ANNUAL REPORT

2014/2015

Annual Report of Tatry mountain resorts, a.s.
and its subsidiaries as of 31/10/2015

Content

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,

TMR had the best year so far. The winter season 2014/15 was a success; thanks to abundance of snowfall, the season prolonged till May, and weather favorable for snowmaking especially at the beginning of the winter, we managed to grow in the number of our visitors to our mountain resorts. All our segments benefited from the surge of guests. During peak periods of New Year's and the Golden week we managed to fill our hotels to the limit despite a decline in Russian-speaking clients. The decline in the share of clients from Russia and from Ukraine was compensated by Polish, Czech, and Slovak guests. The summer season continued the positive trend of the winter with plentiful marketing events and relatively warm weather, favorable for outdoor activities. In total, our Tatra resorts were visited by 18% more visitors who spent on average 13% more, and Aquapark Tatralandia observed 9% more guests. Average client spending was also higher in ancillary services. Thanks to all these factors we were able to fulfill our financial goals for the year.

Last year we grew in online sales via our GOPASS e-shop. In fact, the number of ski passes sold via GOPASS tripled, and it is quickly becoming one of our strongest sales channels. For the past year 144 thousand new members registered for GOPASS. The added value of GOPASS has also been internationally recognized as GOPASS was awarded three prizes for the Best loyalty program by Loyalty Awards in London.

We also grew in the number of ski passes sold via external lodging providers who provided ski passes directly to their clients. This positive fact in the client's favor confirms TMR's deepening cooperation with other tourist businesses in the regions of Liptov and the Tatras.

This is the first time that our results have included the resort Szczyrkowski Ośrodek Narciarski S.A. (SON), which we had acquired in March 2014. Also, we have initiated the project of modernization of SON and made a progress in obtaining necessary permits for infrastructure investments in the resort.

Last year we were working on expansion of our business operations. As for cross-border expansion, in April we agreed to acquire a 75% share in Silesian Amusement Park in Poland, to operate it, and to modernize it with the budget of EUR 30 mil. in a five-year period, by which we again are multiplying the diversification of our business model and are applying our know-how from operations of our mountain resorts and Aquapark Tatralandia. During the year we even started implementing the modernization plan and installed first new attractions in the park.

As for our real estate projects, we managed to construct nine new chalets at Otupné in the Jasná resort, five of which TMR will be operating.

The record-high results confirmed that TMR was able to fulfill its promise of the New Era of the Tatras in Slovakia. At the same time, our acquisitions in Poland give us a good basis in order to repeat the same successful story also on this market and build a strong central European corporation.

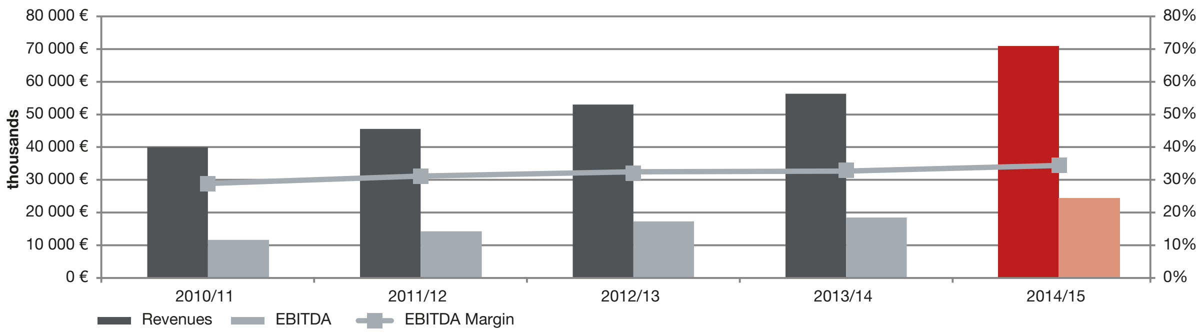
Bohuš Hlavatý
CEO and Chairman of the Board of Directors

OPERATIONS REVIEW

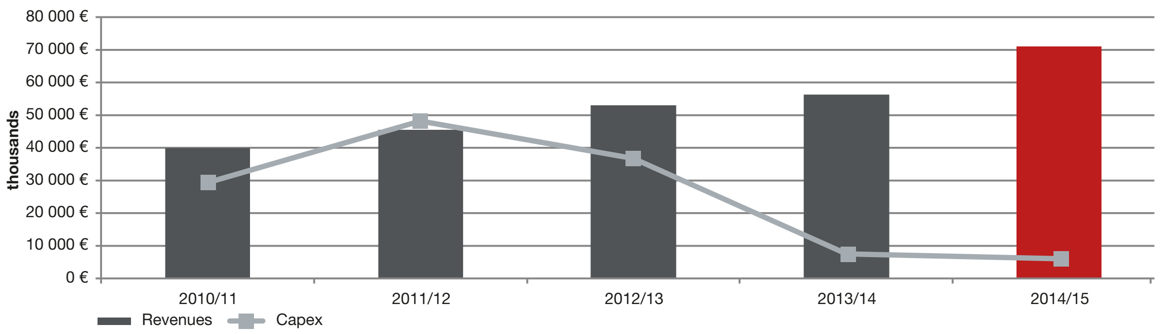
Consolidated Financial Highlights

in €'000 unless specified otherwise	2014/15	2013/14	2012/13	2011/12	2010/11
Revenues	70 915	56 309	54 348	43 807	38 758
EBITDA	24 410	18 411	18 566	13 987	12 219
EBIT	11 112	5 094	7 666	6 050	1 599
Net Income	-751	683	6 604	10 186	9 027
CAPEX	6 000	7 500	36 710	48 207	29 377
No. of employees	1 009	1 018	1 334	1 232	1 055
Earnings per share (EUR)	-0,101	0,105	0,985	1,520	1,350
Hotel Occupancy (%)	54,8	51,2	50,7	48,4	49,2
Avg. Daily Rate per Room (EUR)	62,4	61,1	55,2	45,2	41,3
Visit Rate Mountain Resorts ('000)	1 930	1 512	1 616	1 478	1 407
Visit Rate Leisure Parks ('000)	777	598	633	529	437
EBITDA (%)	34,4	32,7	34,2	31,9	31,5
EBIT (%)	15,7	9,0	14,1	13,8	4,1
Equity	103 331	102 312	101 477	276 416	272 686
Debt/Equity (%)	215,3	223,0	210,0	5,8	7,0
Debt/Capital (%)	68,3	69,0	67,7	5,5	6,5
Debt/EBITDA	9,1	12,4	11,5	1,2	1,6
Interest Coverage Ratio	1,0	0,7	11,3	11,2	3,1

Key Operating Results



Revenues vs. CAPEX



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

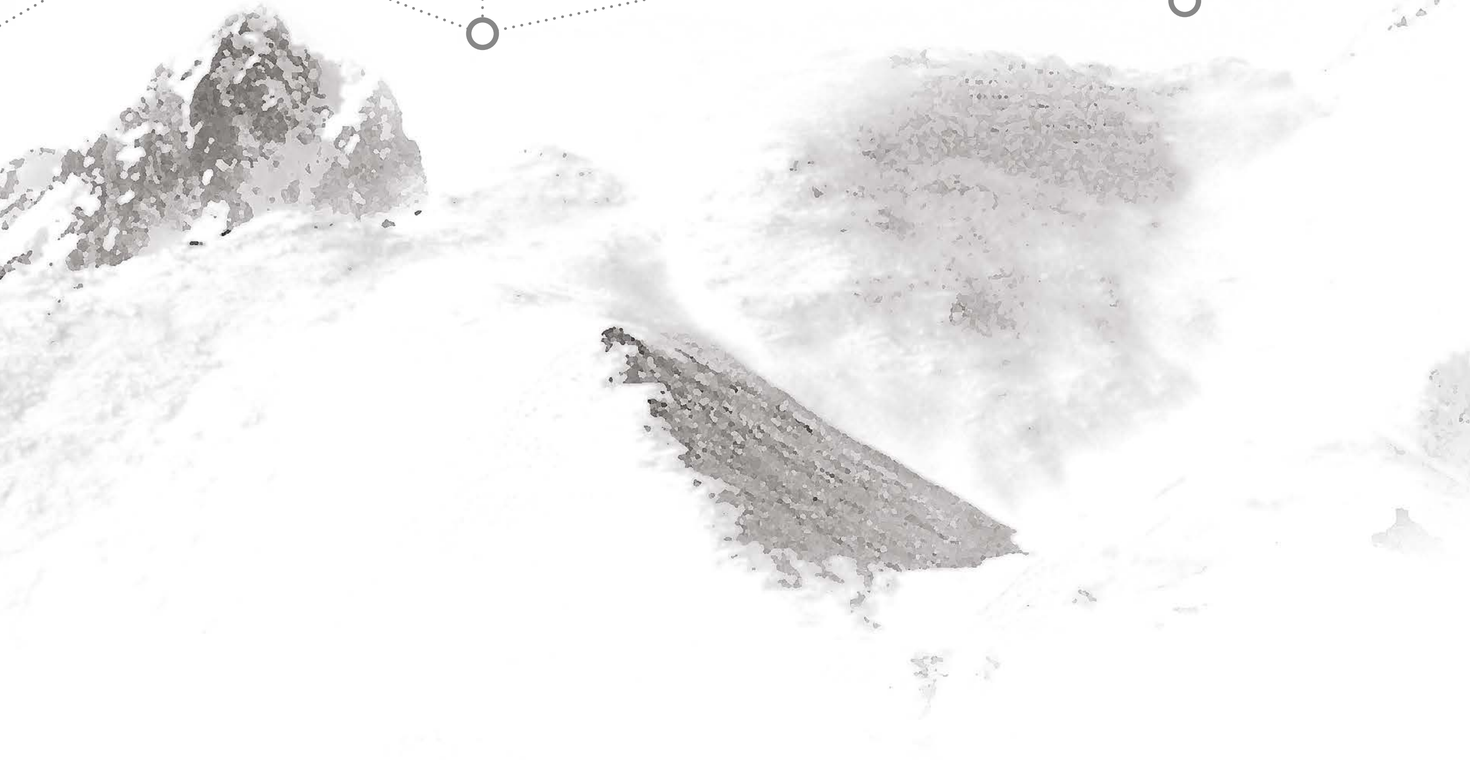
- In June 2009 Shareholders of Jasná Nízke Tatry, a.s. agreed on raising of the capital to EUR 250 million and on renaming the Company Tatry mountain resorts, a.s. Consequently, a new equity issue was listed on the Bratislava Stock Exchange.
- In October 2009 TMR purchased Tatras Cableways (TLD), which 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

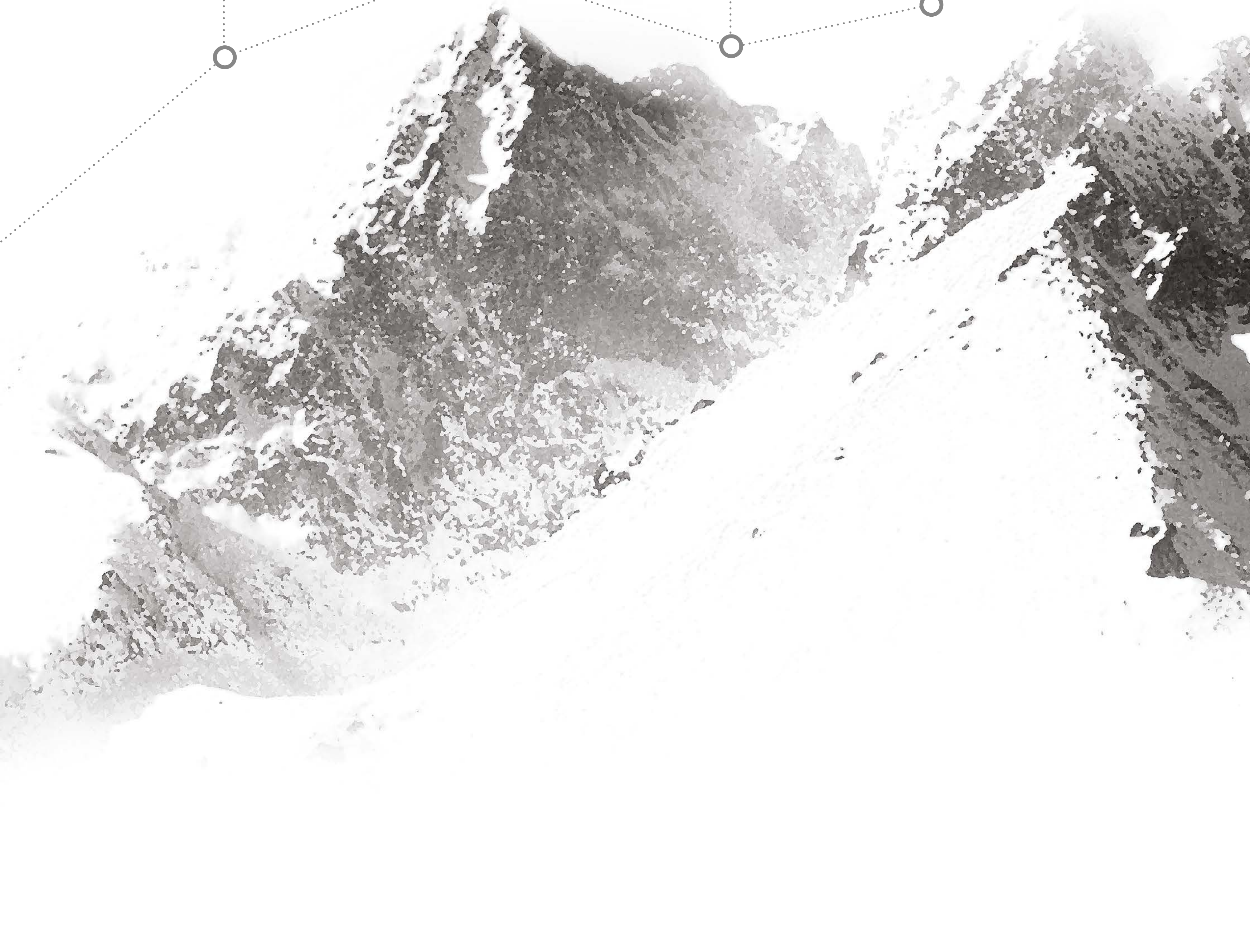
- On February 16, 2013 TMR acquired the other 50% in Interhouse, s.r.o. (Grandhotel Starý Smokovec).
- As of May 1, 2013 subsidiaries of TMR - Tatry mountain resorts services, a.s., Grandhotel Praha, a.s. and Interhouse s.r.o. - merged and seized without liquidation.
- Share capital of TMR was decreased 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).

2015

- In April 2015 TMR agreed to acquire a 75% share in a Polish entity that owns and since May 2015 is operating Silesian Amusement Park (Śląskie Wesołe Miasteczko).



Company Profile

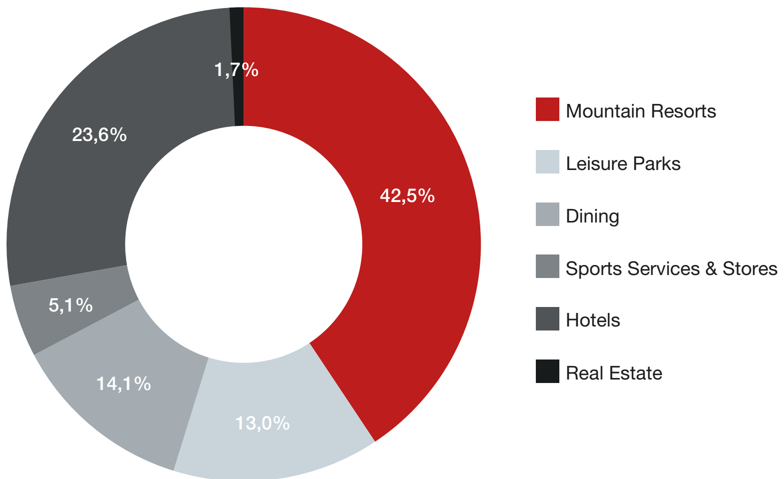
Basic Overview of TMR

Tatry mountain resorts, a.s. with its registered seat in Liptovský Mikuláš, SK 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 primarily come from operation of mountain resorts, an aquapark, and an amusement park, from 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 (42.5%) and from accommodation services in hotels that TMR owns and runs (23.6%). Additional revenues come from ticket sale in the aquapark and the amusement park (13.0%), and from other services provided by the dining facilities on the slopes and in the aquapark (14.1%) and sports stores under the Tatry Motion brand (5.1%). In addition to the mentioned business activities TMR conducts its business activities in real estate, revenues of which are generated mainly from lease of accommodation facilities and sale of apartments. 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 and Silesia. TMR's key assets in the Low Tatras include: 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 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.

