5% lower compared to the management's estimates, the value-in-use would be EUR 1,138,000 less in the case of Grandhotel Starý Smokovec (Interhouse Tatry s.r.o.). If the discounted rate was increased by 10% compared to the management's estimate, i.e. if it was 7.72%, the value-in-use would be EUR 2,032,000 less in the case of Grandhotel Starý Smokovec. In both cases, the goodwill would be impaired by EUR 1,138,000 and EUR 2,032,000, respectively, and consequently, the impairment losses would increase by the above-mentioned amounts.

(c) Asset impairment testing

As at the date of the financial statement's preparation, the Company is considering potential impairment of the Company's assets. IAS 36 requires testing assets for impairment if there are any internal or external indicators of potential impairment of assets.

The Company performs 6 core activities: the operation of ski resorts, an aqua park, restaurant services, sport services and shops, accommodation services and real estate projects, namely in three locations: Jasná (Low Tatras), High Tatras and in Liptovský Mikuláš. Each location was assessed by the management as a separate cash-generating unit (CGU). The Company monitors their performance and prepares separate budgets for single cash-generating units. The Company's assets were allocated to the relevant

3. Critical accounting estimates and assumptions (continued)

cash-generating units under the substance principle, whereas all assets located in the CGU are included in single CGUs, thus in addition to ski lifts and cableways also hotels, restaurant facilities, and sports services and shops.

The assessment as at 31 October 2014 revealed certain indications of impairment of the Company’s assets, as some of the core activities did not reach the planned profitability. Therefore the assets were tested for impairment. Three separate basic cash-generating units were tested, namely: the High Tatras resort, JASNÁ Low Tatras resort and Tatralandia aqua park in Liptovský Mikuláš. The results of the testing did not reveal any impairment.

Potential impairment is determined by comparing the recoverable amount and the carrying amount of the cash-generating unit. The recoverable amount was determined on the basis of the value-in-use. The value in use was derived from the value of future cash flows discounted to present value. The discount rate used for the asset impairment testing was 6.5%, in 2014 (net of income tax). The discount rate was calculated using the weighted average cost of capital.

The value in use of each cash-generating unit was determined based on the projected cash flows resulting from the long-term financial plan prepared by the management. The financial plans were prepared for the period of the next five years. Projected cash flows for the period following after the five years were derived from the aforementioned financial plans.

In the following period, the Company is expected to reach such operating and financial performance regarded by the management as sustainable. Such a normalised level of cash flow served as the basis for the calculation of the terminal value with the assumption of 2.2% annual growth of cash flows in the test performed as at 31 October 2014.

Aside from the discount rate, other key assumptions that influence the value in use the most are mainly the planned prices and visit rates. Most assumptions are based on past experience, except for the facts anticipated in relation to new investments (such as, for instance, the carrying capacity of new cableways). When estimating future prices, the management also considered the prices of comparable resorts, hotels and water parks in other countries, taking into account the differences in the client target group.

If, as at 31 October 2014, the projected EBITDA, which is part of the projected cash flows, was by 5% lower compared to the management’s estimate, the value-in-use for the independent CGU Jasná (Nízke Tatry) would be by EUR 9,831,000 lower, for Vysoké Tatry location it would be by EUR 7,444,000 lower and in case of Liptovský Mikuláš (Tatralandia) it would be by EUR 4,980,000 lower. In none of those cases it was necessary to recognise an impairment of assets, not even with lower EBIDTA. If the discount rate was increased by a half percentage point compared to the management’s estimate, i.e. if it equalled 7.00 %, the value-in-use for the independent CGU Jasná (Nízke Tatry) would be by EUR 14,243,000 less, for Vysoké Tatry location it would be by EUR 12,062,000 less and for Liptovský Mikuláš (Tatralandia) it would be by EUR 7,765,000 lower. In none of those cases it was necessary to recognise an impairment of assets, not even with higher discount rate.

As at 31 October 2013 the assessment by the Company's management did not reveal any indicator of potential impairment of the Company's assets. Therefore, the Company did not test the assets for impairment.

(d) Financial instruments at fair value

The fair value of financial instruments is determined on the basis of:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2: inputs other than quoted prices included in Level 1 that are comparable for the asset or liability, either directly (i.e. as prices of similar instruments) or indirectly (i.e. derived from such prices),
- Level 3: inputs for the asset or liability that are not based on comparable market data (incomparable inputs).

3. Critical accounting estimates and assumptions (continued)

If no listed market price is available, fair value is estimated by using valuation techniques. In applying valuation techniques, management uses estimates and assumptions that are consistent with the available information about estimates and assumptions that market participants would use in setting a price for the financial instrument.

<i>Thousands of EUR</i>	31.10.2014				31.10.2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Available-for-sale securities	59	-	-	59	59	-	-	59
Financial instruments at fair value through profit or loss	-	-	2 022	2 022	288	-	2 022	2 310

Within Level 3, the Company reports the financial investment (a 19% share in the registered capital) in the company MELIDA, a.s. in the amount of EUR 1,869,000 and other financial investments valued through profit or loss, as stated in par. 25 Financial Investments. On 6 November 2012, the company MELIDA, a.s. entered into a contract for lease of undertaking with the company SKIAREÁL Špindlerův Mlýn, a.s. For the consolidated financial statements, that arrangement was evaluated by the Company's management as business combination. Therefore, all the acquired assets and liabilities of the company SKIAREÁL Špindlerův Mlýn, a.s. were revaluated to fair value as at that date. In 2013, for the purpose of the separate financial statements, the revaluation was partly used for determination of fair value of MELIDA, a.s. In 2014, the Company's management, based on results achieved by MELIDA, a.s. (profit before tax in the amount of EUR 993,000) – estimated the fair value and concluded that the value does not significantly differ from the amount recognised in 2013. Therefore, no change in the value was recognised.

The fair value of these financial assets was estimated by the Company's management using the discounted cash flows method, with the use of inputs from the business plan and cash flow estimates. Before their use, the business place and cash flow estimates were thoroughly re-assessed by the Company's management. The discount rate used for the measurement of these financial assets in 2014 and 2013 was 7.02%. The main assumptions used for the measurement were the expected cash flows and discount rate.

Reconciliation of opening and closing balances of fair values of single levels of financial assets:

<i>In thousands of EUR</i>	Balance as at 31.10. 2013	Revaluation through profit or loss	Revaluation through other comprehensive income	Disposals	Transfer from other asset categories	Balance as at 31.10. 2014
Available-for-sale securities	59	-	-	-	-	59
Financial instruments at fair value through profit or loss	2,310	-	-	-288	-	2,022

Information about operating segments – Separate statement of profit and loss

The Company generates all of its revenues in the territory of the Slovak Republic. Inter-segment eliminations are included in the amounts reported for individual periods. No Company's client has exceeded the limit of 10% share in total revenues.

* The Company merged in 2013 with its subsidiaries operating hotels. See Note 1. Information about the Company. This is the reason of the revenue and expenses segment.

Information about operating segments – Separate statement of financial position

Inter-segment eliminations are included in the amounts reported for individual periods. Inter-segment prices are determined on the basis of market rates for similar services and financing.

5. Increment and decrement of interests in companies

On 5 March 2014, the Company acquired a 97% ownership interest in Szczyrkowski Ośrodek Narciarski S.A. (hereinafter the “SON”) seated at Szczyrk, Republic of Poland. Full control over SON was gained on 30 April 2014, when the Company appointed new members of the Board of Directors. SON operates a ski resort in Szczyrk, at the Polish part of the Beskid Mountains. The Company acquired the ownership interest at EUR 7,191,000 and became the major shareholder of SON.

In thousands of EUR

	Date of acquisition (acquisition of control)	Cost	Cash outflow	Company's share after the acquisition %
Acquisition of a subsidiary				
Szczyrkowski Ośrodek Narciarski S.A.	30.4.2014	7,191	-7,191	97%

The table below shows the assets of SON as at 30 April 2014, which was revalued to fair value for the preparation of consolidated financial statements in accordance with IFRS.

<i>In thousands of EUR</i>	Book value according to Polish accounting standards	Fair value according to IFRS
Intangible assets	-	7 510
Property, plant and equipment	3 294	5 542
Other assets	102	102
Cash and cash equivalents	167	167
Loans and borrowings	-1 757	-1 757
Other liabilities	-679	-679
Deferred tax liability	-	-1 854
Net identifiable assets and liabilities (100% share)	1 127	9 031
Acquired interest (97% share)	1 093	8 760

On 26 November 2012, the company Tatry mountain resorts, a.s. established the company Korona Ziemi Sp. z o.o. (private limited company) with the Polish municipality Gmina Zawoja. As at the date of establishment, the Company held 50% interest in the company; the interest was subsequently reduced to 19% due to an increase of the company's registered capital in 2013. As at 31 October 2014 and 31 October 2013 this share is recognised as a financial investment. Refer to Note 25 - Financial investments.

On 28 August 2012, the Company acquired a 100% package of shares of the company MELIDA, a.s. and subsequently, as at 17 September 2012, sold 50% of the shares. On 1 October 2013, the Company sold a 31% package of shares of the company MELIDA, a.s. As at 31 October 2014 and 31 October 2013 this share is recognised as a financial investment. Refer to Note 25 - Financial investments.

On 16 February 2013, the Company acquired an additional 50% business interest in the company Interhouse Tatry s.r.o., whereby it became the exclusive owner of Grandhotel Starý Smokovec, High Tatras.

On 1 May 2013, the parent company Tatry mountain resorts, a.s. merged with the subsidiary Interhouse Tatry, s.r.o. On that day the company Tatry mountain resorts, a.s. became the successor company and assumed all legal, business and other liabilities and assets of its subsidiary companies. The company Interhouse Tatry, s.r.o. was dissolved by merger with the parent company and subsequently deleted from the Companies Register.