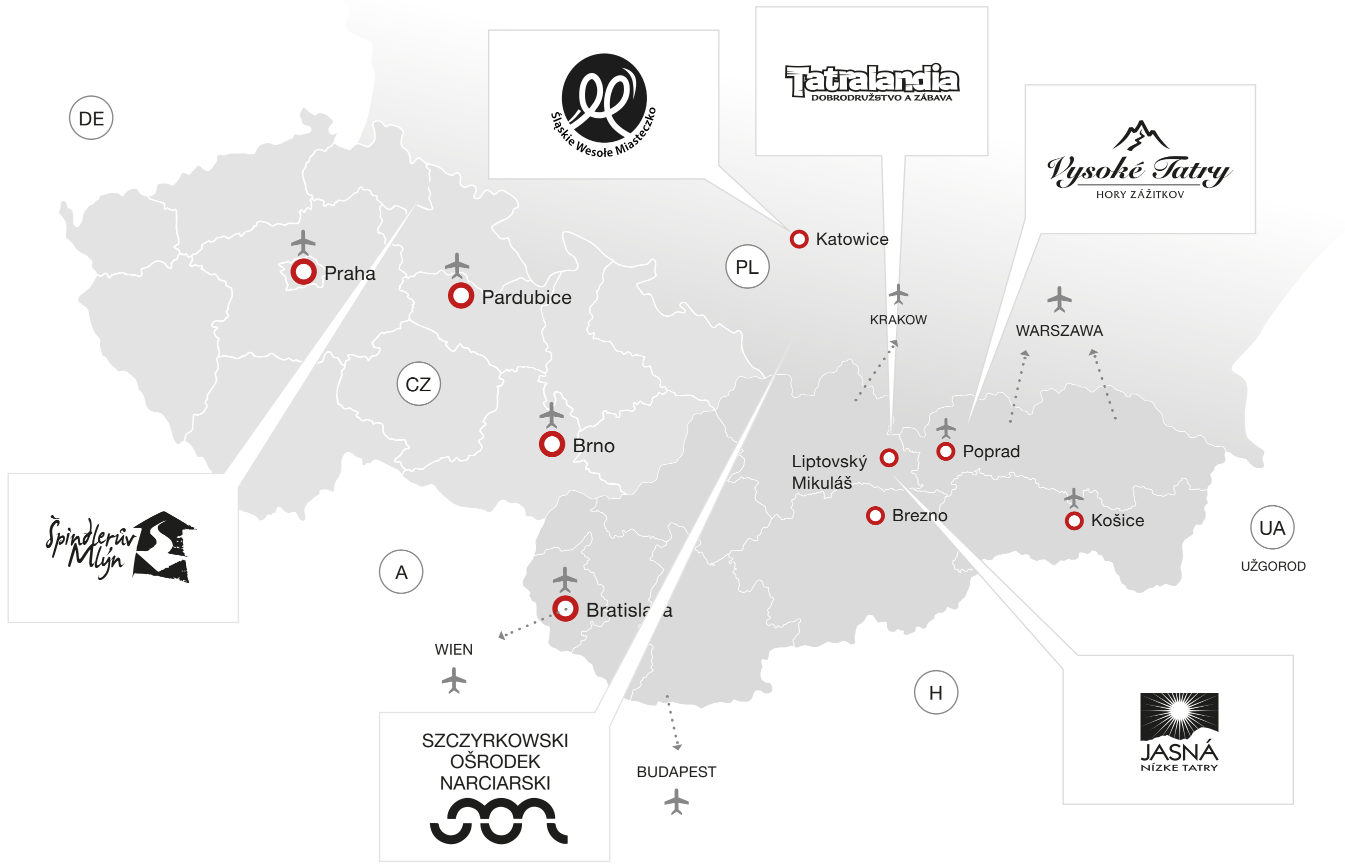
TMR also owns 19% in Melida a.s., which since the winter 2012/13 leases and operates the resort Špindlerův Mlýn in the Czech Republic. In Poland TMR owns 97% in the mountain resort Szczyrkowski Ośrodek Narciarski S.A. (SON), a 75% share in Silesian Amusement Park (Śląskie Wesole Miasteczko), and 7.3% in an educational- entertainment project through a Polish company Korona Ziemi Sp. z o.o.

Revenue Breakdown



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 20,615 persons/hour
- **Hotels** - Grandhotel Praha**** Tatranská Lomnica, Grandhotel**** Starý Smokovec, Hotel FIS*** Štrbské Pleso
- **Real Estate** -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
- 49 km of ski trails, 29 km of snowmaking
- 30 cableways and lifts
- Max. transportation capacity 32,484 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, sale of Chalets Jasná Otupné

Mountain Resort
SKIAREÁL ŠPINDLERŮV MLÝN

- The biggest and the most popular resort in the Czech Republic
- Five ski areas - Svatý Petr, Medvědín, Hromovka, Stoh, 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

Aquapark
TATRALANDIA

- The biggest aquapark with accommodation in Central Europe
- Unique indoor complex Tropical Paradise also with seawater and authentic corals
- 14 swimming pools (10 year-around) with thermal, sea and pure water
- 21 steam, water, jet spas, saunas and procedures, a wellness center
- 26 toboggans and waterslides (6 year-round) 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

SILESIAN AMUSEMENT PARK (ŚLĄSKIE WESOŁE MIASTECZKO)

- The largest and oldest leisure park in Poland
- Area: 26 ha
- 42 attractions
- Location: Park Śląski (Silesian Park) near Chorzów, PL

I. MOUNTAINS AND LEISURE

The main segment Mountains and Leisure[1] 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 100 km of trails with transport capacity 62 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 the Leisure Parks subsegment - Aquapark Tatralandia and Silesian Amusement Park. 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, sports stores 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 (Tatra National 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 this resort is also visited by free riders, adrenaline lovers as well as individual visitors. The resort is equipped with modern snowmaking system, which reaches the highest point of the Esíčka trail at Skalnaté pleso. In September 2015 the ski portal Skiresort.info ranked the ski resort Tatranská Lomnica among the world's top 14 resorts with up to 20 km of trails; and in the category "Beginners" it was ranked among the world's top resorts with infrastructure and services suitable for ski beginners.

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 46 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 - 5,700 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.

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 cableways to Chopok from the north and so-

[1] The Aquapark subsegment was renamed Leisure Parks after acquiring of operation of Silesian Amusement Park in May 2015.

uth 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 - 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 49 km of ski trails. On 29.1 km of trails is built a fully automated high-pressure technical snowmaking system with 446 snow guns. There are eight easy blue trails in total length of 19,235 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 seven ski roads in total length of 4,520 meters. In the resort there are also nine free ride zones, two cross-country skiing trails and a snow park. One trail in total of 990 meters is lit up and used for night skiing.

Transport Facilities
The resort operates 30 cableways and lifts with a total transport capacity of 32,484 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 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 in the winter season 2012/13 and the 15-seat gondola is also the first one with its special design.

SKIAREÁL ŠPINDLERŮV MLÝN

The ski resort Skiareál Špindlerův 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 five ski areas- Svatý Petr, Mědvedín, Hromovka, Stoh 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.

SZCZYRKOWSKI OŚRODEK 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. InTMR 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 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 Pizza & Pasta 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 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.

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.
The observation a la carte restaurant and a self-service 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.

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 1,117 m 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, 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.

Hurricane Factory Caffe Bar
Hurricane Factory Caffe Bar is a part of the simulator Hurricane Factory with a view of the wind tunnel.

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, Vist Fashion, and Outlet.

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 and Test center DPS Skis, 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, 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. The services were expanded by Test center Völkl Lúčky.

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.

Leisure Parks

AQUAPARK TATRALANDIA

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 26 waterslides, out of which ten 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.

SILESIAN AMUSEMENT PARK
(ŚLĄSKIE WESOŁE MIASTECZKO)

Silesian Amusement Park near the Polish town of Chorzów is the largest and oldest theme park in Poland. It was launched in 1959. It spreads on the area of 26 ha. It is located in the upper Silesian industrial district with its unique 'green oasis' of Silesian Park (Park Śląski). Airplanes hung on a 4530-meter tower are the park's most popular attraction. Since 1985 the 'Russian wheel' has been in operation, which gives a view of whole Silesia. In 2007 an 2118- meter high roller coaster ride was added. There are 5042 attractions in the park. TMR owns a 75% share of the park and has been operating it since May 2015. TMR has committed to invest PLN 120 mil. (EUR 30 mil.) into modernization of the park in the course of five years.

Current Information on TMR Mountain Resorts as of the End of Fiscal Year 2014/15

	Length of trails (m)	Capacity (persons/hour)	Trails with technical snowmaking (m)	Number of cable-ways/lifts
the Low Tatras	**48 990**	**32 484**	**29 175**	**30**
Jasná Nízke Tatry	48 990	32 484	29 175	30
the High Tatras	**24 325**	**20 615**	**20 385**	**20**
Tatranská Lomnica	12 130	11 645	10 540	9
Starý Smokovec	3 375	2 700	1 025	3
Štrbské Pleso	8 820	6 270	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**	**21 000**	**16**
Špindlerův Mlýn	25 000	20 500	21 000	16

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 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 ****
14 chalets, 28 apartments, 112 beds
Luxury apartments in the style of French alpine lodges. Their strategic advantage is their ski-in ski-out location directly on the slope at Záhradky and at Otupné and their provision of premium services. Each chalet has two apartments, each with two separate bedrooms. Guests can visit a spa in the basement of some chalets.

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
3 rooms,12 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. The hotel includes 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 goal of this segment 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. Currently, construction of Chalets Jasná Otupné is underway. Another project, Jasná Center, is in the planning phase.

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.. Since May 2013 TMR has been offering bungalows in Holiday Village Tatralandia for sale. So far revenues from the Real Estate segment have come mainly from the hotel leases and sale of bungalows Holiday Village Tatralandia.

Chalets Jasná Otupné
Chalets Jasná Otupné consists of nine newly built deluxe chalets directly on the slope of Otupné in the Jasná resort. In each chalet there are two apartments, joined with an optional living room door. Each chalet includes a spa. For property owners TMR provides facility management and sale of vacant capacities.

Strategy

VISION

By capitalizing on our position of a natural monopoly due to the unique position of the Tatras, 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 STATEMENT

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 mountain resorts, an aquapark, a leisure park and additional services throughout the year. The Company plans to fulfil its mission through synergies 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, Warsaw, Riga, and by charter or private flights from summer destinations such as Turkey and Bulgaria.
- 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, leisure parks, 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 in the mountain resorts, the summer operation of Silesian Amusement Park, 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 2015, for the last nine years TMR has invested in its resorts and hotels around 206 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 larger by 46%, in total length of 73 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.

In the following periods TMR plans for its resorts in the Slovak Tatras to grow organically and capitalize on the completed investments. Future CAPEX in the Slovak resorts 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. As for investments into development of the newly acquired assets, TMR plans to develop the Polish SON resort to the level of its Tatra resorts. In the medium term TMR committed to modernize and expand the resort by investing over EUR 30 mil. there. At the same time TMR plans to modernize Silesian Amusement Park with the budget of EUR 30 mil. in the course of following five years. In the Špindlerův Mlýn resort, which TMR co-manages, investments are planned into transportation facilities and other infrastructure, as well as into ancillary services with the total budget of CZK 800 mil. in the period of 20 years from 2012/13.

PILLAR 2: STRATEGIC ACQUISITIONS AND EXPANSION OF OPERATIONS IN CEE

After fulfillment of the primary vision of - New Era of the Tatras - in 2012/13, 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 Central and Eastern Europe. The most recent addition to the Company`s portfolio was Silesian Amusement Park in Poland in May 2015. Other key acquisitions include the ski resort Szczyrkowski Ośrodek Narciarski (SON) in the Polish Beskids from March 2014 or 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 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.

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 its nearby mountain resorts and leisure parks 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 by using its services and pay bargain prices, and at the same time, GOPASS serves as TMR's Customer Relationship Management and Direct Marketing tool. This loyalty program was awarded in 2015 at The Loyalty Awards in London, where it won in categories: the Best loyalty programme of the year in the travel sector (airlines, hotels, destinations); the Best loyalty programme of the year in Central and Eastern Europe; and the Best Customer Relationship Management (CRM) in a loyalty programme for Direct Marketing. 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' 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 being continuously reflected in the Company's results and expected also in the upcoming years.

Increasing quality with investments	Strategic acquisitions and expansion of operation in CEE	Constant operations & services enhancement
EUR 206 million over 9 years	Aquapark Tatralandia 2011	Enhancing customer experience through synergies
New modern cableways	Špindlerův Mlýn ski resort(19%, CZ)	Focus on affluent clientele
Renovating hotels	Korona Ziemi (7%, PL)	Trendsetter in the region
Expanding resorts	SON ski resort, PL 2014	Quality management
Capitalizing on completed investments	Silesian Amusement Park (75%, PL) 2015	GOPASS loyalty program and e-shop

TMR'S ACTION PLAN FOR 2014/15 INCLUDED THE FOLLOWING STRATEGIC STEPS:

- Grow our loyal customer base through our GOPASS program and utilize GOPASS as our Direct Marketing tool
- Launch GOPASS also in the Špindlerův Mlýn resort
- Finalize the acquisition of the majority interest in Silesian Amusement Park and commence its modernization
- Progress in preparation works on the project of modernization of the Polish SON resort
- Continue to analyze acquisition targets on the regional market in tourism
- Continue to enhance and expand lodging options in TMR's resorts
- Expand après-ski options on the slope and ancillary services in the resorts
- Actively increase visit rate and popularity of the resorts by organizing sports and outdoor 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…)
- Continue to enhance ski trails and equipment in TMR mountain resorts and its hotel facilities
- 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.

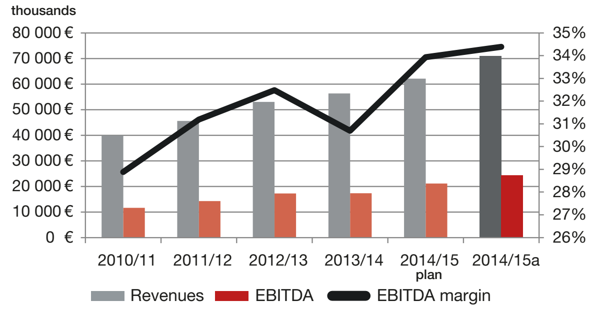
Management expects that the impact of these strategic steps will be gradually reflected in the Company's results, and mainly the impact of already completed capital investments of prior years in the total of EUR 206 mil.

FINANCIAL GOALS

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

The short term goal for 2014/15 included a growth in operating revenues of 10.3% and a growth in EBITDA of 21.9%[1]. That way planned EBITDA margin would reach 33.9%. This financial plan was introduced at the General Shareholders' Meeting on April 25, 2015. The growth was planned steeper than in the prior year, which was negatively impacted by the weather of the winter season 2013/14, unfavorable for winter sports. In contrary, the winter season 2014/15 was successful in terms of favorable weather conditions, the resorts' visit rate, the hotels' occupancy, and the season's length, which Management based TMR's annual financial goals on. Thanks to a strong winter season 2014/15 and a successful summer 2015, TMR achieved, even exceeded its financial plan 2014/15. TMR concluded the year with revenues 14.2% over the plan, whereas EBITDA (earnings before interest, taxes, depreciation and amortization) exceeded the plan by 15.9%. The operating profitability (EBITDA margin) was slightly over the plan by 0.5 percentage points.

Plan vs. Actual Results



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.

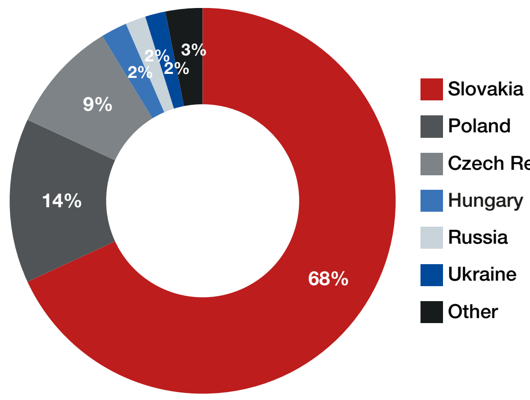
The Company also divided potential target groups into the following categories:

- affluent clients
- mainstream
- low-cost clients

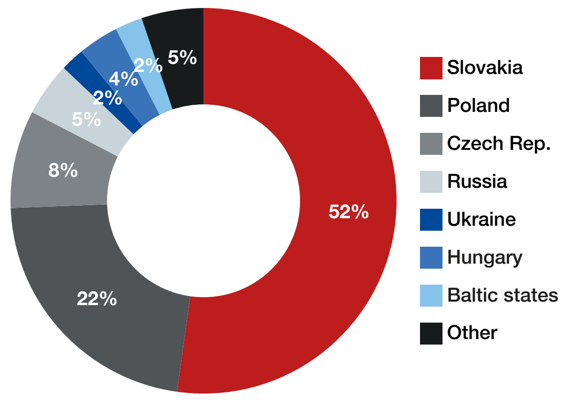
The main marketing goals of the Company include clear brand placement on the market by segmentation of clients and focusing of particular marketing strategies on these specific segments that would lead to maximum synergy of all brands covered by TMR. The Company at the same time assumes shift of clientele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

[1] The growth of operating, management adjusted EBITDA 2013/14

Visitors in the High Tatras during Winter 2014/15



Visitors in the Low Tatras during Winter 2014/15



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, Silesia, 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.

As for the Slovak market, also last year TMR cooperated on commercials and sponsored content in the form of product placement on the TV show Telerolo; in the form of real-time marketing on the TV show The best weather forecast of TV JOJ, in which throughout the whole winter season live images were used from the mountain resorts Jasná Nízke Tatry, Tatranská Lomnica and Štrbské Pleso. Advance sale and mountain resorts spots were broadcasted in radios (Rádio Expres). Cooperation in the form of spot campaigns continued with Rádio Anténa Rock and Rádio Jemné during the winter and summer season. Real-time marketing broadcasted the actual conditions in the mountain resorts and Aquapark Tatralandia.

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 450 thousand coupons for ski-passes for the Vysoké Tatry and Jasná resorts were inserted in the weekly Plus 7 dní; these ski-passes were offering the opportunity to try out the mountain resorts for a more advantageous price in the off-season. The same approach was used in the case of Tatralandia, namely 390 thousand coupons with the opportunity to experience Aquapark Tatralandia for a more advantageous price were inserted in the weekly Plus7dní and the magazine Báječná žena. The Company's offer also has a very intensive presentation through a 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 in destination management with entities operating in the region, such asthe 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, are important for TMR.

USE OF INFORMATION TECHNOLOGY AND INNOVATIONS

TMR also keeps in mind the use of innovations and continually improves its communication also via 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. In Poland TMR communicates via the SON resort's website www.szczyrkowski.pl. All TMR hotels communicate with their clients also via a unified website www.tmrhotels.sk.

The Company uses social networks for communicating with clients on a daily basis. In the Company's key markets (Slovakia, Poland and the 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, Szczyrkowski Ośrodek Narciarski, Śląskie Wesołe Miasteczko, Tatry Mountain Resorts, a.s. and smaller profiles of individual projects - Tatranská divočina, Happy End Jasná, Liptov Arena, Events in Tatras and TMR hotels, Bernardino Burger Restaurant, Burton snowpark Jasná, Rocky Mountain Bike World Jasna, Hotel Srdiečko, Nízke Tatry; Après-ski 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, and Centrum Górskie Korona Ziemi. For marketing purposes the Company also utilizes social networks Twitter, Linkedin, Instagram, Flicker or a YouTube channel.

The Company's Marketing Department is continually improving the quality of live video transmissions and online information from individual 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 each communication point, on both own and external web portals several times a day. Current information about the resorts is provided on LCD monitors in hotels or LCD screens in the resorts.

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. In the past year 2014/15, the key visual "ZaPrzyjemność" and „Alpejski urlop? Najbliżej w Tatrach!" and the Polish web site www.nartyslowacja.pl and also other web sites of each resort were used for campaigns. As for Tatralandia, the focus was aimed at a varied offer during summer and at the key visual "Tatralandia - Morze atrakcji w Tatrách". As for Baltic campaigns and campaigns for the UK market, the website www.gotatry.sk was used. 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 millions of views just in the winter alone. Advertising was also aimed at print media and a PR campaign. Communication with more distant markets is facilitated mainly through foreign tourist agencies, although smaller campaigns have already been 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, 144 thous. new 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 2014/15, the total budget of EUR 2.9 million was used for the Group's marketing activities.

EVENT MANAGEMENT

The Tatras have become a place that never sleeps also thanks to the opening of new centers of après ski entertainment and night life. Restaurant & Club Happy End in Jasná with a daily offer of après ski program 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), and Bikini Skiing (traditional spring downhill race). The High Tatras events include Snow Dogs (Snežné psy) (a grand winter event for families with children in Tatranská Lomnica), and the most visited event Bear Days (Medvedie dni) (a grand summer event for families with children

taking place at Hrebienok), or Marmots at the Lake.

OUR EVENT MANAGEMENT ACTIVITIES DURING 2014/15

November 2014
The mountain resort Tatranská Lomnica kicked off the winter season nontraditionally with Tennis Tatras. On November 29 Slovak tennis players kicked off the winter season right from Lomnický Peak. On the smallest tennis court with the elevation of 2,634 m Jana Čepelová and Anna Karolína Schmiedlová took on Andrej Martin and Norbert Gomboš. They were led by coach Marián Vajda with viewers Ján Krošlák and Branislav Stankovič.

December 2014
On December 5 with cooperation of the DTO Liptov Region decoration of a Christmas tree with the highest elevation took place. This way the regions Horehronie and Liptov together symbolically launched the winter season. On December 6 in Jasná the grandest winter season launch on the snow - Winter Music Opening - took place. The official ski season launch was organized in the James Bond style. On December 12 Hotel Grand Jasná hosted a sneak preview of the Czech comedy Hourly husband. The event was attended by the movie's main characters Bolek Polívka, Zuzana Norisová and Lukáš Latinák. On December 13 in Aquapark Tatralandia's Liptov Arena Diamonds Fight Night's heavy weights competed for the VKF title. The program included 12 matches according to the rules of K1, kickbox, and box. In cooperation of the DTO High Tatras' Region yet again the Tatra Ice Dome was opened on December 18 in Vysoké Tatry. The most visited Tatra attraction at Hrebienok was built of 47 tons of raw ice and open for public till April. Visitors of Tropical Paradise Tatralandia wished each other Happy New Year 2015 at the New Year's Eve party in the swimming pools.

January 2015
On January 23 and 24 a music party, Let it snow, lived with fun and dance in the Jasná resort. The Winter Spartan Race (January 24) in a very difficult terrain below Mt. Chopok was the first hurdle race of its kind in the world. In cooperation with the DTO the High Tatras Region at the end of January and beginning of February TMR hosted Tatry Ice Master 2015, an event of building ice sculptures attracting around 19 thous. visitors.

February 2015
On February 13 - 14 Sony Experia Snowboard Fest took place at Štrbské Pleso, which was attended by the elite of the domestic and international snowboarding world. At the same lovers of good food enjoyed culinary specialties during evening experiences of Von Roll Culinary Week at Chopok. The popular chef Vojto Artz was cooking in the a la carte restaurant with the highest elevation, Von Roll at Luková. On February 20 Junior Ski Race took place in Maxiland at Štrbské Pleso. Snow Dogs came to Tatranská Lomnica on February 21-22. Dinner under the Stars took place in the romantic setting of a night sky on February 27 at Chopok. At the end of February and beginning of March Mt. Chopok hosted the freeride race CGC Jasná Adrenaline. 79 competitors from 18 countries competed here in Slovak freeride troughs.

March 2015
The final race of the European Cup in Men's Giant Slalom during March 2-3 was a rehearsal for Jasná before the upcoming World Cup in March 2016. The best men racers from 17 countries competed in Jasná after seven years again. On March 4-6 visitors at the panoramic restaurant Rotunda could enjoy a unique view of the full moon at the Full Moon Dinner. On March 7 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. On March 7-8 the ski elite met at Štrbské Pleso at the 60th Annual Grand Prix in Giant Slalom. On March 14 skiers in Jasná again traditionally stripped to swimwear. Bikini Skiing kicked off the spring ski season. On March 15 Slovak Championship in freestyle skiing - slopestyle - took place in a pleasant setting of Otupné. On March 21-22 visitors of the High tatras welcomed the spring with a spring barbeque at Skalnaté pleso. On March 27 lady visitors experienced Hot Flirt Night in Liptov Arena with a hot male direction.

April 2015
During Easter visitors rode a special Easter egg funitel cabin accompanied by a varied entertainment program. On April 5 skiers enjoyed a carnival on skis and the real Easter watering at the Interski slope. On April 4 and 6 early birds enjoyed a Fresh Track from Lomnické sedlo, i.e. early skiing before the official opening of ski trails. Instead of the traditional Easter watering with ice water, the tropical Tatralandia organized banana picking and egg hunting.

May 2015
The Cuban Night in Tatralandia kicked off the first weekend in May; swimming pools were open all night. During the first weekend in May kids especially came for sports to the High Tatras. They enjoyed fun activities, cableway trips, or lectures given by nature conservationists. On May 15-17 visitors danced off to 80's and 90's hits in Liptov Arena during the retro Royal weekend. May 30 was the celebration of the Tatra Children's Day at Štrbské Pleso.

June 2015
The summer in the High Tatras was kicked off on June 12 with the Unlocking of the Lake and boating at the magical Štrbské pleso. Mountain lovers took part in the

Green Chopok event on June 19, the goal of which was to clean up rocks from the trail where the Women's World Cup in March 2016 will be hosted. On June 13 the summer biking season was kicked off at Chopok. The launch of the summer in the Low Tatras was marked with a healthy lifestyle. The active summer kick-off was supported by an attempt to break the record in stationary bike kilometers. Aquapark Tatralandia with the neighboring Gino Paradise Bešeňová in the name of a healthy lifestyle launched the summer season with a massive group exercise in swimming pools as part of the annual Water Fit Battle. During June 26-28 Bike World Jasna hosted the Slovak Downhill Cup, where the best downhill riders from Slovakia, the Czech Rep., and Hungary competed.

July 2015

In July the daily program Fit&Happy High Tatras started, which filled 62 summer days in the High Tatras with workshops, yoga underneath Lomnický Peak, lectures by conservationists, interviews with the people of the Tatras, and the Chamois Olympics. Sports fans came to Tatralandia during the first weekend of July for the Sports weekend. Charms and magic were brought to life during the Dragons Night at Mt. Chopok on July 3-4. An adventurous night cableway ride from both sides of the Chopok Mountain was a very successful summer event for families with children. Tatralandia celebrated its birthday on July 11 and 12 in a grand Cuban style. Tones of Bach and Cohen performed by the unique children violin orchestra created an amazing atmosphere on July 17 in Skalnata valley at Skalnaté pleso. In cooperation with the DTO High Tatras Region on July 18 TMR Štrbské pleso hosted Venetian Night - boating by the full moon, surrounded by real mirror sculptures and harp tones. The popular 8th annual Tatra festival Bear Days during July 27 - August 2 pulled in thousands of people to Hrebienok in Vysoké Tatry.

August 2015

During the second holiday month Tatralandia organized daily fun activities and theme weekends called Sport weekend with the world champion in professional boxing Toni Kid, The Bear and Masa, Tropical night weekend parties, Weekend with Minions, and Summer beach party with Dara Rolins. At Mt. Chopok the little ones came to experience Dragon Nights. 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, but also the food loving public. Marmots at the Lake successfully ended the summer in the High Tatras. Romantic souls enjoyed a unique sunset from Rotunda at Mt. Chopok at the special Full Moon Dinner on August 30.

September 2015

With the fight cry 'Aroo' Spartans arrived in Tatranská Lomnica on September 5-6. They tested their strength limit in order to finish the hardest hurdle race in the world. Spartan Sprint, which took place on Saturdays, and Spartan Beast, linked with the European Championships 2015, debuted in the High Tatras. Almost four thous. competitors from more than 20 countries showcased their steel strength in overcoming extra difficult trails and natural hurdles from water, mud, and fire. On September 12 fans of mountain bikes met at the Bike Test Day in Bike World Jasna with 20 riders from Russia, Poland, Slovakia, and the Czech Republic to take on an extreme downhill ride on bikes from Mt. Chopok. The second part of the Green Chopok event took place on September 19 in the Jasná resort. Families with children enjoyed fun in the kids' center Chamois Land at Skalnaté pleso on September 19 and 20. The program of the Chamois Olympics entertained adults and the little ones with workshops or watching of the real chamois with environmentalists.

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 on cableways in the summer season and visitors in Leisure Parks is measured in terms of sold entries.

Average Revenue per Visitor

In the main segment Mountains & Leisure and its subsegments Mountain Resorts, Leisure Parks, 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 Hotels segment operating performance is monitored based on percentage occupancy of individual hotels in the High and Low Tatras and in the aquapark and of the weighted average of the hotel portfolio.

Average Daily Rate

Average Daily Rate (ADR) is one the key indicators to measure hotel performance. It represents average revenue from per occupied room per given period. The calculation is based on the equation where room revenues are divided by the number of rooms sold. Management monitors ADR of each hotel and of the weighted average of the hotel portfolio.

Financial Performance Indicators:

Revenues

Operating revenues of the Group come solely from operating activity of the Mountains & Leisure segment - with subsegments Mountain Resorts, Leisure Parks, 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 National Bank of Slovakia, in 2014 GDP increased by 2.4% year-over-year in real prices.[1] Slovakia's economic growth accelerated dynamically also in 2015 to 3.4% thanks to the highest utilization of EU structural funds so far, continued growth of real discretionary income on the background of dropping prices, and thanks to expected industrial exports. The macroeconomic projection for following years is impacted by a weaker foreign demand. A significant slow-down in investments in 2016 will contribute to a lower projected GDP growth, although GDP's dynamics should oscillate above 3%.[2]

The Czech Republic

According to Czech National Bank (ČNB), as a result of an aggressive monetary policy following the weakening of Czech koruna, the economy in 2014 reported a growth of 2.5%, In 2015 GDP is projected to have grown 4.3%, impacted by private investments, capitalizing on reviving domestic and foreign demand, and by public investments drawing the remaining EU structural funds. Private consumption should contribute to the GDP growth based on an improving labor market and stronger wages. In 2016 the economic growth should slow down to 2.6% due to absence of one-time growth factors, such as EU funds, regulation effect, pre-supply of tobacco products, or favorable weather.[3]

Poland

According to Central Statistical Bureau of Poland, economic growth in 2014 was strong, reaching 3.3% in the fourth quarter as export sales soared amid strengthening industrial production. According to EBRD, Polish economy surprised positively in the first half of 2015 thanks to strong real wage, consumption trends, a booming labor market, and government spending of a fiscal over-performance. Thus, growth in 2015 should be the strongest in the region with 3.4%. Delay in utilization of EU structural funds may lead to a weakened public investment in 2016, though growth should stay at a similar level.[4]

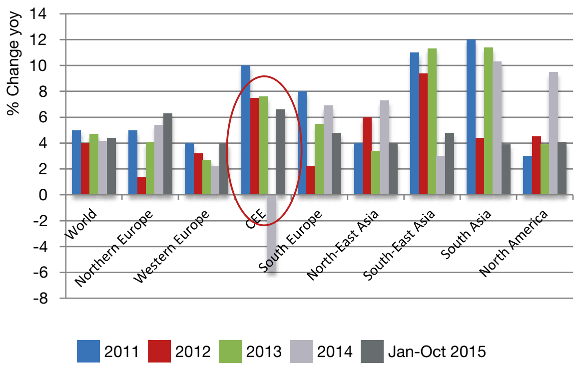
Ukraine

Ukrainian economy fell by 6.8% in 2014 mainly as a result of military turbulence in the eastern part of the country. The current account deficit dropped sharply to 4.7% in 2014 and is expected to decrease further below 2% in 2015. The disruptions to productive and export capacities in Donbas and significant net outflows registered in the financial account put pressure on the currency and reserves. Ukraine's public debt increased steeply to 71% of GDP in 2014 and is expected to reach as high as 100% of GDP at the end of 2015. EBRD forecasts GDP growth at -11.5% in 2015 and 2% in 2016.[5]

Russia

Economic growth in Russia slowed significantly due to both structural and cyclical factors. 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. In 2015 sanctions restricted access to foreign financing and declining oil prices weighed on economic activity. Household demand contracted sharply, as inflation has been cutting into real incomes. In the third quarter of 2015, lower oil prices and exchange rate depreciation continued to weigh on domestic demand. High growth volatility, uncertainty over future growth prospects, as well as the increased cost of domestic borrowing and restricted access to external funding are discouraging investments, while inventories have also continued to decline. The 2015 GDP growth is estimated at -4.2% and 2016's growth is likely to stay negative at -1.2%.[6]

International Tourist Arrivals[7]



[1] Macroeconomic predictions of selected banks at the current year-end (December). www.nbs.sk
[2] View of the Banking committee of NBS on the Medium term prediction P4Q-2015. www.nbs.sk
[3] Inflationary expectations of the financial market. December 2015. www.cnb.cz/cs/financni_trhy/inflacni_ocekavani_ft/
[4,5,6] European Bank for Reconstruction and Development. Regional Economic Prospects in EBRD Countries of Operations: November 2015
[7] UNWTO World Tourism Barometer. Volume 13. December 2015.