6. Revenues

<i>In thousands of EUR</i>	1.11.2013 – 31.10.2014	1.11.2012 – 31.10.2013
Mountain Resorts	21,978	21,835
Hotels	15,869	11,059
Sports Services and Stores	2,452	2,668
Dining	7,205	6,715
Aquapark	8,123	7,652
Real Estate	306	228
Total	55,933	50,157

7. Other operating income

<i>In thousands of EUR</i>	1.11.2013 – 31.10.2014	1.11.2012 – 31.10.2013
Contractual penalties	30	1,381
Compensation from insurance companies	16	18
Other operating income	314	380
Total	360	1,779

7. Other operating income (continued)

The contractual penalties as at 31 October 2014 in the amount of EUR 30,000 refer to the contractual fine for a delayed delivery under a Contract for work. The contractual penalties as at 31 October 2013 in the amount of EUR 1,354,000 refer mainly to revenues from EBITDA contracts. EBITDA contracts result from contracts on purchase of interests in GRANDHOTEL PRAHA a.s. and Interhouse Tatry s.r.o.

By acquisition of these companies on 28 December 2009, the Company obtained a guarantee from the sellers that assets in these companies would generate the agreed EBITDA in the next four years. If the agreed EBITDA is not reached, the former owners are obliged to cover the difference to reach the agreed EBITDA in the next four years. The contracts terminated in 2013.

8. Consumption of materials and goods

<i>In thousands of EUR</i>	1.11.2013 – 31.10.2014	1.11.2012 – 31.10.2013
Materials in hotels and restaurant facilities	-3,751	-3,016
Goods	-2,616	-1,795
Fuels	-686	-695
Material for repair and maintenance	-465	-562
Other material and goods	-1,930	-1,523
Total	-9,448	-7,591

9. Purchased services

<i>In thousands of EUR</i>	1.11.2013 – 31.10.2014	1.11.2012 – 31.10.2013
Energy	-4,208	-3,718
Advertising expenses	-2,837	-3,500
Other purchased services	-1,892	-2,465
Rent expenses (premises) and other	-1,892	-1,537
Repairs and maintenance expenses	-762	-795
Other administration costs	-874	-602
Communication expenses	-817	-512
Cost of legal consultancy	-254	-291
Cost of services related to owned premises	-248	-232
Transport, accommodation and travel	-149	-151
Trainings	-67	-37
Total	-14,000	-13,840

Other purchased services include expenses for bookkeeping, auditing, marketing and other expenses relating to the administrative operation of the Company. The Company's separate and consolidated financial statements are being audited by KPMG Slovensko spol. s.r.o. Expenses for those items for the period from 1 November 2013 to 31 October 2014 amounted to EUR 165,000 (the period ending 31 October 2013: EUR 178,000). During the year, KPMG Slovensko Advisory, k.s. also provided services related to tax consultancy, namely in the amount of EUR 4,000 (for the period ending 31 October 2013: EUR 4,000).

10. Personnel expenses

<i>In thousands of EUR</i>	1.11.2013 – 31.10.2014	1.11.2012 – 31.10.2013
Wage costs	-7,732	-6,172
Cost of personnel lease	-3,884	-3,203
Cost of social security contributions (compulsory)	-2,916	-2,226
Remuneration for members of statutory bodies and top management	-208	-214
Other social expenses	-14	-17
Total	-14,754	-11,832

The average headcount of the Company in the period from 1 November 2013 to 31 October 2014 was 1,008, of that 25 people were in management (from 1 November 2012 to 31 October 2013: 1 051 of that 26 people were in management). During the year, the Company used the services of personnel agencies for the short-term lease of personnel. In 2014, 319 employees of the total number of 1,008 were leased. In 2013, 283 employees of the total number of 1,051 were leased.

11. Other operating expenses

<i>In thousands of EUR</i>	1.11.2013 – 31.10.2014	1.11.2012 – 31.10.2013
Insurance (property, cars, travel insurance)	-288	-257
Fees and commissions	-240	-184
Shortages and damages	-65	-86
Other operating expenses	-331	-143
Total	-924	-670

12. Interest income and expenses

<i>In thousands of EUR</i>	1.11.2013 – 31.10.2014	1.11.2012 – 31.10.2013
Interest income	1,493	1,602
Interest expenses	-7,717	-677
Total	-6,224	925

The interest income for the period from 1 November 2013 to 31 October 2014 in the amount of EUR 1,493,000 (1 November 2012 to 31 October 2013: EUR 1,602,000) result mainly from granted loans bearing a fixed interest rate. Refer to Note 21 – Loans granted.

The interest expense for the period from 1 November 2013 to 31 October 2014 in the amount of EUR 7,717,000 include: borrowing costs in the amount of EUR 519,000 and interest expense on issued bonds in the amount of EUR 7,198,000. The Company issued interest-bearing bonds totalling EUR 180 million, at face value. The first portion, TMR I bonds in the amount of EUR 70 million with 4.5% p.a. nominal interest rate is due on 17 December 2018. The second portion, TMR II bonds in the amount of EUR 110 million with 6% p.a. nominal interest rate is due on 5 February 2021. For further details regarding the issued bonds refer to Note 32 – Bonds Issued. The interest expense for the bonds include the accrued interest expense on the bonds issued in the amount of EUR 6,022,000.

The interest expense for the period from 1 November 2012 to 31 October 2013 in the amount of EUR 677,000 are the borrowing costs.

In the period from 1 November 2013 to 31 October 2014, the Company capitalised interest expense totalling EUR 737,000.

13. Gain on financial instruments, net

<i>In thousands of EUR</i>	1.11.2013 – 31.10.2014	1.11.2012 – 31.10.2013
Revaluation of financial instruments at fair value through profit and loss	-15	1,171
Revaluation of the advance for future acquisition	-	1,559
Revaluation of a receivable from EBITDA contract	-	-906
Expenses for the administration of financial instruments	-136	-100
Gain on the sale of financial instruments at fair value through profit and loss	14	671
Other, net	-143	-5
Total	-280	2,390

Revaluation of financial instruments at fair value through profit and loss Revaluation of financial instruments at fair value through profit and loss refers to the gain on revaluation of the share in MELIDA, a.s. in the amount of EUR 1,852,000 and the loss on revaluation of shares of Best Hotel Properties a.s. in the amount of EUR 681,000.

The revaluation of the advance for future acquisition for the period from 1 November 2012 to 31 October 2013 in the amount of EUR 1,559,000 refers to cancellation of the discounting on the advance made owing to amended maturity of a contract – the amount became due within one year. The advance made for future acquisition refers to a company operating cableways which the Company plans to acquire in the future. The contract has been signed with WEBIS, s.r.o. Refer to Note 23 – Other Receivables.

14. Income tax and deferred tax

<i>In thousands of EUR</i>	1.11.2013 – 31.10.2014	1.11.2012 – 31.10.2013
Current tax:		
Tax for the current accounting period	-	-
Withholding tax on interest	-	-
	<u>-</u>	<u>-</u>
Deferred tax:		
Recognition and settlement of temporary differences	408	-2,369
Change in the tax rate	183	-202
Total income tax	591	-2,571

Deferred income taxes are calculated with the use of statutory tax rates the validity of which is expected in the period in which the receivable is realized or payable settled.

In order to calculate deferred tax from temporary differences incurred in the Slovak Republic the Company used a 22% rate, resulting from the decreased income tax rate of legal entities since 1 January 2014 (2013: 23%). As a result, the Company reported the impact of the income tax decrease on tax implication of the Company.

Income tax recognised in other comprehensive income

<i>In thousands of EUR</i>	1.11.2013 – 31.10.2014			1.11.2012 – 31.10.2013		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Revaluation of available-for-sale securities to fair value	-	-	-	6	-	6
Other comprehensive income in total	-	-	-	6	-	6

Reconciliation of the effective tax rate

<i>In thousands of EUR</i>	1.11.2013 – 31.10.2014		1.11.2012 – 31.10.2013	
	%		%	
Profit/(loss) before tax		-816		11 161
23% tax rate	23,00%	-188	23,00%	2 567
Non-deductible expenses	-138,97%	1 134	13,37%	1 492
Non-taxable income	166,05%	-1 355	-21,33%	-2 381
Current tax: adjustments relating to previous periods	-0,12%	1	0,00%	0
Current tax: withholding tax on interest	0%	0	6,19%	691
Use of previously unrecognised tax losses	22,43%	-183	1,81%	202
Total	72,39%	-591	23,04%	2 571

14. Income tax and deferred tax (continued)**Changes of deferred tax liability (net) during the period of 2014 and 2013**

2014

<i>In thousands of EUR</i>	Balance as at 1.11.2013	Recognized in profit and loss statement	Recognized in other comprehensive income	Acquired through business combination	Balance as at 31.10.2014
Property, plant and equipment, and intangible assets	-18 591	407	-		-18 184
Investment property	-400	-293	-	-	-693
Loss on impairment of trade receivables and other assets	-286	317	-	-	31
Short-term provisions	212	-40	-	-	172
Tax losses	166	200	-	-	366
Other temporary differences	-	-	-	-	0
Total, net	-18 899	591	-	-	-18 308

2013

<i>In thousands of EUR</i>	Balance as at 1.11.2012	Recognized in profit and loss statement	Recognized in other comprehensive income	Acquired through business combination	Balance as at 31.10.2013
Property, plant and equipment, and intangible assets	-11 368	-1 876	-	-5 347	-18 591
Investment property	-189	-211	-	-	-400
Loss on impairment of trade receivables and other assets	322	-608	-	-	-286
Short-term provisions	113	99	-	-	212
Tax losses	0	25	-	141	166
Other temporary differences	-	-	-	-	0
Total, net	-11 122	-2 571	-	-5 206	-18 899

See also Note 19 – Deferred tax liability.