Travel & Tourism Competitiveness Index 2015 and 2013 comparison (Selected countries)[8]

Country/Economy	2015 Rank/141	2013 Rank/140
Spain	1	4
France	2	7
Germany	3	2
United States	4	6
United Kingdom	5	5
Switzerland	6	1
Australia	7	11
Italy	8	26
Japan	9	14
Canada	10	8
Czech Republic	37	31
Hungary	41	39
Poland	47	42
Slovak Republic	61	54
Russian Federation	45	63
Ukraine	-	76

Regional Tourism Industry

Following three consecutive years of strong growth, tourism of Central and Eastern Europe has suffered a drop of -5.9% in international arrivals in 2014, which can be attributable to the geopolitical and economic crisis in Ukraine and Russia. The region rebounded from 2014's decrease and grew year-over-year by 6.6% from January to October 2015.[9]

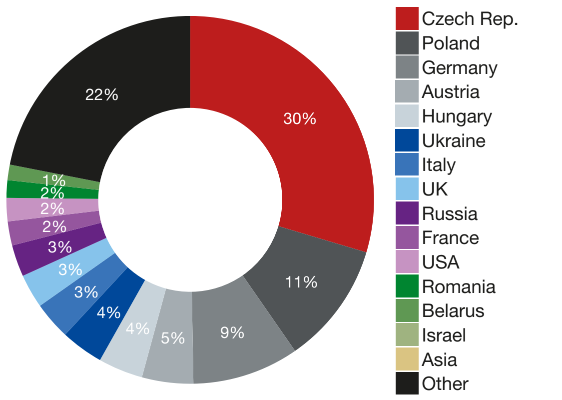
The Travel & Tourism Competitiveness Index (developed by the World Economic Forum) measures factors and policies that impact competitiveness of the Travel & Tourism sector in individual countries in context of regulatory, business, cultural, and natural environment. According to the Index, in 2015 CEE countries that are ranked higher than Slovakia are the Czech Republic (37), Poland (47), Hungary (41), and Russia (45), whereas Slovakia, which dropped from 54th place in 2013 to 61st, is perceived the least attractive.

Slovak Tourism Industry

Slovakia is mostly visited by neighboring countries, with the most tourists in 2014 coming from the Czech Republic (437 thousand) and Poland, followed by German tourists. In 2014 international tourist arrivals here contracted by -11.7%% to 1.5 million as a result of Russian-Ukrainian conflict, volatility of euro and neighboring currencies, and unfavorable weather. On the other hand, tourists in 2014 stayed longer and spent more. The first half of 2015 has experienced a rebound of 10.4% year-over-year. The top category of tourists in Slovakia is domestic travelers, while the ratio of domestic to foreign travelers was 60/40 in 2014. The number of domestic tourist arrivals declined -5.3% in 2014.[10] According to the Travel & Tourism Competitiveness Index in 2015, Slovakia is ranked 61st out of 141, a decline from 54th place in 2013.[11]

In 2014 almost 55% of tourists in Slovakia come from outside Eurozone. Volatility of their currencies against euro was reflected in prices of vacation stays, which negatively impacted visit rate. The biggest percentage decrease in tourist arrivals to Slovakia was among Russian (-24.5%) and Ukrainian tourists (-31%), caused by their mutual conflict. The negative trend of the year was completed by unfavorable weather in the winter season 2013/14. The governmental agency designated to promote tourism in Slovakia - Slovak Tourism Agency - spent EUR 2.7 mil. on global media campaigns and EUR 1.7 mil. on international tourism expos in 2014.[12]

Origin of Foreign Tourists in Slovakia in 2014[13]



On the other hand, the length of stay in 2014 increased by 3.1%, which caused direct contribution of tourism to GDP to reach EUR 2.1 bn., and increase of EUR 16.1 mil.[14] For 2015 it is forecasted to rise by 2.8% and is expected to grow by 3.8% p.a. to 2025. Travel and tourism directly generated 56,500 jobs or 2.4% of total jobs in 2014, and this is expected to grow by 1.2% in 2015. By 2025 travel & tourism should directly generate 67,000 jobs per year (2.7% of total employment). In 2015 international tourism income should grow by 2.9%. In 2015 international tourist arrivals are expected to have reached 6.3 million.[15]

[8] World Economic Forum. The Travel & Tourism Competitiveness Index 2015
[9] UNWTO World Tourism Barometer. Volume 13, December 2015
[10,13] SACR. Visitors to tourist accommodation facilities in Slovakia (2013 - 2014)
[11] World Economic Forum. Travel & Tourism Competitiveness Report 2015
[12,14] SACR. The season's end stabilized last year's tourism performance. The first quarter of this year is growing. May 27, 2015.
[15] World Travel & Tourism Council. Travel & Tourism Economic Impact 2015 Slovakia

European Mountain Industry

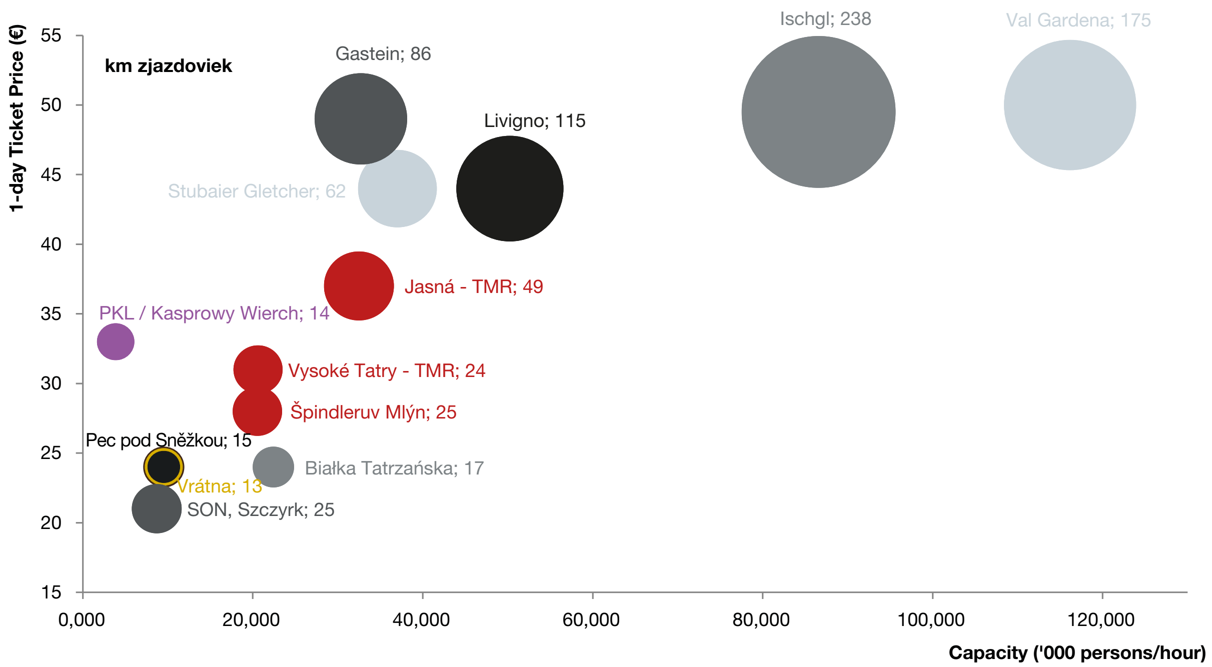
Europe is the relevant market for TMR's ski business, especially the CEE region. In Europe the biggest skiing destinations are Alpine countries - Austria, France, Switzerland, Germany, and Italy (see chart below). Worldwide, the Alps capture the greatest market share, accounting for 44% of skier visits (skier days)[16], although the winter season 2013/14 experienced a 2% contraction, brought on also by mild weather. The second most significant is North America with 21%, which exhibited stagnancy, as well. Central and Eastern Europe attracts only 10% of skiers, although this region produces 15% of skiers globally and this region's skier visits increased 2.5% in 2013/14 despite the negative weather factors. 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) - 13 and 14, respectively each, and France with the highest number of skier visits per year- 55.6 million but Austria records the most domestic skier visits per inhabitants- 2.1, whereas Switzerland produces the highest rate of domestic skiers- 37%, with Germany having the highest total number of domestic skiers- 14.6 million.[17] 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.[18] 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.

Regional Mountain Industry

In the CEE region the Czech Republic has the most ski resorts (over 5 lifts) - 70, even though the majority of the areas are up to 1300m above sea level, followed by Russia with 54 and Slovakia with around 47. Poland has 182 ski areas but they are mostly small, suitable for beginners. 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 estimated 5 million. As for domestic

Market Positioning in Europe in Winter 2014/15[19]

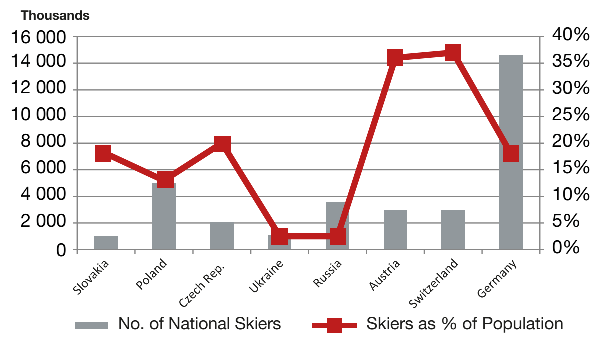


[16] The number of skier visits is measured in terms of skier days; which means one person visiting a ski area for any part of day or night for purpose of skiing, snowboarding, or other downhill slide; e.g. a four-day ticket means four skier visits.
[17,18] Vanat, Laurent. 2015 International report on mountain tourism. May 2015. www.vanat.ch
[19] www.skiresort.info, resorts websites

skiers, winter sports in Poland are growing in popularity, as Poland produces the highest absolute number of skiers in the region - 5 million, who make up 13% of population. This proportion grew by more than double since 2013, 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.[20]

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. 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.

Skiers by Country



Mountain Tourism - Country Comparison[21]

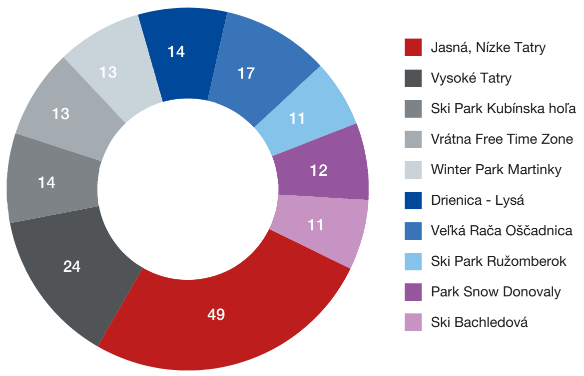
Country	No. of Ski areas*	Number of major resorts (>1 mil Skier Visits)	Skier visits	Proportion of domestic skiers (in % population)	Number of domestic skiers	% foreign skiers	Domestic Skier Visits per inhabit-ants	Skier Visits per foreign visitors
Alpine countries			**175 009 085**					
Austria	254	14	51 941 600	36,0%	2 959 793	66%	2,1	1,6
France	325	13	55 566 000	13,0%	8 573 709	32%	0,6	0,2
Italy	349	4	27 188 000	8,0%	4 918 584	25%	0,3	0,2
Switzerland	194	6	25 451 485	37,0%	2 958 530	47%	1,7	1,4
Germany	498	0	14 862 000	18,0%	14 606 508	10%	0,2	0,1
United States	470	5	56 862 127	8,0%	25 016 817	6%	0,2	0,1
Eastern Europe			**25 743 041**					
Czech Republic	176	0	8 700 000	20,0%	2 032 584	35%	0,6	0,5
Slovenia	44	0	1 207 128	15,0%	298 904	17%	0,5	0,1
Ukraine	54	0	1 400 000	2,0%	1 114 330	5%	0,0	0,0
Poland	182	0	5 000 000	13,0%	4 989 895	10%	0,1	0,0
Russia	321	0	4 435 913	2,0%	3 562 512	2%	0,0	0,0
Slovakia	107	0	5 000 000	18,0%	987 901	25%	0,7	1,0

[20,21] Vanat, Laurent. 2015 International report on mountain tourism. May 2015. www.vanat.ch

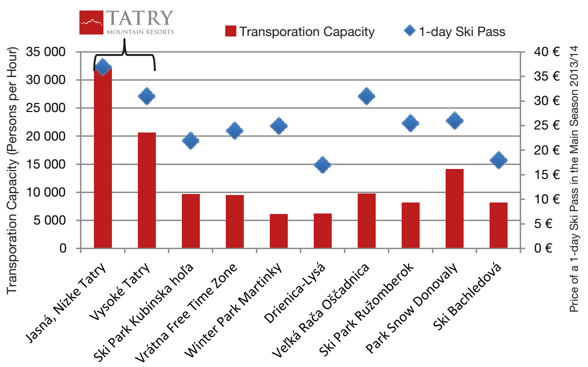
Slovak Mountain Tourism

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 around 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 (49km) and Vysoké Tatry - Tatranská Lomnica, Starý Smokovec a Štrbské pleso (24km) are the biggest ones in Slovakia, followed by Veľká Rača Oščadnica (17km), Vrátna free time zone (13km), Skipark Kubínska Hoľa (14km), and Winter Park Martinky (13km).[22]

Km of Trails of Leading Ski Resorts in Slovakia



Transportation Capacity and Prices of Leading Ski Resorts in Slovakia



Regional Hotel Industry

The hotel industry in Slovakia as a whole has been following a downward trend in 2014, when the sector revenues decreased by -7%[23] year-over-year. However, in 2015 total turnover from accommodation services for hotels for the period of nine months ended September 30 increased by 16.5%.[24] TMR's hotels are located in TMR's mountain resorts and Aquapark Tatralandia 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 experienced a rebound in hotel revenues of 22.8% for the first nine months of 2015, whereas the region of Vysoké Tatry grew 10.3% for the same period.[25] 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 2014. 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.

[22] skiresort.info, resort websites
[23] Statistical Bureau of the Slovak Republic: Basic indicators for tourist lodging facilities in SR for year 2014
[24] Statistical Bureau of the Slovak Republic: Basic indicators for tourist lodging facilities in SR for Quarters 1 - 3, 2015
[25] Statistical Bureau of the Slovak Republic: Basic indicators for tourist lodging facilities in SR for Quarters 1 - 3, 2015 and 2014

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, especially all-year attractions.[26] Operators of aquaparks tend to cooperate closely with local hotels and lodging operators, and they form or join local tourism organizations (OOCR).[27] 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. In 2014 a cold and rainy summer resulted in decreased visit rate and revenues of aquaparks.

Regional Trends in Leisure Parks

The CEE region exhibits absence of leisure parks on a scale of Western Europe, where most of 300 parks are located, with annual revenues of around EUR 4.5 bn. There are 30 parks in Europe with an average visit rate of 1-2 mil. visitors. In Poland there are about 45 leisure parks of different size and theme. They may be divided into a number of groups depending on their main theme - luna parks, western theme parks, fairy tale theme parks, dinosaur adventure parks, and miniature theme parks. Majority are so-called dinoparks (19) and miniature parks (13). These should be treated as a substitute rather than direct competitors to TMR's Silesian Amusement Park. Besides Silesian Amusement Park, there is only one other amusement park of comparable size and with comparable number of attractions, located also in the Silesia region.

Regional Trends on the Real Estate Market

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]

The Slovak real estate market in 2015 is not likely to beat the year 2014 but the volume of transactions should reach EUR 300 to 400 mil., with the key drivers being logistics parks, large foreign developers, and transactions in retail shopping malls and office buildings. Demand was strong also for new projects on the housing market, especially in Bratislava, which drove land prices up.[31] The performance of the regional real estate market will depend on the stability of demand, which is impacted by macro-economic development, the job market development, income growth, and access to bank financing.

[26] Trend magazine supplement. 18/2014. May 8, 2014
[27] Trend magazine supplement. 18/2015. May 7, 2015
[28] JLL. Bratislava City Report Q3 2014.
[29] JLL. CEE Investment Market - 2014.
[30] reality.etrend.sk
[31] Five events that moved the real estate market in 2015. December 31, 2015. reality.etrend.sk/realitny-biznis/5-udalosti-ktore-hybali-realitnym-biznisom-v-roku-2015.html

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

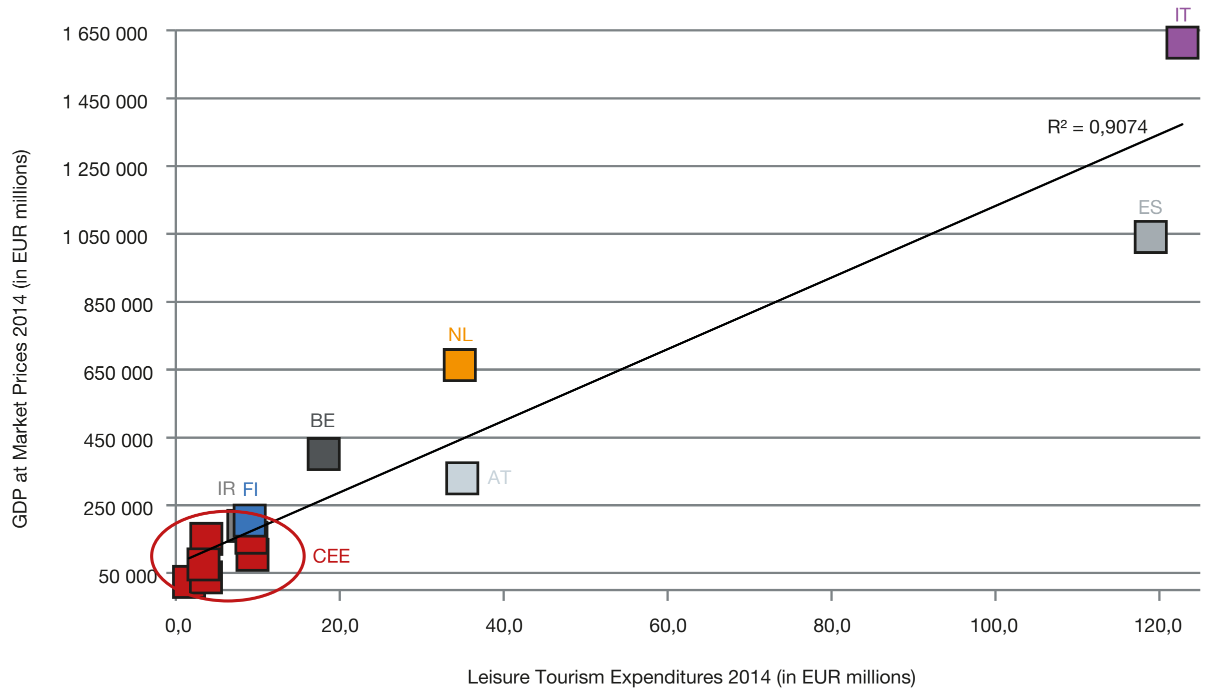
Business Cycle

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 leisure parks 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 Countries[1]



[1] Eurostat, WTTC

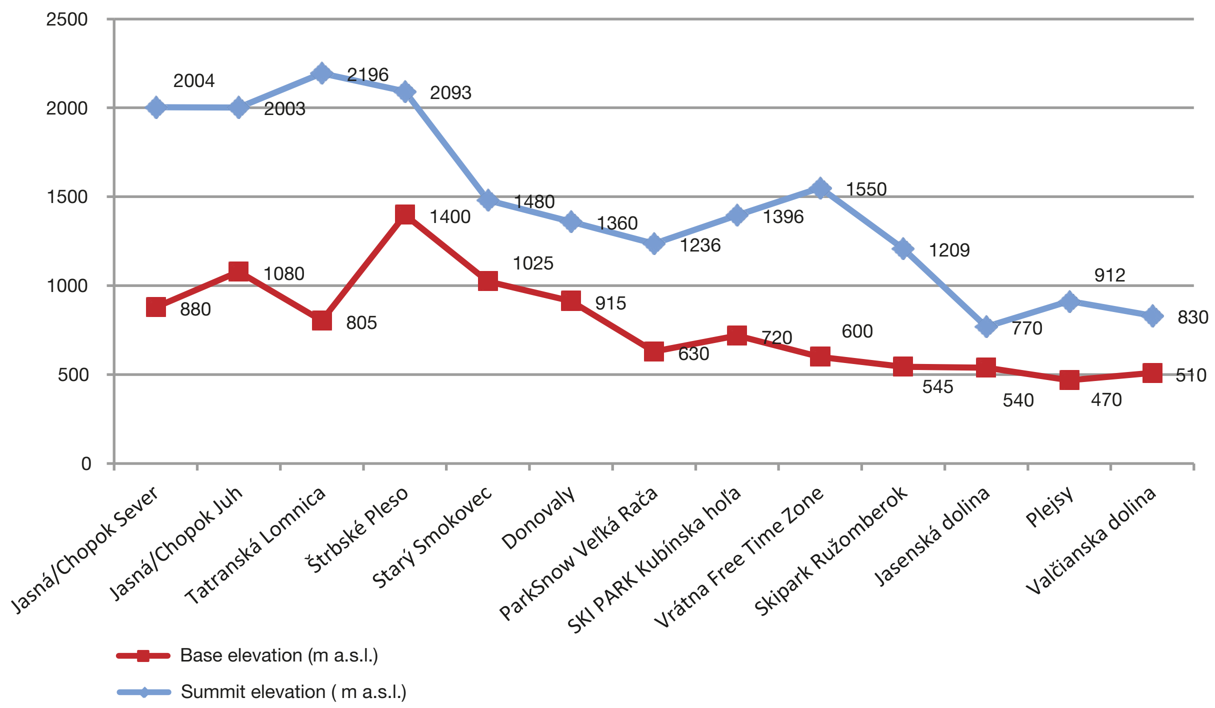
Weather

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 2014/15 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. The Polish SON resort, on the other hand, has an advantage in facing north and towards northwest winds. Warm thermal water in Tatralandia partially offsets the cold weather effects, but Tropical Paradise in Tatralandia 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, Poland 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.

Base & Summit Elevation of Slovak Ski Resorts



TMR utilizes its high quality services, massive capital investments in resort development, reasonable prices in comparing to alpine 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 Leisure Parks subsegment TMR is also among the top players in the local market of aquaparks, although visitation of aquaparks also depends on the travel distance for the given visitor. Among theme parks Silesian Amusement Park is one of two top players in the region. 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.

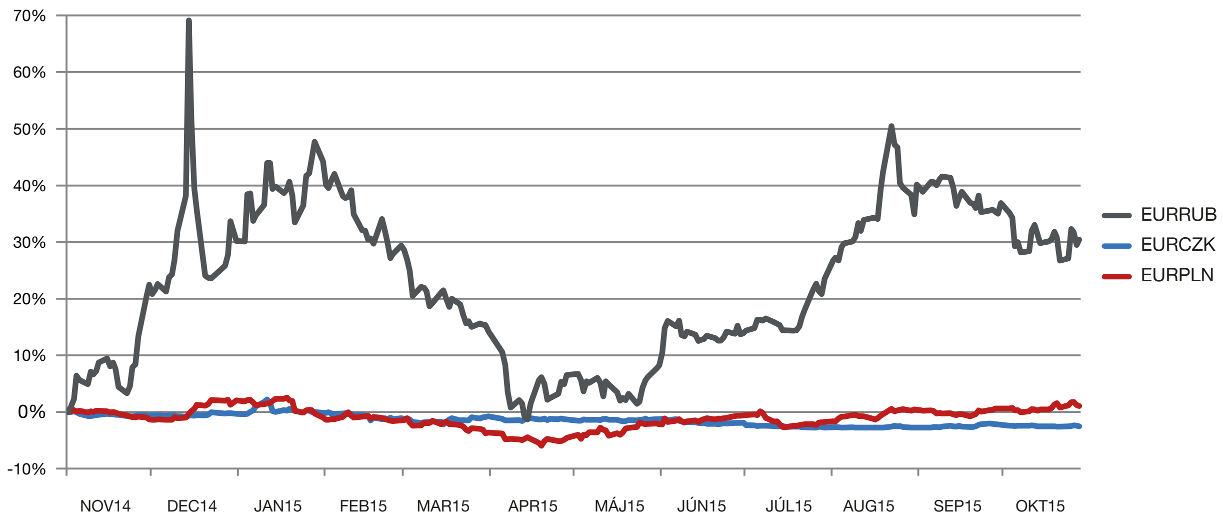
Occupancy and Average Daily Rate

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 residences, lodging facilities, 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.This industry is exhibiting an upward trend for the last couple of years (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

One-year Performance of Selected Currencies vs. Euro[2]



[2] ECB

intends to capitalize on synergies from other segments, such as marketing, procurement of inventory, human resources, etc.

Financial Risks

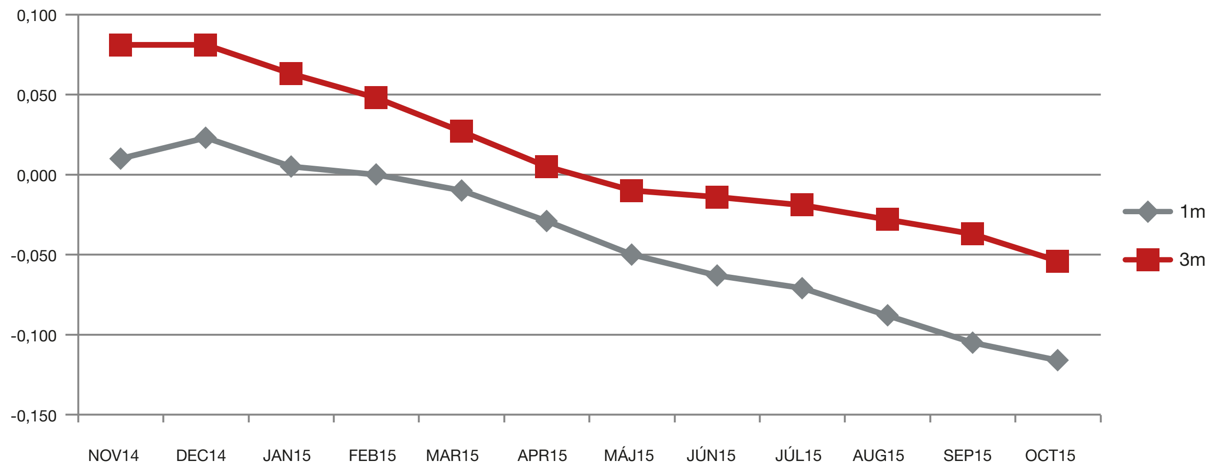
Exchange Rates

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, for instance, negatively impacts the number of visitors from Poland although during the winter season 2014/2015 Polish Zloty showed only a minor depreciation in respect to euro. Czech Crown did not show major volatility in respect to euro, and Russian Rubble continued to move downward throughout the winter due to the current geopolitical unrest, with an improvement starting in February till the beginning of summer. Investments into the resorts in terms of technology, equipment, renovation, and procurement of inventory were settled in euros and Polish zloty. Investments settled in Polish zloty are thus exposed to volatility of exchange rates. The value of the investment in Melida a.s., which operates the Špindlerův Mlýn resort, is converted 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 2014/15 consisted mostly 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

EURIBOR rates (%)[3]



[3] www.emmi-benchmarks.eu

risk of interest rate fluctuations downward. Exposure to this risk is detailed in Consolidated Financial Statements, items 20, 27, 34.

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 extent of the risk exposure is detailed in Consolidated Financial Statements, items 20, 34.

Liquidity

Liquidity risk arises in the general financing of the Group's activities and financial positions. It includes the risk of being unable to finance assets at an agreed maturity and interest rate and inability to 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. Payment of coupons on two tranches of bonds in total of EUR 180 mil. adds to the liquidity risk. Nevertheless, the increasing operating income for 2014/15 comfortably enabled meeting the Group's debt service despite the high level of debt. The extent of the risk exposure is detailed in Consolidated Financial Statements, item 34.

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 31.

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, rollercoasters 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 nine years (including 2014) TMR had invested around EUR 206 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 recently 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 70.915 mil. (56.309)
- Consolidated operating profit before interest, tax, depreciation and amortization (EBITDA) reached EUR 24.410 mil. (18.411)
- TMR operated with EBITDA margin of 34.4% (32.7)
- Net consolidated profit amounted to EUR -751 thous. (683)
- Net consolidated earnings per share (EPS) reached EUR -0.101(0.105)
- The number of visitors to Mountain Resorts[1] increased to 1.930 mil. (1.512); Leisure parks recorded 777 thous. (598) visitors

Selected Consolidated Results (IFRS)	For the Year Ended October 31	
in €'000	2014/15	2013/14
Sales	69 991	55 934
Other Operating Revenues	924	375
Total Revenues	**70 915**	**56 309**
Cost of Sales	-11 327	-9 491
Personnel and Operating Costs	-35 355	-29 939
Other Gain/ Loss	177	1 532
EBITDA	**24 410**	**18 411**
EBITDA Margin	34,4%	32,7%
Depreciation & Amortization	-13 298	-13 317
EBIT	**11 112**	**5 094**
Interest Income	1 403	1 475
Interest Expense	-11 072	-7 766
Income from Financial Instruments, net	-1 566	-280
Negative Goodwill	0	1 569
Pre-tax Income	**-123**	**92**
Income Tax	-628	591
Net Profit	**-751**	**683**
Currency Translation Differences	-505	-115
Total Comprehensive Income	**-1 250**	**568**
EPS (€)	**-0,101**	**0,102**

[1] Excludes the visitors of Skiareál Špindlerův Mlýn in the Czech Republic

The results of the past financial year 2014/15 were positively impacted by a successful winter season in terms of the season's length and weather favorable for winter sports and also by a good summer season as opposed to the previous summer. We observed increases in skier days in the winter season as well as in the number of visitors to the resorts and leisure parks in the summer. The higher visit rate and visitor spending were the key drivers of the double digit percentage revenue increase. Moreover, the long-lasting impact of the massive CAPEX projects of development of the Tatra resorts and hotels from prior periods totaling EUR 200 mil. as of 2014 was reflected in the Group's results also in the last year and justified an increase of ticket prices. Besides higher average revenue per visitor in the resorts, TMR managed to increase visitor spending also on ancillary services such as Dining and Sports Services & Stores, thus the share of these segments on the Group's total revenues increased again.

TOTAL REVENUES AND INCOME

Total Revenues

In the prior year, the Group's total consolidated revenues reached EUR 70.915 mil. (56.309), an increase of 25.9% and 21.1% like for like. Thereof, operating revenues amounted to EUR 69.991 mil. (55.934) and the rest, i.e. EUR 924 thous. (375) was other operating income. Revenues were positively influenced by higher visit rate in the resorts, aquapark, higher ski pass prices, and thus, also by higher average revenue per visitor in the resorts, dining, and stores, 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 24.410 mil. (18.411); which means an increase of 32.6%. On the like-for-like basis EBITDA improved by 41.0%[2]. Cost of sales increased by 19.3%, and personnel and operating costs were up 18.1%. The rise in personnel and operating costs was caused mainly by the acquisition of Silesian Amusement Park and by the operation of the SON resort in the first winter season under TMR. Operating profitability ratio (EBITDA margin) reached 34.4% (32.7). The improvement of EBITDA margin is a result of continuous cost optimization and high fixed costs that do not grow in direct proportion to revenues.

Items with Impact on Comparability and Operating Performance

Comparability with prior period is influenced by the fact that consolidated revenues for the first time include the results of the SON resort's winter season results and results of Silesian Amusement Park from the start of its operation under TMR - from May 2015 - with the total impact on revenues in the amount of EUR 2.711 mil. and on EBITDA in the amount of EUR 44 thous. In the year-over-year comparison excluding the impact of SON and Silesian Amusement Park and excluding one-off items of 2013/14 revenues increased +21.1% and EBITDA +41.0%.

Depreciation and Amortization

The depreciation and amortization maintained almost the same level at EUR 13.298 mil. (13.317).

Financial Activity

Interest income of EUR 1.403 mil. (1.475) mainly stemmed from loans granted, earning fixed interest rates (see Consolidated Financial Statements, item 20). Interest expense rose to EUR 11.072 mil. (7.766); they include mainly loan expenses and expenses of the issued bonds (see Consolidated Financial Statements, item 12). Income from financial instruments, net reached a loss of EUR -1,566 thous. (-280) due to a negative revaluation of the 19% share in Melida a.s. (see Consolidated Financial Statements, item 3d, 13).

Taxes

Payable income tax was EUR -16 thous. (0). Total income tax was recognized in the amount of EUR -628 thous. (591).

Net Income

The Group recognized a net consolidated loss in the amount of EUR -751 thous. (683). Profit attributable to owners of the parent company amounted to EUR -677 thous. (703). EPS was EUR -1.101 (0.105). Total comprehensive income after accounting for currency translation differences and revaluation of available-for-sale securities amounted to EUR -1.250 mil. (0.568). the parent company reported a net profit of EUR 19 thous. (-225).

[2] Excluding the impact of the SON resort, Silesian Amusement Park and one-off items of FY 2013/14.

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

At the Annual General Meeting (AGM) in April 2015 the Board of Directors presented an investment plan for the recently acquired Silesian Amusement Park for the period of five years with the total budget of EUR 30 mil. These investments include implementation of a new theme and design, purchase of new attractions, enhancement of green parts, sidewalks, and the entrance hall, development of F&B facilities, expansion of parking, and modernization of other infrastructure. Implementation of the plan started during the year, and first new attractions were being constructed.

Under the project of modernization of the Polish SON resort during the year management continued in obtaining necessary permits for investments into infrastructure.

The Group initiated the realization of real estate investment projects Chalets Jasná Otupné and Hotel Pošta. Both projects represent development projects designated for sale or operation. During the observed period nine chalets were built, five of which TMR will be operating for their owners. Other CAPEX were aimed at minor operating investments into enhancement of ski trails and services in the resorts and hotels. The total budget for realized investments of the calendar year 2015 came to EUR 6 mil.

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 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 more than 300 thous. members registered in the program, whilst 144 thous. new members registered.

Under the loyalty program GOPASS TMR launched the Ski Challenge campaign, aimed to motivate clients to ski as many kilometers during the season as possible. Our most successful skier skied during the winter season over 4,142 km in our resorts during 101 skier days.