15. Property, plant and equipment*In thousands of EUR*

	Lands and buildings	Individual movable objects and sets of movable objects	Assets under construction	Total
Cost				
Opening balance 1.11.2012	137 799	59 240	35 346	232 385
Additions	21 008	16 087	8 778	45 873
Additions due to business combinations	28 524	1 797	-	30 321
Disposals	-5 683	-841	-	-6 524
Reclassification to investment property	-1 756	-	-	-1 756
Transfers between asset categories	10 334	15 162	-25 496	-
Balance as at 31.10.2013	190 226	91 445	18 628	300 299
Opening balance as at 1.11.2013	190 226	91 445	18 628	300 299
Additions	2 706	15 549	8 612	26 867
Disposals	-1 308	-1 500	-597	-3 405
Reclassification from investment property	34	-	-	34
Transfers between asset categories	16 867	5 917	-22 784	-
Balance as at 31.10.2014	208 525	111 411	3 859	323 795
Accumulated depreciation and asset impairment losses				
Opening balance as at 1.11.2012	-18 547	-13 925	-597	-33 069
Depreciation charge for the current accounting period	-5 650	-6 320	-	-11 970
Disposals	179	91	-	270
Reclassification to investment property	75	-	-	75
Balance as at 31.10.2013	-23 943	-20 154	-597	-44 694
Opening balance as at 1.11.2013	-23 943	-20 154	-597	-44 694
Depreciation charge for the current accounting period	-4 634	-7 872	-	-12 506
Disposals	433	1 100	597	2 130
Balance as at 31.10.2014	-28 144	-26 926	-	-55 070
Carrying amount				
As at 1.11.2012	119 252	45 315	34 749	199 316
As at 31.10.2013	166 283	71 291	18 031	255 605
As at 1.11.2013	166 283	71 291	18 031	255 605
As at 31.10.2014	180 381	84 485	3 859	268 725

In the period from 1 November 2013 to 31 October 2014 the Company put in use a 8-seat cableway Lúčky in Jasná resort in the amount of EUR 8,811,000. During that period the Company completed construction of the restaurant Rotunda at Chopok in total amount of EUR 4,314,000, a parking lot at Chopok Juh Krupová cable car station in the amount of EUR 1,518,000, and sheathing of the cableway at Chopok South in the amount of EUR 1,615,000 and also a new 15-seat cabin cableway Gondola was put in use in Tatranská Lomnica resort in total amount of EUR 10,417,000. In Tatralandia resort, the Company constructed a new summer restaurant Medrano in the amount of EUR 798,000. Further significant investments were investments in expansion of production of artificial snow in Jasná and Vysoké Tatry resorts, improvement and extension of slopes for downhill skiing, investments in hotels and restaurants located at ski slopes and in resorts and other operating investments.

15. Property, plant and equipment (continued)

In the period from 1 November 2012 to 31 October 2013, the Company put in use a 24-seat cabin cableway Funitel to Chopok in the Jasná resort in the amount of EUR 25,450,000 and also a transport facility Twinliner in the amount of EUR 3,836,000 and a 15-seat cabin cableway Gondola on the south side of Chopok in the amount of EUR 10,389,000. The Company invested EUR 1,037,000 in the development of restaurant and bar infrastructure. During that period of time, the Company put into operation the second part of the investment in the Tatralandia aqua park – Tropic World in the amount of EUR 2,342,000. It is a year-round indoor operation. The Company carried out and put into use the second part of the renovation and modernization of rooms in Wellness Hotel Grand in Jasná in the amount of EUR 4,532,000. Also the annex of Wellness Hotel Grand in Jasná, used as a congress centre, in the amount of EUR 1,203,000, was put into operation. The remaining increase in assets is connected with other investments in shops and other operating investments.

On 16 February 2013, the Company acquired an additional 50% business interest in the company Interhouse Tatry s.r.o., whereupon the Company became the exclusive owner of Grandhotel Starý Smokovec, High Tatras. The Company became the exclusive owner of Grandhotel Starý Smokovec, High Tatras. The Company acquired full control over Interhouse Tatry s.r.o. on 1 November 2012 on the basis of an agreement on managerial control over the company made with the owner of the 50% interest.

On 1 May 2013, Tatry mountain resorts, a.s. merged with the subsidiaries GRANDHOTEL PRAHA a.s., Interhouse Tatry, s.r.o. and Tatry mountain resorts services, a.s. From that day, all subsidiaries of the company were dissolved by merger with the parent company. The assets and liabilities of the dissolved companies was revalued to fair value. The additions to property, plant and equipment due to the merger is recognised in the table of movements in property, plant and equipment.

Idle assets

As at 31 October 2013, the Company owned a building under construction A 100% value adjustment in the amount of EUR 597,000 was created for the idle building. In 2014, the Company sold this asset.

Impairment loss

For the period ending 31 October 2013 and 31 October 2014, the Company recognised no impairment loss for property, plant and equipment.

Insurance of assets*In thousands of EUR*

	31.10.2014	31.10.2013
Type of insurance		
Natural disaster	192,317	218,952
Vandalism	118,315	115,882
General machinery risks	20,219	13,586
Damage liability	13,000	13,000

Security

As at 31 October 2014 property, plant and equipment in the amount of EUR 203,678,000 (31 October 2013: EUR 190,276,000) was used for securing bank loans.

Capitalized borrowing costs

The Company capitalises interest expense on loans used for financing acquisition of the assets. As at 31 October 2014, the capitalised interest amounted to EUR 737,000. The amount is recognised in assets under the value of constructions.

16. Goodwill and intangible assets*In thousands of EUR*

	Goodwill	Valuable rights	Software	Total
Cost				
Opening balance as at 1.11.2012	-	3 966	516	4 482
Additions due to the merger	3 740	-	15	3 755
Additions	-	-	834	834
Disposals	-	-	-13	-13
Balance as at 31.10.2013	3 740	3 966	1 352	9 058
Opening balance as at 1.11.2013	3 740	3 966	1 352	9 058
Additions	-	-	496	496
Disposals	-	-2	-	-2
Balance as at 31.10.2014	3 740	3 964	1 848	9 552
Accumulated depreciation and asset impairment losses				
Opening balance as at 1.11.2012	-	-563	-111	-674
Depreciation charge for the current accounting period	-	-116	-147	-263
Disposals	-	-	3	3
Asset impairment losses	-350	-	-	-350
Balance as at 31.10.2013	-350	-679	-255	-1 284
Opening balance as at 1.11.2013	-350	-679	-255	-1 284
Depreciation charge for the current accounting period	-	-117	-388	-506
Disposals	-	2	-	2
Asset impairment losses	-	-	-	-
Balance as at 31.10.2014	-350	-794	-643	-1 786
Net book value				
As at 1.11.2012	0	3 402	429	3 831
As at 31.10.2013	3 390	3 287	1 097	7 774
As at 1.11.2013	3 390	3 287	1 098	7 774
As at 31.10.2014	3 390	3 171	1 205	7 766

On 16 February 2013, the Company acquired an additional 50% business interest in the company Interhouse Tatry s.r.o., whereupon the Company became the exclusive owner of Grandhotel Starý Smokovec, High Tatras. The Company acquired full control over Interhouse Tatry s.r.o. on 1 November 2012 on the basis of an agreement on managerial control over the company made with the owner of the 50% interest. The goodwill recognised as a result of this transaction amounted to EUR 3,740,000 and in 2013 the amount was decreased by EUR 350,000 based on the results of the impairment test. Refer also to Note 3(b) - Goodwill and impairment testing. Subsequently, as at 1 May 2013, Interhouse Tatry s.r.o. was merged into the Company.

17. Investment property*In thousands of EUR*

	31.10.2014	31.10.2013
Cost		
Opening balance as at 1.11.2013/1.11.2012	5,851	4,194
Transfer from tangible assets (net)	-	1,681
Revaluation to fair value	1,413	-24
Balance as at 31.10.2014/31.10.2013	7,264	5,851

Investment property includes four hotels (SKI, Liptov, Kosodrevina and Slovakia) and the Otopné accommodation facility in the carrying amount of EUR 2,693,000 (31.10.2013: EUR 2,631,000), which are leased to third parties who operate them, and also forest areas and lands acquired by acquisition in 2009 in the carrying amount of EUR 4,571,000 (31.10.2013: EUR 3,220,000). The value of the hotels was estimated by the management using the above-mentioned method. The value of lands was determined by the management on the basis of market prices; the resulting value is based on the estimated market price per square meter, depending on the type of land and market transactions for lands of similar nature.

As at 31 October 2014 the Company's management reassessed the value of the investment property considering the existing market conditions. This resulted in an increase in value of forest areas and land by EUR 1,351,000, the value of Hotel Ski increased by EUR 23,000, the value of Hotel Kosodrevina increased by EUR 39,000. Total revaluation of investment property in 2014 through profit and loss resulted to a gain of EUR 1,413,000 (2013: loss of EUR 24,000).

In 2013, the Company leased out Hotel Slovakia and the Otopné accommodation facility; subsequently, this property was reclassified from Property, plant and equipment to the Investment property category. As at the reclassification date, the Company carried out the revaluation of the Otopné accommodation facility through other comprehensive income in the amount of EUR 15,000.

As at 31 October 2013, the Company's management carried out revaluation of investment property based on the current market conditions. That resulted in an increase in the value forest areas and lands by EUR 901,000, an increase in the value of Liptov Hotel by EUR 228,000, and a decrease in the value of Kosodrevina Hotel by EUR 378,000, of Hotel SKI by EUR 232,000 and of Hotel Slovakia by EUR 543,000. The total revaluation of investment property made in 2013 through profit or loss resulted in a loss of EUR 24,000.

In the period from 1 November 2013 to 31 October 2014 revenues from investment property amounted to EUR 307,000 and direct operating costs relating to the investment property were in the amount of EUR 163,000 (1 November 2012 to 31 October 2013: revenues from investment property represented EUR 225,000 and direct operating costs relating to the investment property were in the amount of EUR 92,000).

Investment property is measured at fair value (see Note 3(a) – Critical accounting estimates and assumptions, Valuation of investment property).

Security

As at 31 October 2014 a part of the investment property in the amount of EUR 2,494,000 (31 October 2013: EUR 2,631,000) was used to secure the Company's bank loans.

18. Investments in subsidiaries

On 5 March 2014, the Company acquired 97% of shares of Szczyrkowski Osrode Narciarski S.A. (hereinafter the “Szczyrk”) in total amount of EUR 7,191,000. The company owns and operates a ski resort in Poland. The total value of assets as at the acquisition date after revaluation to fair value amounted to EUR 13,321,000 and the total value of equity was EUR 9,031,000. As at 31 October, no value adjustment was recognised regarding the aforementioned company.