RESULTS BY SEGMENTS AND SUBSEGMENTS

Key Operating Results*	Revenues			EBITDA			EBITDA Margin		
v €'000	2014/15	2013/14	Change yoy (%)	2014/15	2013/14	Change yoy (%)	2014/15	2013/14	Change yoy (p.p.)
Mountains & Leisure	**52 951**	**41 124**	**28,8%**	**19 669**	**13 860**	**41,9%**	**37,1%**	**33,7%**	**3,4%**
Mountain Resorts	30 118	23 552	27,9%	12 566	7 945	58,2%	41,7%	33,7%	8,0%
Leisure Parks	9 207	7 672	20,0%	3 988	3 864	3,2%	43,3%	50,4%	-7,1%
Dining	10 018	7 445	34,6%	2 379	1 663	43,1%	23,7%	22,3%	1,4%
Sports Services & Stores	3 608	2 455	47,0%	737	388	90,1%	20,4%	15,8%	4,6%
Hotels	**16 751**	**14 532**	**15,3%**	**4 482**	**3 307**	**35,6%**	**26,8%**	**22,8%**	**4,0%**
Real Estate	**1 213**	**653**	**85,7%**	**259**	**118**	**119,9%**	**21,4%**	**18,0%**	**3,3%**
Total	**70 915**	**56 309**	**25,9%**	**24 410**	**17 284**	**41,2%**	**34,4%**	**30,7%**	**3,7%**

* The 2013/14 operating results are adjusted for one-off income and expenses

[3] Management-adjusted CAPEX are recognized for the calendar year as opposed to IFRS.

The GOPASS loyalty program has succeeded in the prestigious international Loyalty Awards. It was announced the winner of three categories in London: The best loyalty program of the year in the travel sector (airlines, hotels, destinations); The best loyalty program of the year in Central and Eastern Europe; and the Best Customer Relationship Management (CRM) in a loyalty program for Direct Marketing.

Acquisitions and Expansion

In December 2014 TMR also started a cooperation with the Gino Paradise Bešeňová aquapark in terms of consulting services in advertising, marketing, PR, sales promotion, regional product development, and other areas.

In April TMR agreed to acquire a 75% share in Silesian Amusement Park (Śląskie Wesołe Miasteczko) near the Polish town of Chorzów from the Polish company WPKiW S.A. TMR committed to invest PLN 120 mil. (EUR 30 mil.) into modernization of the park in next five years. On May 1, 2015 TMR started to operate Śląskie Wesołe Miasteczko. TMR is entering into a special purpose vehicle company (SPV), SLASKIE WESOLE MIEASTECZKO Sp. z o.o., which owns and operates the park. TMR gains a 75% share and the management control in the SPV for PLN 30 mil., the selling company WPKiW S.A. owns the remaining 25% share. Following the successful completion of the investment plan after five years TMR will be able to exercise an option to buy the remaining 25% from WPKiW S.A. The shares transfer should be settled in the following couple of months. The proceeds from the purchase of the share will be used to finance new investments, whilst SLASKIE WESOLE MIEASTECZKO Sp. z o.o. will commit to pay rent of PLN 1.4 mil. (EUR 330 ths.) for the land during the first five years (EUR 1 mil. thereafter, for the whole 25-year term).

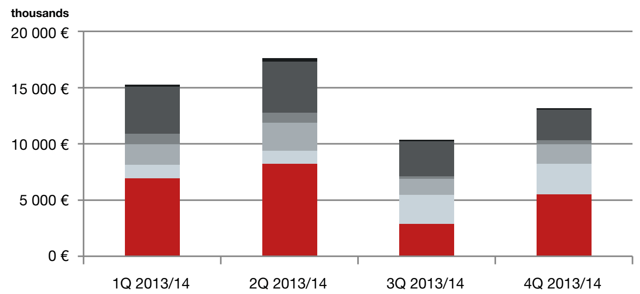
KEY PERFORMANCE INDICATORS (KPIs)

Mountains and Leisure[4]

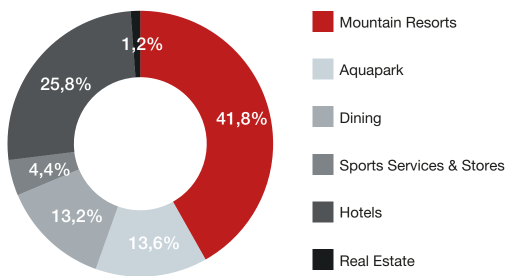
Relatively favorable conditions for winter sports in the winter season 2014/15 with abundance of snowfall and majority of temperatures below freezing, which enabled snowmaking; a long winter season lasting well past Easter in the second half-year 2014/15; and a relatively warm and sunny summer - these all factors contributed to a higher visit rate. Mountain Resorts, including Štrbské Pleso and SON, recorded a total of 1.930 mil. (1.512) visitors/ skier days , whereas on a like-for-like basis the visit rate just in the Tatra resorts increased 17.7%. Leisure Parks including Silesian Amusement Park observed 777 thous. (598) visitors, whilst Tatralandia alone welcomed 9.4% more guests than the year before.

Average revenues per visitor increased mainly in the Tatra resorts, by 12.9% to EUR 14.38 (12.74) as a result of increased visit rate and higher ski pass prices in the resorts on average by EUR 2 for one-day tickets. Average revenues per visitor in Leisure Parks reached EUR 11.60 (12.04), whereas like-for-like the average revenue in Tatralandia rose by 0.5%. The resort clients spent more in dining facilities on and off the slope and in Tatralandia, and they improved the average revenues by 16.7% to EUR 4.12 (3.53). Sports Services & Stores, which largely depend on performance of the resorts, grew in average revenues per visitor to EUR 1.48 (1.16).

Quarterly Operating Revenues

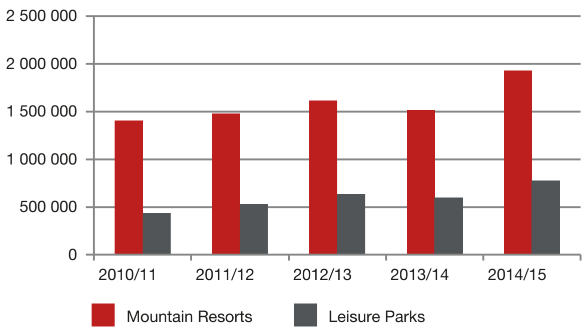


Revenue Breakdown

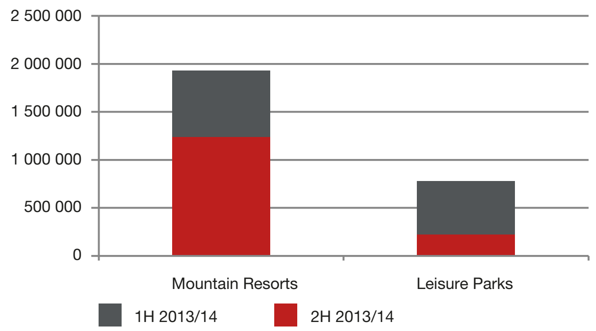


[4] The Aquapark subsegment was renamed Leisure Parks due to the takeover of operations of Silesian Amusement Park from May 2015.
[5] The total visit rate is measured by the number of entry passes sold in the aquapark and for cableways in the summer season and by the number of skier days in the winter 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.

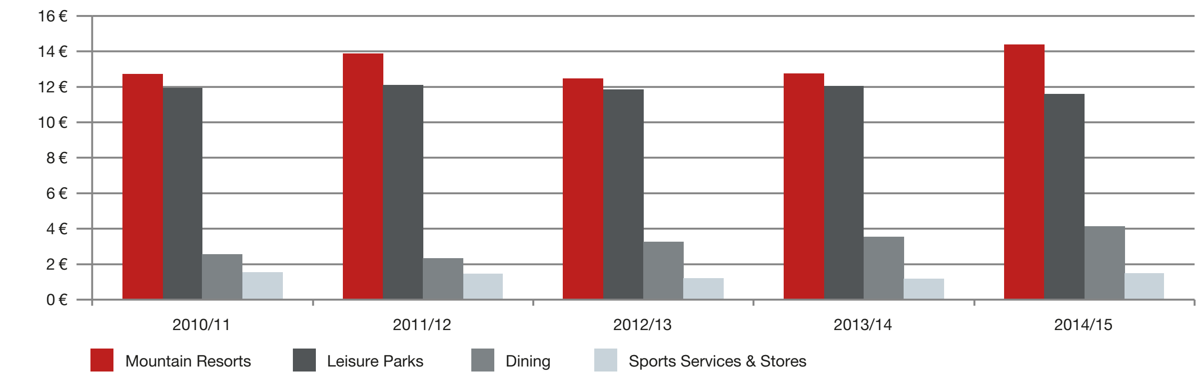
Visit Rate in Mountains and Leisure



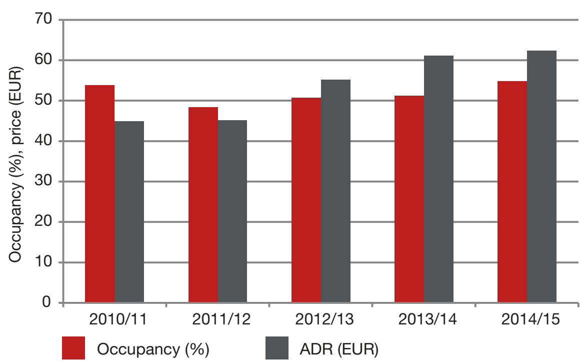
Visit Rate in 2014/15



Average Revenues per Visitor



KPIs of Hotel Portfolio



Hotels

The weighted average occupancy of the TMR hotel portfolio increased to 54.8% (51.2) with 694 (696) rooms. The hotels were occupied to full capacity during peak periods of the New Year and the 'Golden Week' (24.12.-6.1.) despite a drop in Russian-speaking visitors. The decrease in visitors from Russia (by half) and Ukraine was compensated by Polish, Slovak, and Czech guests. Also thanks to the long winter season and a higher visit rate in the resorts, the average daily room rate (ADR) in the weighted average increased to EUR 62.36 (61.09).

FINANCIAL OPERATING RESULTS

Mountains and Leisure

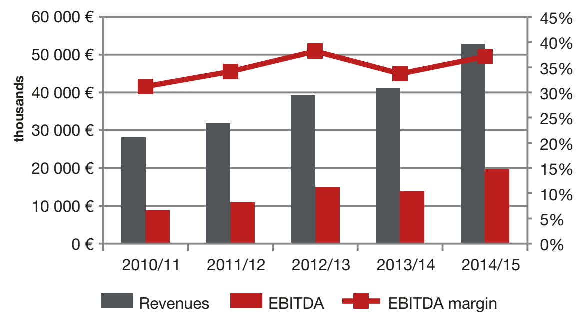
Thanks to a favorable summer weather and a long winter with abundant snowfall and temperatures below freezing the main segment of Mountains and Leisure, which includes subsegments of Mountain Resorts, Leisure Parks, Dining, and Sports Services & Stores, recorded a 28.8% growth in revenues year-over-year to reach EUR 52.951 mil. (41.124). On a like-for-like basis excluding the impact of the SON resort and Silesian Amusement Park the segment recorded a 22.2% growth. The revenues of the main segment make up 74.7% of the Group's total operating revenues. Thanks to the growing visit rate and average revenue per visitor all the subsegments reported a revenue growth. Mountain Resorts were up 27.9% (21.3% excluding SON). Leisure Parks improved revenues by 20.0% (+4.9% excluding Silesian Amusement Park); Dining reported a 34.6% growth; whilst Sports Services & Stores were up 47.0%. 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 and thanks to spring break. The next most successful quarter was the fourth quarter (August - October), i.e. the peak of the summer. Operating profit before interest, tax and depreciation (EBITDA) increased year-over-year by 41.9% to EUR 19.669 mil. (13.860) and by 41.6% like-for-like, which means that operating profitability measured by EBITDA margin reached 37.2% (33.7).

Mountain Resorts

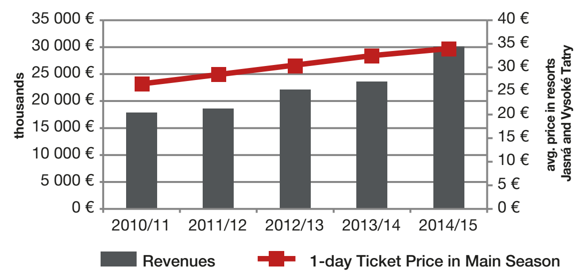
Within the main segment of Mountains and Leisure, Mountain Resorts is the strongest subsegment in terms of revenues, with a 42.5% (41.8) share in total revenues. Its revenues come mainly from sale of ski passes in resorts Jasná Nízke Tatry, Vysoké Tatry, and SON[6]. Other revenues come from leases of billboards and other advertising space and from marketing events in the resorts and from fees for management consulting services to the Špindlerův Mlýn resort. Thanks to the successful winter and summer season 2014/15 and the first winter operation of the SON resort by TMR the Group achieved a 27.9% revenue growth in Mountain Resorts in total of EUR 30.118 mil. (23.552) and a 21.3% like-for-like growth excluding the SON resort. The revenue growth was achieved thanks to several factors. The successful winter and summer season 2014/15 attracted more visitors to the resorts, and clients were spending more on average also due to ski pass prices on average higher by EUR 2 (for one-day tickets). 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, and additional parking capacities. 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 Spring Skiing with discounted ski pass sales. Online ski pass sale through the GOPASS program, available in resorts Jasná and Vysoké Tatry, increased year-over-year by 194% in the number of skier days sold, and it made up 20% of total ski pass sale in the Tatra resorts.

[6] Does not include revenues of SKIAREAL Špindlerův Mlýn (Melida a.s.), which is classifed as a financial investment according to IFRS

Operating Results Mountains and Leisure Parks



Pricing vs. Revenues Mountain Resorts



Mountain Resorts' EBITDA increased 58.2% to EUR 12.566 mil. (7.945), and consequently Mountain Resorts reached operating profitability of 41.7% (33.7). On the like-for-like basis EBITDA improved 55.1% excluding the impact of the SON resort. The EBITDA improvement was achieved by continuous cost optimization and due to the revenue growth.

Leisure Parks

Revenues of Leisure Parks[7] come mainly from sale of entry tickets to Aquapark Tatralandia and Silesian Amusement Park (from May 2015) and make up 13.0% (13.6) of total revenues. The revenues for last year grew by 20.0% to EUR 9.207 mil. (7.672). Like-for-like, excluding the impact of Silesian Amusement Park, they improved by 4.9%. Beside the positive impact of Silesian Amusement Park (75% share) on revenues, the increase in revenues was achieved by a growth of visitors in Tatralandia while its average revenue per visitor remained the same. The strongest revenues were reported for the fourth quarter (August - October) thanks to a relatively warm August, even though the all-year concept of Aquaparku Tatralandia generates revenues throughout the whole year. EBITDA improved by 3.2% to EUR 3.988 mil. (3.864) and by 8.3% excluding the impact of Silesian Amusement Park. Leisure Parks' operating profitability fell to 43.3% (50.4) due to costs associated with the acquisition of Silesian Amusement Park and takeover of its operation.

[7] The Aquapark subsegment was renamed Leisure Parks due to the takeover of operations of Silesian Amusement Park from May 2015.

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 14.1% (13.2) 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 fourth quarter (August - October). Total revenues of this subsegment reached EUR 10.018 mil. (7.445), which means an increase of 34.6%. Operating profitability of this subsegment reached 23.7% (22.3), with EBITDA growing to EUR 2.379 mil. (1.662). This subsegment's success is partly dependent on success of the resorts, as Dining provides supplementary services in the Mountain Resorts. The increased visit rate in the resorts, higher visitor spending, as well as numerous marketing events during the year contributed to the subsegment's positive results.

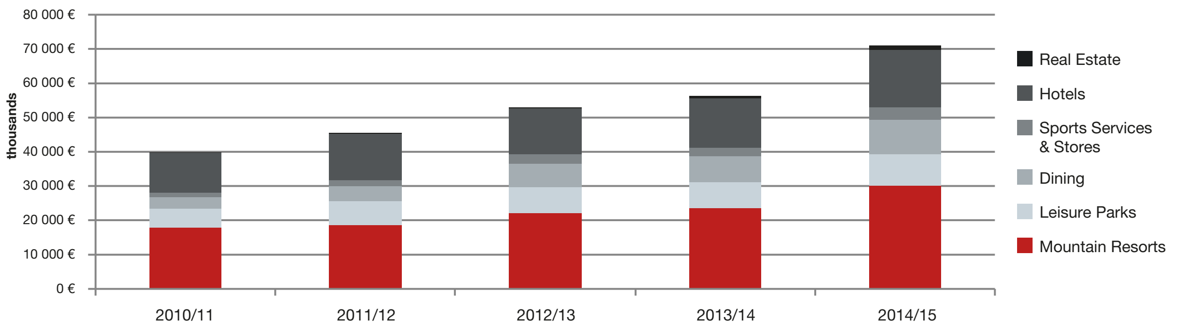
Sports Services & Stores

Revenues generated from sports stores, ski schools, ski rent and service in the Mountain Resorts under the Tatry Motion brand and revenues from stores in Aquapark Tatralandia last year made up a 5.1% (4.4) share in total revenues. Revenues from this subsegment are closely related to the visit rate in Mountain Resorts, so they too increased to EUR 3.608 mil. (2.455). As these supplementary services are used mainly in the winter season, the strongest quarter was the second one (February - April), followed by first quarter (November -January). EBITDA improved by 90.1% to EUR 737 thous. (388). Operating profitability reached 20.4% (15.8).

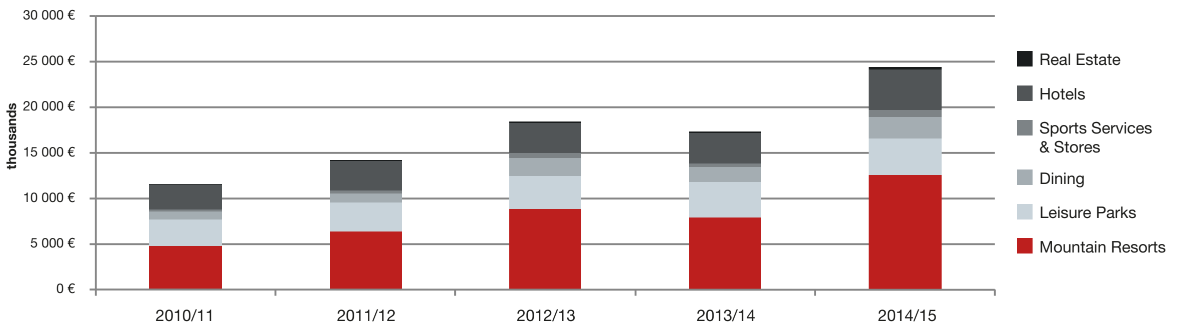
Hotels

The Group's second largest segment is Hotels, revenues of which make up a 23.6% (25.8) share in total revenues. Hotels ended the financial year with revenues amounting to EUR 16.751 mil. (14.532) - a 15.3% growth. The strongest quarter of this segment was the first one (November - January), closely followed by the second quarter (February - April). Besides the higher average occupancy and higher ADR of the hotel portfolio, the increased Hotels revenues are also attributable to synergic effects with Mountain Resorts and Tatralandia, supported by active marketing, sale and focus on loyal clients. The results were also impacted by full occupancy especially during peak periods,

Operating Revenues

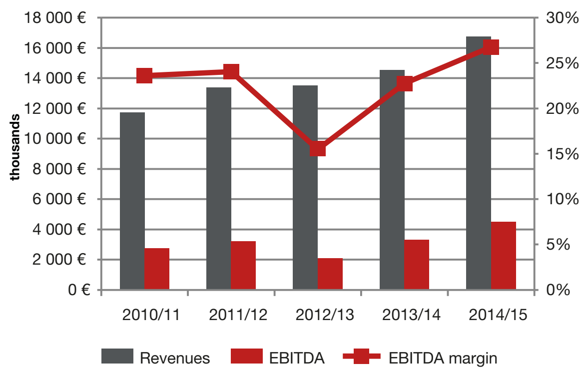


EBITDA



such as New Year and the 'Golden week' (24/12-6/1), and by a longer season than the year before. The decrease in the number for visitors from Russia (by half) and Ukraine during the Golden week was compensated by Polish, Slovak, and Czech guests. EBITDA increased by 35.6% to EUR 4.482 mil. (3.307), corresponding with EBITDA margin of 26.8% (22.8).

Operating Results Hotels



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. Sale of apartments as part of the project Chalets Jasná Otupné has not been completed as of the end of the reported period. Other real estate projects have not been realized yet. Real Estate revenues make up 1.7% of total revenues and they reached the level of EUR 1.213 mil. (0.653) and EBITDA of EUR 259 thous. (118) with EBITDA margin of 21.4% (18.0).

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

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 2014/15 the Group operated with liquid funds in the amount of EUR 8.219 mil. in the form of cash and cash equivalents. As of the end of 2013/14 the Group operated with liquid funds in the total of EUR 11.050 mil. Out of that EUR 3.903 mil. EUR were cash and cash equivalents and EUR 7.147 mil. were current loans provided to J&T Private Equity B.V. At the beginning of 2015 these current loans were repaid.

Borrowings

The total value of the Group's borrowings amounted to EUR 222.421 mil. (228.144). Out of that issued bonds are valued at EUR 184.542 mil. The total value of the Group's bank loans and leases as of the end of the period came to EUR 37.879 mil. (43.737). The Group draws its bank borrowings from Tatra banka and Polish Powszechna Kasa Oszczedności Bank Polski and Bank Spóldzielczy in Cieszyn. The value of borrowings with maturity within 12 months was EUR 10.012 mil. (10.035). During 2014/15 none of the loans matured. The average interest rate on the bank borrowings for the year came to 2.86% (3.37). The level of the Group's debt as of the period end was at 68.3% (69.0) (total debt-to-capital ratio). Total debt-to-EBITDA ratio increased to 9.1 (12.4) (See Consolidated Financial Statements, Item 27, 31).

Total Assets

The book value of total assets increased to EUR 360.921 mil. (359,619). The value of current assets increased to EUR 47.155 mil. (41,029). On the other hand, non-current assets fell to EUR 313.766 mil. (318.590) mainly due to depreciation of fixed assets, the book value of which amounted to EUR 272.831 mil. (281.328). The key investments included construction of nine new chalets as part of the project Chalets Jasná Otupné, which were recognized as inventory. Other investments were minor and were designated for enhancement of services in the resorts.

Equity

The book value of shareholders' equity amounted to EUR 103.331 mil. (102.312), whilst retained earnings and other funds totaled EUR 24.806 mil. (24.097).

CASH FLOW

Cash flow generated from operating activities reached EUR 23.440 mil. (15.809). Cash flows assigned for investment activity reached EUR -2.143 mil. (-23.732), whilst EUR -4.355 mil. (-27.487) covered CAPEX associated with acquisition of property. Management-adjusted CAPEX of EUR 6 mil. were evaluated for the calendar year as opposed to IFRS. Cost of business combinations totaling EUR -0.735 mil. (-7.024) include costs of acquiring a 75% share in Silesian Amusement Park in Poland totaling EUR -7.450 mil., net of acquired cash of EUR 6.715 mil. The Company recorded cash flows generated from financing activities in the amount of EUR -16.981 mil. (7.546). During the year the Group repaid principal of loans received in the amount of EUR -9.032 mil. and drew new loans in the amount of EUR 4.019 mil.

Financial Position in €'000	October 31	
	2014/15	2013/14
Total Assets	360 921	359 619
Non-current Assets	313 766	318 590
Fixed Assets	272 831	281 328
Other Non-current	40 935	37 262
Current Assets	47 155	41 029
Liquid Assets	8 219	11 050
Equity	103 331	102 312
Liabilities	257 590	257 307
Non-current Liabillities	227 426	232 305
Current Liabilities	30 164	25 002
Total Debt	222 421	228 144

OUTLOOK

Management expects continuing positive effects stemming from capital investments of prior periods totaling EUR 206 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. 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 inter-segment synergies, quality management, on increasing the quality of services provided and quality of Human Resources, and on active sales strategy also through the GOPASS program. In the 2015/16 winter season TMR will introduce a new mobile app GOPASS, which will enable easier online shopping for ski passes, even right at cableway entry gates. Through this additional sales channel management expects to grow in e-shop sales. As for significant events, after 32 years the Jasná resort will again host the World Cup in Alpine Skiing, which should boost the popularity of the resort and attract new clients. In the following periods management plans to continue in the projects of modernization of the Polish SON resort and Silesian Amusement Park, which are expected to contribute to sales growth by increasing the visit rate and client spending.

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	
	2014/15	2013/14
Net Cash from Operating Activities	23 440	15 809
Net Cash from Investing Activities	-2 143	-23 732
Net Cash from Financing Activities	-16 981	7 546
Net Increase in Cash and Cash Equivalents	4 316	-377


LIB

Corporate Social Responsibility

ENVIRONMENT AND COMMUNITY

TMR owns and operates major tourist resorts mainly in Slovakia and Poland. Majority is located in the area of national parks. The Company concentrates solely on traditional, already urbanized areas, where sports 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 2014/15

TMR's projects of 2014/15 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 organizations (DTOs). TMR is a member of three DTOs covering the whole region of the Company's operation. It includes the following DTOs:

- DTO High Tatras Region
- DTO Liptov Region
- DTO Low Tatras South

All the aforementioned organizations developed projects of common communication and/or support to the regional infrastructure aiming to improve their establishment on the tourism market. 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.

The DTO Liptov Region operated in 2015 with the budget of more than EUR 1.7 mil. It ran several projects to support summer and winter tourism, and to make regional services more attractive - the project Find treasures of Liptov, operation of a ski & aqua bus, Liptovian Star 2015, 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 100 thous. Liptov tourists applied for in 2015. The organization supported several events (marketing of World Cup in Downhill Skiing, Opening of the summer and winter season in Liptov, LiptovFest, Spartan Race, Riding Easter Egg to Mt. Chopok, Dragon Nights, Tropical Party, and Summer Beach Party). As part of the region support, marketing activities on new markets (Ukraine, the UK, Baltic region) included an online and print campaign and support of new airline connections London - Poprad and Poprad - Riga. 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.

Last year the High Tatras' DTO High Tatras Region made a contribution to the common projects in the amount of EUR 960 thous. (membership fees + a EUR 846 thous. grant). The key events included - Tatry Ice Master, Snow Dogs, Tennis ATP Challenger Poprad - Tatry, Venetian Night at Štrbské pleso, Bear Days at Hrebienok, Marmots at the Lake, and construction of Tatry Ice Dome, which was available to visitors from December to March. During this period it was visited by 165 thous. visitors. Common promotion materials were made, such as maps, guides, and an accommodation catalogue. The High Tatras DTO sponsored the entire TATRY Card project. Infotours were organized for media and for tour operators from Poland, Hungary, Russia, Baltic states, and Great Britain. The DTO attended fairs and exhibitions in the following cities: Warsaw, Krakow, Prague, Budapest, and London. The High Tatras region was also promoted at ITF Slovakiatour under the DTO Northeast Slovakia. 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 continued to support marketing of two airline connections London - Poprad and Riga - Poprad. In addition, it contributed to launching of a new connection Warsaw - 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. A new relax zone was added at Hrebienok. The DTO provided 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 published on the website and in promotion materials. The DTO High Tatras Region was a supporter of great sports events, such as Universiade at Štrbské Pleso - it helped with a camera system; welcome boards in Vysoké Tatry; and information boards at Štrbské Pleso. It contributed to the renovation of the sports arena at Štrbské Pleso. New lockers were purchased for cross-country skiing fans, and the entrance gate to Štrbské Pleso was upgraded.

All DTOs 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 Demänovská 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. This project gradually expands from Tatranská 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.

In June and September 2015 the Green Chopok event took place at Mt. Chopok as a public proposal of people of Liptov for cleaner mountains. The event was attended by primary school students, as well as seniors from a tourist club and mountain fans. Visitors from London, Ostrava, or Jihlava could even be spotted. The activists went through tons of rocks and garbage left from the winter season. The event's positive impact and a great interest from public are the reason that it will take place again next year.

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 :

- Winter Spartan Race
- Skialp Grandtour
- Skialp 2015
- Freestyle Championship in Slopestyle
- Expedition Kosodrevina
- Jasná Junior Open
- Race from the Tatras to the Danube River
- Mikulášska Lodge Duathlon
- Winter Universiade 2015
- Ski & Golf Slovakia 2015
- Šľusovka
- Žampa Cup 2015
- Skalnaté pleso Run
- Poprad - Tatry Challenger Tour
- Sports weekend in the Tatras with TV JOJ, incl. Extreme Run and Rajec High Tatras Night Run

HUMAN RESOURCES

The annual average number of the Company employees for the financial year 2014/15 totaled 1,009 (1,018). This proves that the Company is considered a major and credible employer in the region. The Group's business activity is affected by seasonality, which also impacts the number of job positions filled. The Group hires hundreds of full-time employees and contractors especially before the winter and summer season, which shows efficient human capital management. More than 20% of seasonal workers keep coming back for the following season.

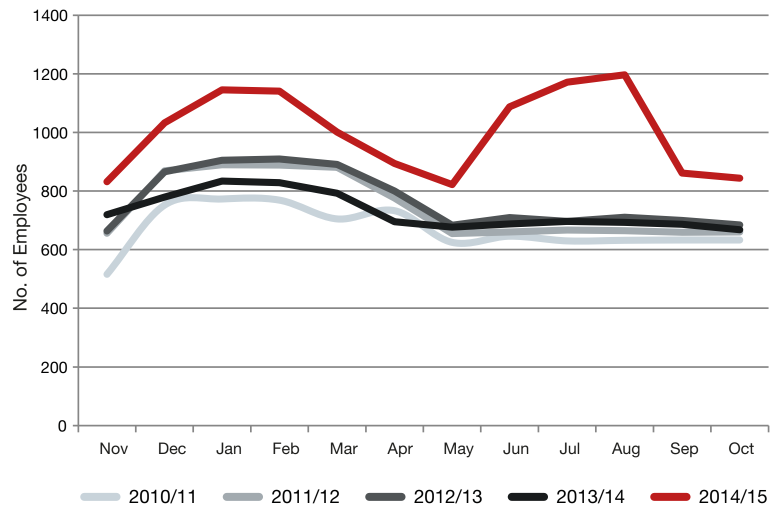
We are employing 60% men and 40% women as an effort to provide equal employment opportunity. TMR gives an employment opportunity to young people, as well, as 32% of core employees belong to the 18-30 age group. Employees up to 40 years old make up 61% of total employees.

The Group focuses on increasing the quality of personnel and its training in order to maintain the level of services provided. The basic goal of the human resources management is employee training, that's why the amount of EUR 65,300 was invested into employee training. It focuses not only on mandatory regulatory training but also varied continuous education.

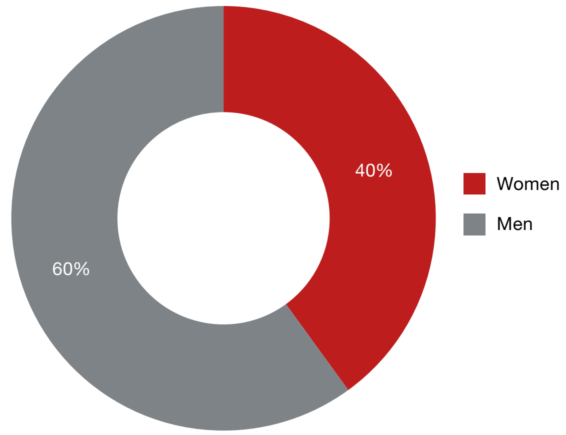
The goal of the human resources management is to keep growing as a modern company, which cares about the personal growth of its employees and thus prefers internal recruitment in the hiring process.

Within our projects, this past year we focused on systematic measures - Employee evaluation - and we consider it one of the most effective tools for employee motivation and improvement of work performance in the organization.

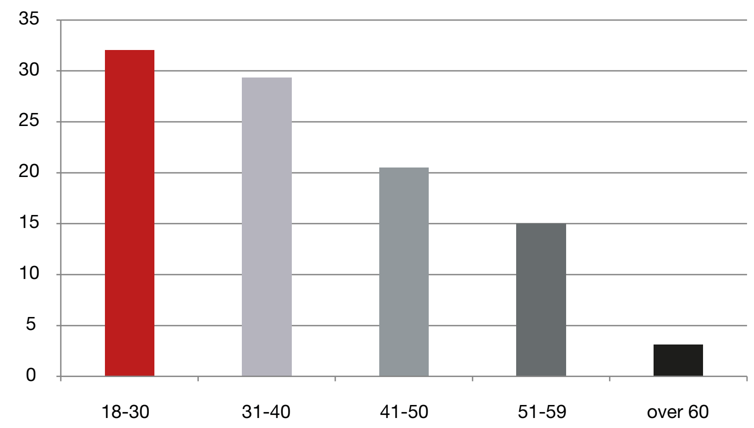
Employment Trend during 2011-2015



Employees' Gender Structure



Employees' Age Structure %



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 2015, 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, a member of the supervisory boards of SZCZYRKOWSKI OŚRODEK NARCIARSKI SPÓŁKA AKCYJNA, Szczyrk, Poland and ŚLĄSKIE WESOŁE MIASTECZKO SPÓŁKA Z ORGANICZONĄ ODPOWIEDZIALNOŚCIĄ Chorzów, Poland.

Number of shares held as of 31 October 2015: 710

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

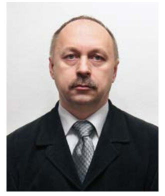
Mr. Hodek was first elected as a member of the Board of Directors in June 2009. On 27/05/2014 he was reelected, effective as of 30/06/2014. He joined the Company as the Chief Financial Officer in 2007; later he was engaged in the financial consolidation of the companies which now are

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. Currently, he serves as the Company's CFO. 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. He is also a supervisory board member at SZCYRKOWSKI OŚRODEK NARCIARSKI SPÓŁKA AKCYJNA, Szczyrk, Poland and ŚLĄSKIE WESOŁE MIASTECZKO SPÓŁKA Z ORGANICZONĄ ODPOWIEDZIALNOŚCIĄ Chorzów, Poland.