On 16 February 2013, the Company acquired an additional 50% business interest in the company Interhouse Tatry s.r.o., whereby it became the exclusive owner of Grandhotel Starý Smokovec, High Tatras

On 1 May 2013, the parent company Tatry mountain resorts, a.s. merged with the subsidiaries GRANDHOTEL PRAHA a.s., Interhouse Tatry s.r.o. a Tatry mountain resorts services, a.s. On that day the company Tatry mountain resorts, a.s. became the successor company and assumed all legal, business and other liabilities and assets of its subsidiary companies. All subsidiaries were dissolved by merger with the parent company and subsequently deleted from the Companies Register. That is why as at 31 October 2014 the Company did not recognise any subsidiaries.

The Company did not recognise any interests in associates as at 31 October 2014 or 31 October 2013.

19. Deferred tax asset, deferred tax liability

Deferred tax asset (liability) was recognised for the following items:

<i>In thousands of EUR</i>	Receivables		Liabilities		Total	
	31.10.2014	31.10.2013	31.10.2014	31.10.2013	31.10.2014	31.10.2013
Temporary differences relating to:						
Plant, property and equipment, and intangible assets	-	-	-18 184	-18 591	-18 184	-18 591
Investment property	-	-	-693	-400	-693	-400
Losses from impairment of trade receivables and other assets	31	-	-	-286	31	-286
Short-term provisions	172	212	-	-	172	212
Tax losses	366	166	-	-	366	166
Set-off	-569	-378	569	378	0	0
Total	-	-	-18 308	-18 899	-18 308	-18 899

Deferred tax asset wasn't recognised in respect of the following items (tax base):

<i>In thousands of EUR</i>	31.10.2014	31.10.2013
Tax losses	-	-
Total	-	-

A deferred tax asset from unused losses from previous periods is only recognised up to the amount in which it is likely that it will be utilised in the future against future taxable profits. On the basis of the merger of the parent company Tatry mountain resorts, a.s. with subsidiaries GRANDHOTEL PRAHA a.s., Interhouse Tatry s.r.o. a Tatry mountain resorts services, a.s. as at 1 May 2013, tax losses were transferred from subsidiaries to the parent company. tax losses were transferred from subsidiaries to the parent company utilised in the tax return for the period ending 31 October 2013 or deferred tax assets were recognised to these losses as at that date.

19. Deferred tax asset, deferred tax liability (continued)

The expected last periods for carryforward of tax losses are as follows:

<i>In thousands of EUR</i>	2015	2016	2017	2018	after 2018
Tax losses	416	416	416	415	-

The maximum deadline for carryforward of tax losses incurred before 1 January 2010 is 7 years; for tax losses incurred after 1 January 2010 the deadline is 5 years. On the basis of legislation changes with effect from 1 January 2014, losses incurred after 1 January 2010 can be carried forward over 4 years and the Company can utilise proportionally not more than 25% of the tax losses per year

20. Inventories

<i>In thousands of EUR</i>	31.10.2014	31.10.2013
Goods	1,845	1,301
Materials	1,076	814
Total	2,921	2,115

As at 31 October 2014, inventories in the amount of EUR 2,921,000 (31 October 2013: EUR 2,115,000) were used to secure bank loans.

21. Loans granted

<i>In thousands of EUR</i>	31.10.2014	31.10.2013
Short-term	7,889	9,586
Long-term	22,275	16,071
Total	30,164	25,657

As at 31 October 2014 short-term loans include mainly the loan granted in the amount of EUR 7,147,000 (31 October 2013: EUR 9,343,000) to the company J&T Private Equity B.V. with a fixed interest rate of 6.5% p.a., where, as at 31 October 2014, the amount of unpaid accrued interest on that amount represents EUR 571,000 (31 October 2013: EUR 294,000), the loan in the amount of EUR 297,000 (31 October 2013: EUR 122,000) granted to JASNÁ Development s.r.o. with a fixed interest rate of 5% p.a., where, as at 31 October 2014, the amount of unpaid accrued interest on that amount represents EUR 12,000 (31 October 2013: EUR 2,000), and the loan in the amount of EUR 445,000 (31 October 2013: EUR 0) granted to Szczyrkowski Osrodek Narciarski S.A. (SON), with a fixed interest rate of 7% p.a., where, as at 31 October 2014, the amount of unpaid accrued interest on that amount equals to EUR 17,000.

As at 31 October 2014, long-term loans include the loan in the amount of EUR 8,997,000 (31 October 2013: EUR 7,736,000) granted to WEBIS, s.r.o. with a fixed interest rate of 5% p.a., where, as at 31 October 2014, the amount of unpaid accrued interest on that amount equals to EUR 1,309,000 (31 October 2013: EUR 944,000); the loan granted to 1. Tatranská, akciová spoločnosť in the amount of EUR 10,063,000 (31 October 2013: EUR 6,396,000) with a fixed interest rate of 7% p.a., where, as at 31 October 2014, the amount of unpaid accrued interest on that amount equals to EUR 991,000 (31 October 2013: EUR 439,000); the loan in the amount of EUR 2,032,000 granted to the owner of Energetik Hostel (31 October 2013: EUR 1,939,000) with a fixed interest rate of 5% p.a., where, as at 31 October 2014, the amount of unpaid accrued interest on that amount equals to EUR 185,000 (31 October 2013: EUR 92,000); the interest-free loan in the amount of EUR 789,000 granted to Melida, a.s.; the loan in the amount of EUR 308,000 (31 October 2013: EUR 0) granted to Szczyrkowski Osrodek Narciarski S.A. (SON), with a fixed interest rate of 7% p.a., where, as at 31 October 2014, the amount of unpaid accrued interest on that amount equals to EUR 1,000; and the loan in the amount of EUR 86,000 (31 October 2013: EUR 101,000) granted to Klaster Liptov with a fixed interest rate of 3% p.a., where, as at 31 October 2014, the amount of unpaid accrued interest on that amount equals to EUR 1,000 (31 October 2013: EUR 6,000).

22. Trade receivables

<i>In thousands of EUR</i>	31.10.2014	31.10.2013
Trade receivables	1,377	2,858
Value adjustments to receivables	-141	-134
Total	1,236	2,724
<i>Short-term</i>	1,236	2,724
<i>Long-term</i>	-	-
Total	1,236	2,724

As at 31 October 2014, trade receivables amounting to EUR 1,236,000 include common receivables from operations and barter receivables. As at 31 October 2013, trade receivables included common receivables from operations and barter receivables and a receivable from the claimed EBITDA contract for the period from 1 November 2012 to 31 October 2013 in the amount of EUR 1,354,000.

The classification of receivables by maturity is as follows:

<i>In thousands of EUR</i>	31.10.2014			31.10.2013		
	Gross	Value adjustment	Net	Gross	Value adjustment	Net
Within maturity	1,006	-	1,006	2,399	-	2,399
After maturity up to 30 days	85	-	85	169	-	169
After maturity from 30 up to 180 days	155	-31	96	193	-37	156
After maturity from 180 up to 365 days	58	-36	22	23	-23	0
After maturity over 365 days	74	-74	28	74	-74	0
Total	1,378	-141	1,237	2,858	-134	2,724

As at 31 October 2014 and 31 October 2013 the amount of the value adjustments consisted of value adjustments to common receivables from operations.

The development of the value adjustment during the accounting period is depicted in the overview below:

<i>In thousands of EUR</i>	31.10.2014	31.10.2013
Balance as at 1.11.2013/1.11.2012	134	248
Creation of the value adjustment	32	-
Use	-	-13
Reversal of the value adjustment	-25	-101
Balance as at 31.10.2014/31.10.2013	141	134

As at 31 October 2014, receivables in the amount EUR 1,237,000 were used to secure bank loans (31 October 2013: EUR 2,724,000).

23. Other receivables

<i>In thousands of EUR</i>	31.10.2014	31.10.2013
Advances granted	21,277	24,103
Receivables from bills of exchange	-	11,361
EBITDA contract	-	-
Total	21,277	35,464
<i>Short-term</i>	21,101	31,843
<i>Long-term</i>	176	3,621
Total	21,277	35,464

Advances granted for assets are connected with future acquisitions in the amount of EUR 19,451,000 (31 October 2013: EUR 19,451,000) and unfinished investment activities in the amount of EUR 172,000 (31 October 2013: EUR 4,652,000). The Company granted an advance for a future acquisition, which is a company operating cableways. The Company plans to buy that company in the future. The contract was concluded with the company WEBIS, s.r.o. for 1 year.

During the year ending 31 October 2014, the receivables from bills of exchange were paid in full amount. The amount of the bill of exchange unpaid as at 31 October 2013 was EUR 11,361,000. The amount of unpaid accrued interest on that amount is EUR 8,168,000 as at 31 October 2013. The bill of exchange is payable at sight and bears interest at the rate of 7.5% p.a.

24. Other assets

<i>In thousands of EUR</i>	31.10.2014	31.10.2013
Prepaid expenditures and accrued income	1,960	986
Other tax receivables	285	2,339
Other assets	85	340
Total	2,330	3,665
<i>Short-term</i>	2,330	3,665
<i>Long-term</i>	-	-
Total	2,330	3,665

As at 31 October 2014, the item other tax receivables includes mainly receivables from current tax in the amount of EUR 285,000 (31 October 2013: receivables from current tax in the amount of EUR 1,140,000 and VAT receivables in the amount of EUR 1,199,000).

25. Financial investments

<i>In thousands of EUR</i>	31.10.2014	31.10.2013
Financial instruments at fair value through profit or loss	2,022	2,310
Available-for-sale securities	59	59
Total	2,081	2,369

As at 31 October 2014, financial instruments at fair value through profit or loss include mainly an investment in the company MELIDA a.s. in the amount of EUR 1,869,000 and as at 31 October 2013 also the investment in the company Best Hotel Properties a.s. (hereinafter the "BHP"). As at 31 October 2013, the Company owned 23 825 shares of BHP, which administers a network of hotels. As at 31 October 2013, the value of these shares was EUR 289,000. The Company obtained a guarantee

25. Financial investments (continued)

for the purchase on the basis of a contract on advisory services signed with the company J&T FINANCE GROUP, a.s.; according to the guarantee, for the purchase of shares of the company BHP the Company will earn at least 7% p.a. over a 3-year period. As at 31 October 2014, all BHP shares were sold.

Other financial investments at fair value through profit or loss as at 31 October 2014 include the investment in the company Korona Ziemi Sp. z o.o. in the amount of EUR 119,000 (31 October 2013: EUR 119,000) and the financial contribution to Tatranské dopravné družstvo (Tatra Transport Cooperation), a company dealing with intermediation in services. As at 31 October 2014 and as at 31 October 2013 the contribution amounted to EUR 34,000.

On 17 March 2010, the Company bought 3,850 shares of the company Compagnie des Alpes (SA), a French company traded on the Paris Stock Exchange and operating ski resorts and summer leisure parks. The Company purchased the shares as a financial investment. The shares are available for sale and are revalued to fair value through equity based on present stock-exchange prices. As at 31 October 2014, the value of the shares was EUR 59,000 (31 October 2013: EUR 59,000).

26. Cash and cash equivalents

<i>In thousands of EUR</i>	31.10.2014	31.10.2013
Cash in hand	154	173
Valuables	-	22
Current accounts in banks	3,603	4,085
Total	3,757	4,280

The Company can freely dispose of the bank accounts.

27. Equity

Share capital and share premium

The share capital approved, subscribed and fully paid as at 31 October 2014 and 31 October 2013 comprised 6,707,198 ordinary shares with nominal value of EUR 7 per share.

On 12 April 2010, issues of shares with the codes ISIN: CS0009011952, series 01,02 , ISIN: SK1120002110, series 01, ISIN: SK1120005527, series 01, ISIN: SK1120006061, series 01, ISIN: SK1120009156, series 01 ceased to exist and were merged into a single issue with ISIN code SK1120010287.

The annual General Meeting of Tatry mountain resorts, a.s. was held on 12 April 2014. The General Meeting decided, inter alia, on the distribution of profit generated by Tatry mountain resorts, a.s. in the period from 1 November 2012 to 31 October 2013 as recognised in the statutory financial statements prepared for that accounting period in accordance with Slovak accounting regulations, in the amount of EUR 5,712,000 so that a part of the profit in the amount of EUR 571,000 was used for allocation to the Company's reserve funds and a part in the amount of EUR 5,141,000 was transferred to retained earnings of previous years.

The shareholders are entitled to dividends. The value of vote per one share for the purpose of voting at the Company's General Meeting is defined as the proportion between the value of one share and the total amount of share capital. The table below provides a list of the Company's shareholders, including information on the number of shares held by each shareholder, ownership interest and voting rights of each shareholder.

31 October 2014	Number of shares	Ownership interest %	Voting rights %
C.I. CAPITAL INDUSTRIES LIMITED	1,309,139	19.5%	19.5%
J&T SECURITIES MANAGEMENT LIMITED	1,046,517	15.6%	15.6%
BELGOMET, s.r.o.	1,030,919	15.4%	15.4%
KEY DEE LIMITED	664,058	9.9%	9.9%
TINSEL ENTERPRISES LIMITED	635 490	9.5%	9.5%
RMSM1 LIMITED	588,166	8.8%	8.8%
Mgr. Miroslav Voštiar	509,285	7.6%	7.6%
Minor shareholders	923,624	13.7%	13.7%
Total	6,707,198	100%	100%

31 October 2013	Number of shares	Ownership interest %	Voting rights %
KEY DEE LIMITED	664,058	9.9%	9.9%
Capital Industrial, a.s.	660,000	9.8%	9.8%
Tinsel Enterprises Limited	657,894	9.8%	9.8%
EGNARO INVESTMENT LIMITED	625,413	9.3%	9.3%
J&T Securities Management Limited	531,029	7.9%	7.9%
Poštová banka, a.s.	505,782	7.5%	7.5%
BELGOMET, s.r.o.	474,373	7.1%	7.1%
CONTIGY DEVELOPMENT LIMITED	358,681	5.3%	5.3%
Minor shareholders	2,229,968	33.4%	33.4%
Total	6,707,198	100%	100%

Earnings per share

	31.10.2014	31.10.2013
Profit / (loss) for the period in thousands of EUR	-225	8,590
Weighted average number of ordinary shares	6,707,198	6,707,198
Earnings per share in euros	-0.034	1.281

27. Equity (continued)**Legal reserve fund**

As at 31 October 2014 the legal reserve fund is in the amount of EUR 4,448,000 (31 October 2013: EUR 3,877,000). According to Slovak legislation, the statutory reserve fund has to be created at least in the amount of 10% of net profit of the company annually and up to a minimum of 20% of the subscribed share capital (cumulative balance). The statutory reserve fund can only be used to cover Company losses and may not be used for payment of dividends. The calculation of the statutory reserve fund is made in compliance with Slovak legal regulations.

Decrease in share capital

The Extraordinary General Meeting held on 22 August 2013 decided on a decrease of the share capital of the company Tatry Mountain Resorts, a.s. from EUR 221,338,000 to EUR 46,950,000, i.e., a decrease by EUR 174,388,000. As at 31 October 2013 that amount was recognized as liabilities to shareholders and the plan is to pay them within one year. The change of the share capital took effect on 22 October 2013, the day when the decrease of the share capital was registered with the relevant Companies Register. After the decrease of the company's share capital, the value of one share decreased from the original EUR 33 per share to EUR 7 per share.

Distribution of profit

The Company's Board of Directors proposes to transfer the net loss for the financial year 2014 in the amount of EUR -225,000 to accumulated losses of previous years.

28. Loans and borrowings

<i>In thousands of EUR</i>	31.10.2014	31.10.2013
Received loans and borrowings	40,253	36,968
Leasing	1,723	1,760
Total	41,976	38,728
<i>Short-term</i>	9,684	9,846
<i>Long-term</i>	32,292	28,882
Total	41,976	38,728

Received loans and borrowings as at 31 October 2014 and 31 October 2013 are presented in the table below:

Creditor	Type of interest rate	Maturity	Outstanding amount as at 31.10.2014 <i>In thousands of EUR</i>
Tatra banka, akciová spoločnosť	3M EURIBOR + margin	30.9.2017	2,319
Tatra banka, akciová spoločnosť	3M EURIBOR + margin	30.9.2017	2,191
Tatra banka, akciová spoločnosť	3M EURIBOR + margin	31.12.2016	3,150
Tatra banka, akciová spoločnosť	3M EURIBOR + margin	30.9.2016	1,200
Tatra banka, akciová spoločnosť	1M EURIBOR + margin	31.12.2016	672
Tatra banka, akciová spoločnosť	1M EURIBOR + margin	31.12.2018	395
Tatra banka, akciová spoločnosť	3M EURIBOR + margin	30.9.2017	15,750
Tatra banka, akciová spoločnosť	3M EURIBOR + margin	31.12.2017	9,000
Tatra banka, akciová spoločnosť	3M EURIBOR + margin	30.11.2018	5,000
Tatra-Leasing, s.r.o.	3M EURIBOR + margin	26.3.2017	195
Tatra-Leasing, s.r.o.	3M EURIBOR + margin	17.12.2016	187
Tatra-Leasing, s.r.o.	3M EURIBOR + margin	2.2.2018	194

28. Loans and borrowings (continued)

Creditor	Type of interest rate	Maturity	Outstanding amount as at 31.10.2013 <i>In thousands of EUR</i>
MELIDA, a.s.	fixed	upon request	1,255
Tatra banka, akciová spoločnosť	fixed	30.9.2017	3,033
Tatra banka, akciová spoločnosť	fixed	30.9.2017	2,921
Tatra banka, akciová spoločnosť	fixed	31.12.2016	3,150
Tatra banka, akciová spoločnosť	fixed	30.9.2016	1,800
Tatra banka, akciová spoločnosť	fixed	31.12.2016	971
Tatra banka, akciová spoločnosť	fixed	31.12.2018	488
Tatra banka, akciová spoločnosť	3M EURIBOR + margin	30.9.2017	13,809
Tatra banka, akciová spoločnosť	3M EURIBOR + margin	31.12.2017	9,000
Tatra-Leasing, s.r.o.	3M EURIBOR + margin	26.3.2017	272
Tatra-Leasing, s.r.o.	3M EURIBOR + margin	17.12.2016	269

As at 31 October 2014, the weighted arithmetic average of interest rates on received loans and borrowing was 3.28% (31 October 2013: 2.93%). The interest is payable on a monthly basis. For further details, see Note 12 – Interest income and expense.

In 2013, the Company obtained a new investment loan from Tatra banka, a.s. in the total amount of EUR 30,000,000. The loan was drawn during 2014 in the amount of EUR 24,750,000. In 2014, the Company obtained another loan from Tatra banka, a.s. in the amount of EUR 9,000,000; as at 31 October 2014 the drawn amount equalled to EUR 5,000,000.

Security

The Company secured its bank loans with the following assets: land, technology and service buildings of mountain lift equipment: ski lifts, chair lifts, funicular, elevated cableway, cabin cableway, transformer stations, service buildings and structures: Hotel Tri Studničky, Hotel Srdiečko, Hotel Kosodrevina, Hotel Liptov, Hotel SKI, former telecommunication building, bungalows. The pledge also includes all movable assets of the Jasná and High Tatras resorts and trade receivables.

As at 31 October 2014 bank loans were secured by Property, plant and equipment, investment property, inventories and receivables in the amount of EUR 210,329,000 (31 October 2013: EUR 195,116,000).

As at 31 October 2014 liabilities from financial leasing are payable as follows:

<i>In thousands of EUR</i>	Principal	Interest	Payments
Less than one year	771	45	816
Between one and five years	952	28	980
Total	1,723	73	1,796

As at 31 October 2013, the maturity of liabilities from financial leasing was as follows:

<i>In thousands of EUR</i>	Principal	Interest	Payments
Less than one year	746	40	786
Between one and five years	1,014	31	1,045
Total	1,760	71	1,831

29. Trade payables

<i>In thousands of EUR</i>	31.10.2014	31.10.2013
Trade payables	3,345	6,901
Unbilled supplies	946	698

29. Trade payables (continued)

Retainer	-	-
Total	4,291	7,599
<i>Short-term</i>	4,291	7,599
<i>Long-term</i>	-	-
Total	4,291	7,599

As at 31 October 2014, overdue payables amounted to EUR 364,000 (31 October 2013: EUR 387,000).

30. Other liabilities

<i>In thousands of EUR</i>	31.10.2014	31.10.2013
Liabilities to shareholders, employees and partners	1,511	1,745
Deferred income	684	811
Other liabilities	1,254	971
Advances received	621	644
Liabilities to shareholders from decrease of share capital	252	174,388
Total	4,322	178,559
<i>Short-term</i>	4,322	178,344
<i>Long-term</i>	-	215
Total	4,322	178,559

As at 31 October 2013, liabilities to shareholders, employees and partners include, in particular, the liability from a decrease of share capital in the amount of EUR 174,388,000. For further details about the decrease of share capital, see Note 27 – Equity.

As at 31 October 2014, the amount of deferred income includes mainly the rent for the premises of the company J & T BANKA, a.s., pobočka zahraničnej banky located in Grandhotel Starý Smokovec in the amount of EUR 252,000, discounts on purchases to be claimed in the future in the amount of EUR 180,000 and a subsidy for Hotel Tri studničky in the amount of EUR 90,000 (31 October 2013: EUR 297,000 rent for the premises of the company J & T BANKA, a.s., pobočka zahraničnej banky located in Grandhotel Starý Smokovec, EUR 180,000 for discounts on purchases to be claimed in the future and EUR 94,000 subsidy for Hotel Tri studničky).

As at 31 October 2013, the amount of other liabilities also included social security liabilities in the amount of EUR 323,000.

Creation and use of the social fund during the accounting period is shown in the table below:

<i>In thousands of EUR</i>	31.10.2014	31.10.2013
Balance as at 1.11.2013/1.11.2012	4	12
Creation charged to expenses	42	60
Use	-46	-68
Balance as at 31.10.2014/31.10.2013	-	4

31. Provisions

<i>In thousands of EUR</i>	Unused vacations	Other	Total
Opening balance as at 1.11.2013	217	25	242
Creation of provisions during the year	-	-	-
Reversal of provisions during the year	-96	-	-96
Use of provisions during the year	-	-	-
Balance as at 31.10.2014	121	25	146

31. Provisions (continued)

	31.10.2014	31.10.2013
<i>Short-term</i>	121	217
<i>Long-term</i>	25	25
Total	146	242

32. Bonds issued

In 2014 the Company made two issues of bonds in total face value of EUR 180,000,000; since 19 February 2014 the bonds have been admitted for trading on Bratislava Stock Exchange. For details on each bond see the table below.

<i>In thousands of EUR</i>				Initial currency of the issue	Face value of the issue in the initial currency in'000	Interest rate p.a. in %	Effective interest rate p.a. in %	Carrying amount as at 31 October 2014	Carrying amount as at 31 October 2013
Description	ISIN	Date of issue	Due date						
TMR I 4.50%/2018	SK4120009606	17.12.2013	17.12.2018	EUR	70,000	4.5	4.8	70,503	-
TMR II 6.00%/2021	SK4120009614	5.2.2014	5.2.2021	EUR	110,000	6.0	6.17	113,914	-
Total								184,417	-
<i>Short-term</i>								6,022	-
<i>Long-term</i>								178,395	-
Total								184,417	-

Both the above bonds are book-entry form bearer securities and the issue of the bonds was approved by the National Bank of Slovakia. The liability resulting from TMR II bond is subordinated to the liability from TMR I bond. Cash flows from both bonds were credited to the Company's account on 11 February 2014 in total amount of EUR 180,582,000, including accrued interest on TMR I in the amount of EUR 582,000.

The total liability in the amount of EUR 184,417,000 includes a current portion in the amount of EUR 6,022,000 and the liability from the coupon falling due in 2015.

Security

To secure the issued bonds, a lien was established on the Company's real estate in total amount of EUR 85,525,000. It concerns assets that are not used to secure any other liabilities.

33. Fair value information

The following table contains data about carrying amount and fair value of the Company's financial assets and liabilities:

<i>In thousands of EUR</i>	Carrying amount		Fair value	
	31.10.2014	31.10.2013	31.10.2014	31.10.2013
Financial assets				
Loans granted	30,164	25,657	30,164	26,343
Other receivables	21,277	35,464	21,277	35,464
Investments in subsidiaries	7,191	-	8,100	-
Trade receivables	1,236	2,724	1,236	2,724
Financial investments	2,081	152	2,081	152
Cash and cash equivalents	3,757	4,280	3,757	4,280
Other assets	2,330	3,665	2,330	3,665
	68,036	71,942	68,945	72,628
Total				
Financial liabilities				
Loans and borrowings	41,976	38,728	41,955	38,695
Bonds issued	184,417	-	171,513	-
Trade payables	4,291	7,599	4,291	7,599
	4,322	178,559	4,322	178,559
Other liabilities				
Total	235,006	224,886	222,081	224,853

As at 31 October 2014, other receivables include an advance made in the amount of EUR 19,451,000 (31 October 2013: EUR 19,451,000) for a future acquisition – a company operating cableways which the Company plans to acquire in the future. The contract has been signed with WEBIS, s.r.o. for a one-year period and therefore the carrying amount of the advance made does not materially differ from its fair value.

The financial investments as at 31 October 2014 include mainly the interest in the company MELIDA, a.s. in the amount of EUR 1,869,000 (31 October 2013: EUR 1,869,000), the interest in the company Korona Ziemi SP z o.o. in the amount of EUR 119,000 (31 October 2013: EUR 119,000) and shares of Compagnie des Alpes (SA) in the amount of EUR 59,000 (31 October 2013: EUR 59,000), since they are already carried at fair value.

34. Operative leasing**Lease on the part of the lessee**

The Company has leased land on which ski slopes and cableways are situated, and a number of cars under operative lease contracts. Major contracts for land leases are concluded for a period of 30 years with an option for another 10 years. Major contracts have a 1-year notice period.

The cost of operative leasing for the period ended 31 October 2014 recognized in profit or loss amounted to EUR 1,892,000 (the period ending 31 October 2013: EUR 1,584,000).

The amount of rent for the period during which contracts cannot be cancelled is provided below:

<i>In thousands of EUR</i>	31.10.2014	31.10.2013
Less than one year	855	812
Between one and five years	1,174	1,272
More than five years	3,291	3,867
Total	5,320	5,951

35. Information about risk management

This section provides details about the risks to which the Company is exposed and about the way of management of these risks.

The Company is exposed to risks in the following areas:

- credit risk
- liquidity risk
- market risk
- operating risk

The management is fully responsible for the establishment and supervision of the Company's risk management.

Credit risk

The Company is exposed to this risk mainly in the case of trade receivables, receivables from lease, other receivables, advances and loans granted. The amount of credit risk exposure is represented by the carrying amounts of these assets in the balance sheet if no form of guarantee is issued. The carrying amount of receivables, advances and loans granted represents the maximum accounting loss that would have to be recognised if the counterparty completely failed to meet its contractual obligations and all securities and collateral had zero value. The amount, therefore, greatly exceeds the expected losses, which are contained in the provision for bad debts.

As at 31 October 2014 the Company was exposed to the following credit risk:

<i>In thousands of EUR</i>	Legal entities	Banks	Other financial institutions	Other	Total
Financial Assets					
Loans granted	23 017	-	7 147	-	30 164
Other receivables	21 277	-	-	-	21 277
Investments in subsidiaries	7 191	-	-	-	7 191
Trade receivables	1 236	-	-	-	1 236
Financial investments	2 081	-	-	-	2 081
Cash and cash equivalents	-	3 603	-	154	3 757
Other assets	1 346	16	-	968	2 330
Total	56 148	3 619	7 147	1 122	68 036

As at 31 October 2013 the Company was exposed to the following credit risk:

<i>In thousands of EUR</i>	Legal entities	Banks	Other financial institutions	Other	Total
Financial Liabilities					
Loans granted	16 314	-	9 343	-	25 657
Other receivables	24 103	-	11 361	-	35 464
Trade receivables	2 724	-	-	-	2 724
Financial investments	2 369	-	-	-	2 369
Cash and cash equivalents	-	4 085	-	195	4 280
Other assets	1 006	41	-	2 618	3 665
Total	46 516	4 126	20 704	2 813	74 159

As at 31 October 2013 Other receivables also included a receivable from a bill of exchange. As at 31 October 2013, the value of the unsettled bill of exchange towards the company J&T Private Equity B.V. amounted to EUR 11,361,000 (31 October 2012: EUR 29,165,000). The bill of exchange was payable at sight and bears interest at 7.5% p.a., and during 2014 was paid in full. The loans granted also include the loan granted to the company J&T Private Equity B.V., which was in the amount of EUR 7,147,000 as at 31 October 2014 (EUR 9,343,000 as at 31 October 2013).

35. Information about risk management (continued)**Liquidity risk**

Liquidity risk arises in the general funding of the Company's activities and in the management of financial positions. It includes both the risk of being unable to fund assets at the agreed maturities and interest rates and also the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame. The Company's management focuses on monitoring and managing liquidity. For liquidity management purposes, the management changed its accounting year to a financial year ending 31 October. In the first half of the accounting period, the Company has a winter season which covers 60% of the Company's income. Based on the results of the first half of the year, the Company an influence in due advance the income and expenditures to maintain sufficient liquidity. In the High Tatras resort, the seasonality is compensated by a busy summer season and therefore the resort's liquidity is more stable all over the year.

The table below provides an analysis of the Company's financial assets and liabilities grouped by their residual maturities. The analysis is the most prudent consideration of remaining maturity dates including interests. Therefore, in the case of liabilities, the earliest possible repayment date is shown while for assets the latest possible repayment date is stated. Those assets and liabilities which do not have a contractual maturity date are included in the "undefined; category.

As at 31 October 2014 the Company was exposed to the following liquidity risk:

<i>In thousands of EUR</i>	Carrying amount	Future cash flows	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undefined
Financial Assets							
Loans granted	30 164	32 573	-	7 871	23 913	789	-
Other receivables	21 277	1 584	-	1 584	-	-	-
Investments in subsidiaries	7 191	7 191	-	-	-	-	7 191
Trade receivables	1 236	1 378	1 378	-	-	-	-
Financial investments	2 081	2 081	-	-	-	-	2 081
Cash and cash equivalents	3 757	3 757	3 757	-	-	-	-
Other assets	2 330	1 305	1 305	-	-	-	-
Total	68 036	49 869	6 440	9 455	23 913	789	9 272
Financial Liabilities							
Loans and borrowings	-41 976	-44 383	-2 423	-8 221	-33 652	-87	-
Bonds issued	-184 417	-240 375	-1 575	-8 175	-107 425	-123 200	-
Trade payables	-4 291	-4 291	-4 291	-	-	-	-
Other liabilities	-4 322	-3 560	-2 972	-8	-	-	-580
Total	-235 006	-292 609	-11 261	-16 404	-141 077	-123 287	-580

The carrying amount of other receivables also includes an advance granted in the amount of EUR 19,451,000; the advance will not be settled in cash, but by means of a transfer of shares.

35. Information about risk management (continued)

As at 31 October 2013 the Company was exposed to the following liquidity risk:

<i>In thousands of EUR</i>	Carrying amount	Future cash flows	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undefined
Financial Assets							
Loans granted	25 657	28 681	9 461	103	18 995	-	122
Other receivables	35 464	12 283	11 397	886	-	-	-
Trade receivables	2 724	2 858	2 858	-	-	-	-
Financial investments	2 369	2 369	-	-	-	-	2 369
Cash and cash equivalents	4 280	4 280	4 280	-	-	-	-
Other assets	3 665	3 069	2 837	232	-	-	-
Total	74 159	53 540	30 833	1 221	18 995	-	2 491
Financial Liabilities							
Loans and borrowings	38 728	-41 175	-2 963	-7 846	-30 343	-23	-
Trade payables	7 599	-7 599	-7 599	-	-	-	-
Other liabilities	178 559	-177 748	-2 753	-174 583	-7	-	-405
Total	224 886	-226 522	-13 315	-182 429	-30 350	-23	-405

The carrying amount of other receivables also includes an advance granted in the amount of EUR 19,451,000; the advance will not be settled in cash, but by means of a transfer of shares.

Foreign exchange risk

Because of the acquisition of a subsidiary in Poland during 2014, the Company is primarily exposed to foreign exchange risk of Polish zloty versus euro. Management regularly monitors whether the difference between receivables and payables in the foreign currency is not too large. As at 31 October 2014 the Company recognized the investment in the subsidiary at EUR 7,191,000 and loans granted of EUR 754,000 originally denominated in Polish zloty. Other assets and liabilities of the Group are denominated in euros. There is a secondary risk that the weakening of the Polish zloty or Russian rouble against the euro would lead to a reduction in the number of visitors from these countries.

Sensitivity analysis

Appreciation of euro by 1% versus Polish zloty would have the following impact on financial assets and financial liabilities of the Group:

Impact on the portfolio		2014	2013
<i>In EUR thousands</i>			
PLN		-78	-

Depreciation of euro by 1% versus Czech crown and Russian rubble would have comparably large but opposite impact on financial assets and financial liabilities of the Group, as opposed to appreciation.

Interest rate risk

The Company's operations are exposed 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 from the current interest rates at maturity or in the time of change. The period for which the rate is fixed on a financial instrument therefore indicates to what extent it is exposed to interest rate risk. The table below provides information on the extent of the Company's interest rate exposure based on the contractual maturity date of its financial instruments.

35. Information about risk management (continued)

As at 31 October 2014 and 31 October 2013 the Company has the following interest-earning assets and interest-bearing liabilities:

In thousands of EUR

	31.10.2014	31.10.2013
Fixed interest rate		
Assets	32,661	40,910
Liabilities	184,417	13,618
Variable interest rate		
Assets	-	-
Liabilities	41,976	25,110

Sensitivity analysis for variable rate instruments

A change by 100 basis points in interest rates would have the following impact on profit or loss:

In thousands of EUR

	Profit (loss) 100 bp increase	100 bp decrease
31 October 2014		
Variable rate instruments	-119	230
Cash flow sensitivity	-119	230

In thousands of EUR

	Profit (loss) 100 bp increase	100 bp decrease
31 October 2013		
Variable rate instruments	-99	99
Cash flow sensitivity	-99	99

The Company's interest-bearing liabilities bear interest at a variable interest rate derived from EURIBOR. The Company considers the variable interest rate as self-management of the interest rate risk. Under economic expansion EURIBOR grows, but also the economic performance of the population grows and, consequently, it improves the company's revenues and earnings. Under economic recession it is quite the opposite.

Operating risk

Operating risk is the risk of loss arising from fraud, unauthorised activities, error, omission, inefficiency or system failure. It arises from all the Company's activities and all companies with the Company are exposed to the operating risk. Operating risk also includes risk of court disputes.

The Company's objective is to manage operating risk so as to prevent financial losses and damage to the Company's reputation within the effectiveness of cost spent on meeting that objective and to avoid procedures restricting initiative and creativity.

The Company's management has the primary responsibility for the implementation of controls related to operating risk management. This responsibility is supported by the development of the Company's joint operating risk management standards. Operating risk is managed by the system of standards, minutes from meetings and control mechanisms. The Company has a controlling department where it tries to eliminate all operating risks by way of regular checks.

The Company is also exposed to the risk of unfavourable weather conditions. Visitor rates of the resorts depend on the quantity of snow and on periods of snowfall. Unfavourable conditions have a negative impact on the number of skiers, revenues and profit. Warm weather can extremely increase the expenses on the production of artificial snow and reduce the areas fit for

skiing. The historical averages for the Low Tatras and High Tatras regions are 80 cm and 85 cm of snow during the winter season, respectively. The beginning of the winter season and the snow conditions affect skiers' perception of the whole season. The Company is unable to reliably predict the snow conditions at the beginning of the winter season. Thanks to the use of snowmaking systems, snow conditions during the winter season are stable every year.

36. Related parties

Identification of related parties

The Company had a related-party relationship with its shareholders who have significant influence in the Company and other parties, as identified in the following table, as at 31 October 2014 and 31 October 2013 or during the period from 1 November 2013 to 31 October 2014 and from 1 November 2012 to 31 October 2013:

- (1) Entities with joint control or significant influence over the accounting entity and its subsidiaries or associates
- (2) Jointly controlled companies in which the Company is a partner
- (3) Associates
- (4) Members of top management personnel of the entity or of the Company's shareholders (see also Note 10 – Personnel expenses)

Information about remuneration paid to members of statutory bodies and top management is provided in Note 10 – Personnel expenses.

Since none of the shareholders has an ownership interest exceeding 20% or otherwise significant influence over the Company, shareholders are not recognised as related parties, and the transactions mentioned above or any balances are not understood as transactions with related parties.

The Company was involved in the following transactions with related parties:

In thousands of EUR

	Note.	Receivables 31.10.2014	Payables 31.10.2014	Receivables 31.10.2013	Payables 31.10.2013
GRANDHOTEL PRAHA a.s. ¹	1	-	-	-	-
Interhouse Tatry s.r.o. ¹	1	-	-	-	-
Tatry mountain resorts services, a.s. ¹	1	-	-	-	-
MELIDA, a.s. ²	2	-	-	34	1 267
Szczyrkowski Osrodek Narciarski S.A. ³	3	778	-	-	-

In thousands of EUR

	Note.	Revenues 1.11.2013 – 31.10.2014	Expenses 1.11.2013 – 31.10.2014	Revenues 1.11.2012 – 31.10.2013	Expenses 1.11.2012 – 31.10.2013
GRANDHOTEL PRAHA a.s. ¹	1	-	-	108	-7
Interhouse Tatry s.r.o. ¹	1	-	-	44	-16
Tatry mountain resorts services, a.s. ¹	1	-	-	5	-789
MELIDA, a.s. ²	2	-	-	181	-2
Szczyrkowski Osrodek Narciarski S.A. ³	3	36	-	-	-

¹ GRANDHOTEL PRAHA a.s., Interhouse Tatry s.r.o. and Tatry mountain resorts services, a.s. were related parties till 30 April 2014.

² MELIDA, a.s. was a related party from 28 September 2012 till 1 October 2013.

³ Szczyrkowski Osrodek Narciarski S.A. has become a related party since 30 April 2014.

37. Subsequent events

In December 2014, the Company signed a Letter of Intent under which the Company has an option to acquire a fun park by 2021. Other provisions are confidential.

On 17 December 2014, the Company paid the coupon of TMR I bond in the amount of EUR 1,571,000.

On 5 February 2015 the Company paid the coupon of TMR II bond in the amount of EUR 6,600,000.

38. Capital commitments and capital management

In 2014 the Company made two issues of bonds (see Note 32 – Bonds Issued) in total face value of EUR 180,000,000; since 19 February 2014 the bonds have been admitted for trading on Bratislava Stock Exchange. Both issues are subject to regular coupon payment; the liability is settled from the Company's own funds.

As at 31 October 2014 the Company has no material capital commitments.

The Company's capital management aims to secure a sufficient amount of funds for the planned investments in the periods for which these investments were planned.

Neither the Company nor any of its subsidiaries, since the day they merged with the parent company, are subject to any external capital management requirements.

No changes occurred in the Company's management's approach to capital management in the period from 1 November 2013 to 31 October 2014.

39. Contingent assets and contingent liabilities

Since many areas of the Slovak tax legislation have yet to be sufficiently tested in practice, there is an uncertainty about the application of the tax legislation in these areas by tax authorities. The extent of the uncertainty cannot be quantified and will only cease once legislative precedents or official interpretations of the authorities are set.

On 31 October 2007, the Company entered into a Contract of right of lien to undertaking, receivables and movable objects in favour of the creditor 'Tatra banka, akciová spoločnosť'. The subject matter of the contract is the right of lien to liabilities in the full amount of the liabilities as they are recognised in the Balance Sheet as at 31 October 2013 and 31 October 2014.

The Company is a party to several legal disputes. The maximum amount of compensation for all legal disputes can be up to EUR 756,000 plus related charges and fees.

40. Reconciliation of separate financial statements in accordance with Slovak accounting standards and in accordance with International Financial Reporting Standards as adopted by EU

As stated above, these are the Company's first separate financial statements prepared in accordance with IFRS as adopted by EUR.

Accounting methods and standards mentioned above have been followed by the Company in preparation of the financial statements for the period from 1 November 2013 to 31 October 2014, comparable date for the period of 1 November 2012 to 31 October 2013 included in these financial statements, as well as in preparation of the opening balance sheet as at 1 November 2012 (the Company's adoption date to IFRS as adopted by EU).

In preparation of the opening balance sheet the Company adjusted amounts reported in accordance with the former accounting standards (Slovak Accounting Act and a resolution issued by the Ministry of Finance of the Slovak Republic, which set accounting procedures for enterprises. As per the request of IFRS 1 D.17 in the valuation of assets and liabilities of the Company the same values were used as in the preparation of consolidated financial statements. The impact of this revaluation as well as of the revaluation of investment property to fair value is shown in the table below, since according to Slovak accounting standards, these assets was recognized at the acquisition cost, net of write-offs and impairment.

40. Reconciliation of separate financial statements in accordance with Slovak accounting standards and in accordance with International Financial Reporting Standards as adopted by EU (continued)

IFRS 1 requires that the accounting entity applying IFRS for the first time to state reconciliation of assets, liabilities, equity, comprehensive income, and significant adjustments impacting cash flow in case the entity had been obligated to prepare a cash flow statement already in accordance with the former accounting standards.

No significant differences have been identified between the cash flow statement according to Slovak accounting standards and the cash flow statement according to IFRS as adopted by EU.

The following tables show the impact of IFRS adoption on the Company's financial performance, equity, and results:

Separate statement of financial position

	Slovak standards	IFRS adjustments	IFRS value	Slovak standards	IFRS adjustments	IFRS value
		1.11.2012			31.10.2013	
<i>In EUR thousands</i>						
Assets						
Goodwill and other intangible assets	1 447	2 384	3 831	7 974	-200	7 774
Property, plant and equipment	187 894	11 422	199 316	246 384	9 221	255 605
Investment property	-	4 194	4 194	-	5 851	5 851
Loans granted	12 966	-	12 966	16 071	-	16 071
Other receivables	24 259	-	24 259	3 621	-	3 621
Investments in subsidiaries	15 796	-1 970	13 826	-	-	-
Investments in associates	5 567	-1 764	3 803	-	-	-
Total non-current assets	247 928	14 267	262 195	274 049	14 873	288 922
Inventories	1 472	-	1 472	2 115	-	2 115
Trade receivables	2 874	-	2 874	2 724	-	2 724
Loans granted	172	-	172	9 586	-	9 586
Other receivables	29 470	-	29 470	31 843	-	31 843
Financial investments	13 207	-	13 207	518	1 851	2 369
Cash and cash equivalents	2 707	-	2 707	4 280	-	4 280
Other assets	2 678	-	2 678	3 655	10	3 665
Total current assets	52 580	-	52 580	54 721	1 861	56 582
Total assets	300 508	14 267	314 775	328 770	16 734	345 504
Equity						
Share capital	221 338	-	221 338	46 950	-	46 950
Share premium	30 430	-	30 430	30 430	-	30 430
Retained earnings and other funds	14 164	7 989	22 153	12 093	12 004	24 097
Total equity attributable to holders of interest in the parent company's equity	265 932	7 989	273 921	89 473	12 004	101 477
Liabilities						
Loans and borrowings	12 743	-	12 743	28 882	-	28 882
Provisions	20	-	20	25	-	25
Other long-term liabilities	-	-	-	215	-	215
Deferred tax liability	5 142	5 338	10 480	14 360	4 539	18 899
Total non-current liabilities	17 905	5 338	23 243	43 482	4 539	48 021
Loans and borrowings	3 264	-	3 264	9 846	-	9 846
Trade payables	10 892	-	10 892	7 599	-	7 599
Provisions	87	-	87	217	-	217
Other short-term liabilities	2 428	940	3 368	178 153	191	178 344
Total current liabilities	16 671	940	17 611	195 815	191	196 006
Total liabilities	34 576	6 278	40 854	239 297	4 730	244 027
Total equity and liabilities	300 508	14 267	314 775	328 770	16 734	345 504

40. Reconciliation of separate financial statements in accordance with Slovak accounting standards and in accordance with International Financial Reporting Standards as adopted by EU (continued)

<i>In EUR thousands</i>	SAS 31.10. 2013	Goodwill and intangible assets	Property, plant and equipmen t	Investment property	Deferred tax	Other	IFRS 31.10. 2013
Share capital	46 950	-	-	-	-	-	46 950
Share premium	30 430	-	-	-	-	-	30 430
Other capital funds	284	-	-	-	-	-284	-
Funds from revaluation	-26	-	-	166	-	-	140
Legal reserve fund	3 877	-	-	-	-	-	3 877
Retained earnings	2 246	-3 622	13 422	5 709	-5 986	-280	11 489
Profit for the current accounting period	5 712	3 422	-4 201	-24	1 447	2 235	8 591
Total	89 473	-200	9 221	5 851	-4 539	1671	101 477

<i>In EUR thousands</i>	SAS 31.10. 2012	Goodwill and intangible assets	Property, plant and equipmen t	Investment property	Deferred tax	Other	IFRS 31.10. 2012
Share capital	221 338	-	-	-	-	-	-
Share premium	30 430	-	-	-	-	-	-
Other capital funds	283	-	-	-	-	-	-283
Funds from revaluation	649	-	-	-	-	-	-530
Legal reserve fund	3 240	-	-	-	-	-	-
Retained earnings	9 992	2 384	11 422	-3 734	4 194	-5338	-126
Profit for the current accounting period	265 932	2 384	11 422	-3 734	4 194	-5 338	-1878
Total	221 338	-	-	-	-	-	-


Bohuš Hlavatý
predseda
predstavenstva


Jozef Hodek
člen
predstavenstva


Tomáš Kimlička
osoba zodpovedná
za zostavenie
závierky


Marian Klas
osoba zodpovedná
za vedenie účtovníctva

Independent Auditor's Report



KPMG Slovensko spol. s r. o.
Dvornáková nábřeží 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 statutory Auditor's Report originally prepared in Slovak language

Independent Auditor's Report

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

We have audited the accompanying individual financial statements of Tatry mountain resorts, a.s. ("the Company"), which comprise the individual statement of financial position as at 31 October 2014, the individual statements of profit or loss and other comprehensive income, the individual statement of changes in equity and the individual statement of cash flows for the year ended 31 October 2014, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management as represented by the statutory body is responsible for the preparation of these financial statements that give a 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independent Auditor's Report

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 October 2014, and of its financial performance and its cash flows for the year ended 31 October 2014 in accordance with International Financial Reporting Standards as adopted by the European Union.

27 February 2015
Bratislava, Slovak Republic

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

Responsible auditor:
Richard Farkaš
License SKAU č. 406

Report on Audit of Consistency



KPMG Slovensko spol. s r. o.
Dvofákovo nábrežie 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

Report on Audit of Consistency

**of the annual report with the individual financial statements pursuant to Article 23 (5)
of Act No. 540/2007 Coll. on Auditors, Audit and Oversight of Audit**

(Translation)

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

We have audited the individual financial statements of the company Tatry mountain resorts, a.s. as of 31 October 2014, presented in appendix to the annual report. We have issued an independent auditor's report on the individual financial statements on 27 February 2015 with the following wording:

Independent Auditor's Report

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

We have audited the accompanying individual financial statements of Tatry mountain resorts, a.s. ("the Company"), which comprise the individual statement of financial position as at 31 October 2014, the individual statements of profit or loss and other comprehensive income, the individual statement of changes in equity and the individual statement of cash flows for the year ended 31 October 2014, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management as represented by the statutory body is responsible for the preparation of these financial statements that give a 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

Report on Audit of Consistency



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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 October 2014, and of its financial performance and its cash flows for the year ended 31 October 2014 in accordance with International Financial Reporting Standards as adopted by the European Union.

27 February 2015
Bratislava, Slovak Republic

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

Responsible auditor:
Richard Farkaš
License SKAU č. 406

**Report on the Audit of Consistency of the annual report
with the individual financial statements**

We have audited the consistency of the annual report with the individual financial statements in accordance with the Act on Accounting.

The accuracy of the annual report is the responsibility of the company's management. Our responsibility is to audit the consistency of the annual report with the individual financial statements, based on which we are required to issue an appendix to the auditor's report on the consistency of the annual report with the individual financial statements.

Report on Audit of Consistency



We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the information presented in the annual report, subject to presentation in the individual financial statements, is consistent, in all material respects, with the relevant individual financial statements.

We have reviewed the consistency of the information presented in the annual report with the information presented in the individual financial statements as of 31 October 2014. We have not audited any data or information other than the accounting information obtained from the financial statements and accounting books. We believe that the audit performed provides a sufficient and appropriate basis for our opinion.

In our opinion, the accounting information presented in the annual report is consistent, in all material respects, with the individual financial statements as of 31 October 2014, presented in appendix to the annual report.

27 February 2015
Bratislava, Slovak Republic

Audit firm:
KPMG Slovensko spol. s r. o.
License SKAU No. 96

Responsible auditor:
Richard Farkaš
License SKAU č. 406

STATEMENT BY THE BOARD OF DIRECTORS



Statement by the Board of Directors

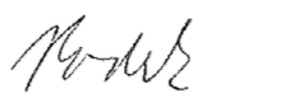
The Board of Directors of Tatry mountain resorts, a.s. hereby states that according to its best knowledge Annual Report, Consolidated Financial Statements, and Separate Financial Statements have been prepared in accordance with relevant regulations, and they present a true and accurate description of assets, liabilities, financial situation, and comprehensive results of the Group (Tatry mountain resorts, a.s. and its subsidiaries). The Board further states that Annual Report contains a true and accurate review of performance, operating results, and position of the Group, as well as an explanation of key risks and uncertainty factors that the Group faces.

Demänovská Dolina, February 25, 2015



Bohuš Hlavatý

Chairman of the Board of Directors, CEO



Jozef Hodek

Member of the Board of Directors, CFO



TATRY MOUNTAIN RESORTS, a.s.
e-mail: info@tmr.sk, www.tmr.sk