Number of shares held as of 31 October 2015: 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., SANUS Real, s.r.o. and HS WEST, s. r.o. He is also 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 2015: 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 Liptovsky 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. and C4U, s.r.o.

Number of shares held as of 31 October 2015: 500

- **Dušan Slavkovský** - member of the Board of Directors since 1/5/2010 and Director of the Mountain Resort Vysoké Tatry

Mr. Slavkovský was first elected as a member of the Board of Directors in May 2010. On 23/03/2015 he was reelected, effective as of 01/05/2015. In the past he served as Director of mountain resorts; following an organizational restructuring in the Company he is now Director of the mountain resort Vysoké Tatry. Previously he held the position of Director of Tatranské lanové dráhy, a.s. Under his leadership the Vysoké Tatry resort, which was primarily focused on the year-long operation of cableways, was turned into a mountain resort providing comprehensive and high-quality year-long services. Previous jobs include Odštepný závod ŽSR Tatranské lanové dráhy (Director) and Tatranské lanové dráhy, a. s. (Director).

Besides his roles at TMR, Ing. Slavkovský sits on the Board of Directors of 1. Tatranská, akciová spoločnosť and Tatranské družstvo. He is also vice-chairman of SZCZYRKOWSKI OŚRODEK NARCIARSKI SPÓŁKA AKCYJNA, SZCZYRK, Poland and since 2014 he is a member of the supervisory board of KORONA ZIEMI SPÓŁKA Z OGRANICZONA ODPOWIEDZIALNOSCIA, Zawoja, Poland.

Number of shares held as of 31 October 2015: 105

- **Michal Krolák** - member of the Board of Directors since 18/02/2011 and Director of Development and Quality Management

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. Currently, he serves as

Director of Development and Quality Management. 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 Štrbske 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 and partner at ESPERANZA Travel, s.r.o. and HT Service s.r.o.

Number of shares held as of 31 October 2015: 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 2015, basic remuneration totaled EUR 159 thous. Bonuses of EUR 231 thous. were awarded for meeting the set criteria (achieving the EBITDA plan for the period ending 31-10-2015).

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 2015, 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;
- Adam Tomis - member of the Supervisory Board, elected by the General Meeting
- Pavol Mikušiak -member of the Supervisory Board, elected by the General Meeting;
- Boris Kollár - member of the Supervisory Board, elected by the General Meeting till 25/04/2015;
- Roman Kudláček - member of the Supervisory Board, elected by the General Meeting;
- Martin Kopecký - member of the Supervisory Board, elected by the General Meeting from 25/04/2015;
- 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:
25/04/2015 - the Annual General Meeting removed the Supervisory Board member, Boris Kollár, effective as of 25/04/2015.
25/04/2015 - Based on the proposal of the Company shareholders with the aggregate interest over 5%, the Annual General Meeting agenda was amended with an additional item on election of a Supervisory Board member. Based on the proposal of the shareholders, Martin Kopecký was elected a new member of the Supervisory Board, effective as of 25/04/2015.

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., C4U, s.r.o and RCBT, s. r. o. He is also a member of a supervisory commission of an agricultural union of MENGUSOVCE and a member of the Supervisory Board of RIVERSAND a. s., Snowparadise a.s., and SOLIVARY akciová spoločnosť Prešov in liquidation.

Number of shares held as of 31 October 2015: 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., ENNEL, s.r.o. and TLD, s. r. o.; as a partner in E-is-W, s.r.o. and DITERGO, s.r.o.

Number of shares held as of 31 October 2015: 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 2015: 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., and LEVEL a.s. At the same time, he holds a position of chairman of the Board of Directors at Svätojánske Kúpele, a.s., vice-chairman of the Board of Directors at CBA VEREX, a.s., VEREX HOLDING, a.s. and VEREX-ELTO, a.s.; and a member of the board at VETEX ŽILINA, a.s. He is a legal representative of ELTO REALITY, s.r.o., VEREX REALITY s.r.o., HYDINA HOLDING, s.r.o., PeLiM, práčovne a čistiarne, s.r.o. and NAVOS s.r.o.

Number of shares held as of 31 October 2015: 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. and a member of the Supervisory Board at EUROCOM Investment, s.r.o. a WORLD EXCO s.r.o.

Number of shares held as of 31 October 2015: 1,000

- **Martin Kopecký** - member of the Supervisory Board from 25/04/2015

PhDr. Martin Kopecký, MSc, CFA was elected a member of the Supervisory Board by the General Meeting on 25/04/2015. Since 2011 he has been working at J&T IB and Capital Markets, specializing in bonds issues and M&As within the J&T group, as well as externally. He has experience with transactions in banking, consumer finance, and retail. Previously, he worked at Ernst & Young in transactions consulting and valuations. He earned his master's degree at Oxford University and PhDr. at Charles University in Prague. Also he is a CFA - Chartered Financial Analyst.

Besides his role as a Supervisory Board member, he is also a partner at IKE Media s.r.o., the Czech Rep.

Number of shares held as of 31 October 2015: 0

- **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 2015: 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 2015: 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 2015: 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 2015 totaled EUR 43 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 2015, the Audit Committee comprised two members: :

- **Jozef Hodek** - As of 31 October 2015, the Audit Committee comprised two members:
- **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.

For the year ending 31 October 2015 based on the decision of the Supervisory Board from 23/03/2015, remuneration for 2014/15 was distributed to the Audit Committee member, Mrs. Prokopová, in the amount of EUR 400. No remuneration was paid to Mr. Hodek.

TOP MANAGEMENT

The top management's responsibility is the day-to-day management of operations and service departments. In 2015 a new organizational structure was implemented.

As of 31 October 2015, the top management comprised nine 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 the Mountain Resort Vysoké Tatry and member of the Board of Directors
- **Matej Hulej** - Director of the Mountain Resort Jasná Nízke Tatry
- **Michal Krolák** - Director of Development and Quality Management and a member of the Board of Directors
- **Tomáš Kimlička** - Finance Director
- **Vladimír Čukan** -Director of Development
- **František Šoltis** - Director of Trade and Marketing
- **Igor Mráz** - Director of Aquapark Tatralandia till 30/03/2015 and again from 04/08/2015

- **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 the Mountain Resort Vysoké Tatry 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 Development and Quality Management 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 of the Mountain Resort Jasná Nízke Tatry

Mr Hulej joined the company in 2007, since May 2010 he has held the position of Director for Sports Services and Stores of TMR. Since 2015 he serves as Director of the Mountain Resort Jasná Nízke Tatry. 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 2015: 104

- **Tomáš Kimlička** - Finance Director

Tomáš Kimlička joined TMR in 2010 as Finance Director responsible for accounting, taxes, controlling, reporting, IT procurement, and office management. Previously he held various senior finance roles at Pirelli Cables, SkyEurope Airlines, and Dell. Mr. Kimlička graduated from the University of Economics in Bratislava, Faculty of Business Informatics with major in Accounting and Audit.

Number of shares held as of 31 October 2015: 0

- **Vladimír Čukan** - Director of Development

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 2015: 500

- **František Šoltis** - Director of Development

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 2015: 500

- **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 2003 till 30/03/2015 and again since 04/08/2015. 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. From 01/11/2014 till 31/07/2015 he served as a legal representative at EUROCOM Investment, s.r.o. 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 2015: 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 basic remuneration paid for the year ending 31 October 2015 totaled EUR 475 thous. Extraordinary bonuses amounted to EUR 583 thous.

Remuneration of TMR Leadership 2014/15 in €'000	Basic Re-muneration	Extraor-dinary Bonuses	Total
Board of Directors	159	231	390
Supervisory Board	43	0	43
Top Management	475	583	1 058
Audit Committee	0,4	0	0,4
Total	**677**	**814**	**1 491**

Remuneration of TMR Leadership 2013/14 in €'000	Basic Re-muneration	Extraor-dinary Bonuses	Total
Board of Directors	147	0	147
Supervisory Board	61	0	61
Top Management	432	358	790
Audit Committee	0,0	0	0,0
Total	**640**	**358**	**998**

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 2014 - 31 October 2015 was held on 25 April 2015.

Annual General Meeting Held on 25 April 2015

At the Annual General Meeting held on 25 April 2015, 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 settling the loss made in the financial year beginning on 01/11/2013 and ending on 31/10/2014 in the amount of EUR 225,254. The whole sum was to be transferred to the ´Accumulated losses of previous periods´ account.
4. Approval of the auditor - KPMG Slovensko spol. s.r.o. to audit the financial statements for the year ending 31 October 2015
5. Removal of the member of the Supervisory Board - Boris Kollár
6. Election of the new member of the Supervisory Board - Martin Kopecký 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 2014 to 31 October 2015, the Company's Supervisory Board carried out the Company monitoring activities consisting of nine members. In April 2015, the Annual General Meeting removed the Supervisory Board Member, Boris Kollár, effective as of 25/04/2015, elected a new Supervisory Board member, Martin Kopecký, based on a shareholder proposal, effective as of 25/04/2015. In the period from 1 November 2014 to 31 October 2015, the Supervisory Board held three sessions:

- On 10/12/2014 six members of the Supervisory Board were present.
- On 23/03/2015eight members of the Supervisory Board were present.
- On 15/09/2015seven members of the Supervisory Board were present.

During the financial year ending 31/10/2015 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.** The 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) 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/documented 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's top management. The Chairman of the Supervisory Board, as an individual and through the companies he owns, holds 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 **Best Practices for GPW Listed Companies 2016** required by the Warsaw Stock Exchange, the Company's corporate governance does not accord with the Best Practices in the following issues:

- **I.Z.1.3.:** A company should operate a corporate website and publish on it, in a legible form and in a separate section: a chart showing the division of duties and responsibilities among members of the management board drawn up according to principle II.Z.1;

Partially met. Currently, the Company website does not present such chart. However, the website lists members of the Board of Directors with description of their roles, and their short CV.

- **I.Z.1.15.** A company should operate a corporate website and publish on it, in a legible form and in a separate section: information about the company's diversity policy applicable to the company's governing bodies and key managers; the description should cover the following elements of the diversity policy: gender, education, age, professional experience, and specify the goals of the diversity policy and its implementation in the reporting period; where the company has not drafted and implemented a diversity policy, it should publish the explanation of its decision on its website;

Not met. Even though the Company strives to enable equal employment opportunity and employs 60% men and 40% women, it has not yet prepared and implemented a diversity policy for its statutory bodies and top management, thus such policy is not published on the Company website either. Main criteria for selecting candidates for key positions and statutory bodies are competency and fulfillment of requirements for a given role; not factors such as sex or age.

- **I.Z.1.20.** A company should operate a corporate website and publish on it, in a legible form and in a separate section: an audio or video recording of a general meeting;

Partly met. The Company tries to publish video recordings from its general meetings if benefit of these recordings is justified in comparing to high costs associated with them and if they fit within the budget for the general meeting.

- **II.Z.1.** The internal division of responsibilities for individual areas of the company's activity among management board members should be clear and transparent, and a chart describing that division should be available on the company's website.

Partly met. The Company presents its internal division of responsibilities among members of the Board of Directors on its website in wording.

- **II.Z.3.** At least two members of the supervisory board should meet the criteria of being independent referred to in principle II.Z.4.

Not met. None of the Supervisory Board members meets the criteria of independence referred to in principle II.Z.4. Even though the Company considers three members of the Supervisory Board, elected by the Company employees, as independent, since they hold non-managerial roles in the Company, according to the new Best Practices for GPW Listed Companies 2016, they cannot be considered independent.

- **II.Z.10.1.** In addition to its responsibilities laid down in the legislation, the supervisory board should prepare and present to the ordinary general meeting once per year an assessment of the company's standing including an assessment of the internal control, risk management and compliance systems and the internal audit function; such assessment should cover all significant controls, in particular financial reporting and operational controls.

Partly met. The Supervisory Board presents to the Annual General Meeting a report prepared according to the legislation and the Company's Articles of Association.

- **II.Z.10.2**. a report on the activity of the supervisory board containing at least the following information:

  - full names of the members of the supervisory board and its committees;
  - supervisory board members' fulfilment of the independence criteria;
  - number of meetings of the supervisory board and its committees in the reporting period;
  - self-assessment of the supervisory board;

Partly met. The Supervisory Board's report has not so far included a description on supervisory board members' fulfilment of the independence criteria, since the members elected by the Company employees are considered independent automatically.

- **IV.Z.2.** If justified by the structure of shareholders, companies should ensure publicly available real-time broadcasts of general meetings.

Not met. The Company has not so far broadcasted its general meetings publicly, since potential benefit of the general meeting being broadcasted does not outweigh costs associated with its organizing. The Company does not exclude the possibility of broadcasting its general meetings in the future, although such decision is subject to the approval of shareholders at the general meeting by amendment of the Articles of Association.

- **IV.Z.3:** 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 2015 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.

- **VI.Z.4.** In this activity report, the company should report on the remuneration policy including at least the following:

1) general information about the company's remuneration system;
2) information about the conditions and amounts of remuneration of each management board member broken down by fixed and variable remuneration components, including the key parameters of setting the variable remuneration components and the terms of payment of severance allowances and other amounts due on termination of employment, contract or other similar legal relationship, separately for the company and each member of its group;
3) information about non-financial remuneration components due to each management board member and key manager;
4) significant amendments of the remuneration policy in the last financial year or information about their absence;
5) assessment of the implementation of the remuneration policy in terms of achievement of its goals, in particular long-term shareholder value creation and the company's stability.

Partly met. The Company publishes its general remuneration rules for the Board of Directors and Supervisory Board and the total sum of remuneration of the Board of Directors, Top Management and Supervisory Board. 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. The Company does not disclose information about non-financial remuneration, as it has not been material so far, nor assessment of the implementation of the remuneration policy in terms of achievement of its goals, in particular long-term shareholder value creation and the company's stability.

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 31/10/2015 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 2014/15.

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 2014/15 the Company prepared Separate Financial Statements in accordance with International Financial Reporting Standards (IFRS).

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. The cooperation concludes with the termination of the contract on 29/02/2016.

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 separate and consolidated financial statements. KPMG Slovensko spol. s.r.o. has been approved to perform the audit of the Company's Separate Financial Statements as of 31 October 2015 and Consolidated Financial Statements as of 31 October 2015 based on the decision of the General Meeting held on 25 April 2015.

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.

PROPOSAL ON DISTRIBUTION OF PROFIT

For the year ending 31 October 2015, the Company achieved net profit of EUR 19 thous. according to Separate Financial Statements. The Board of Directors proposes the following distribution of profit:

1. EUR 1.9 thous. will be allocated to the reserve fund;
2. The remainder in the amount of EUR 17.1 thous. will be transferred to the retained earnings account.

SHARES

Shares

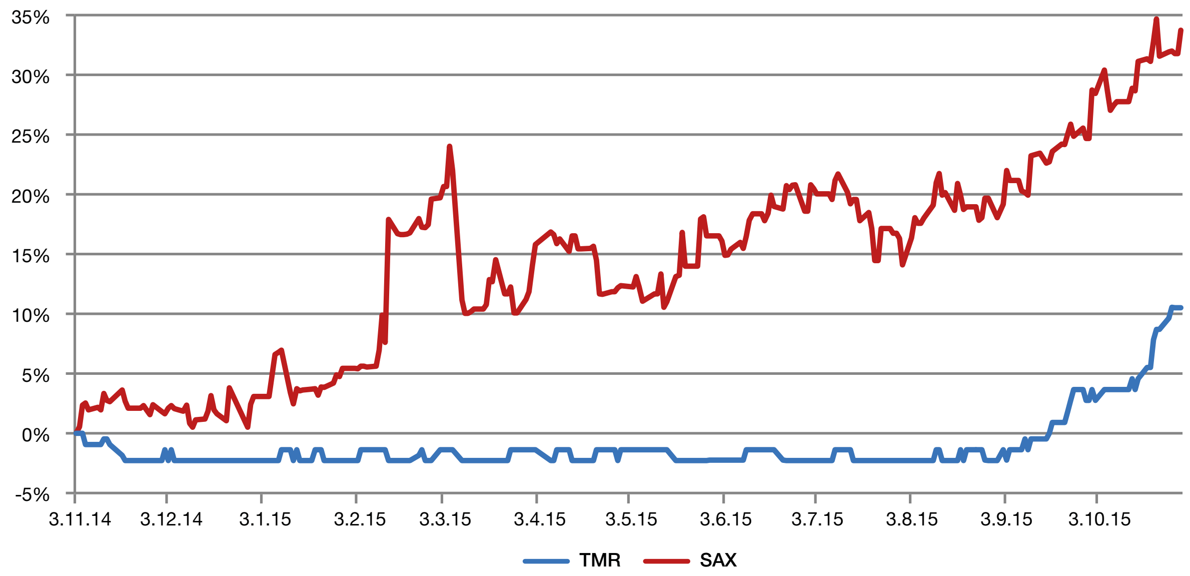
Shareholder Club

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/

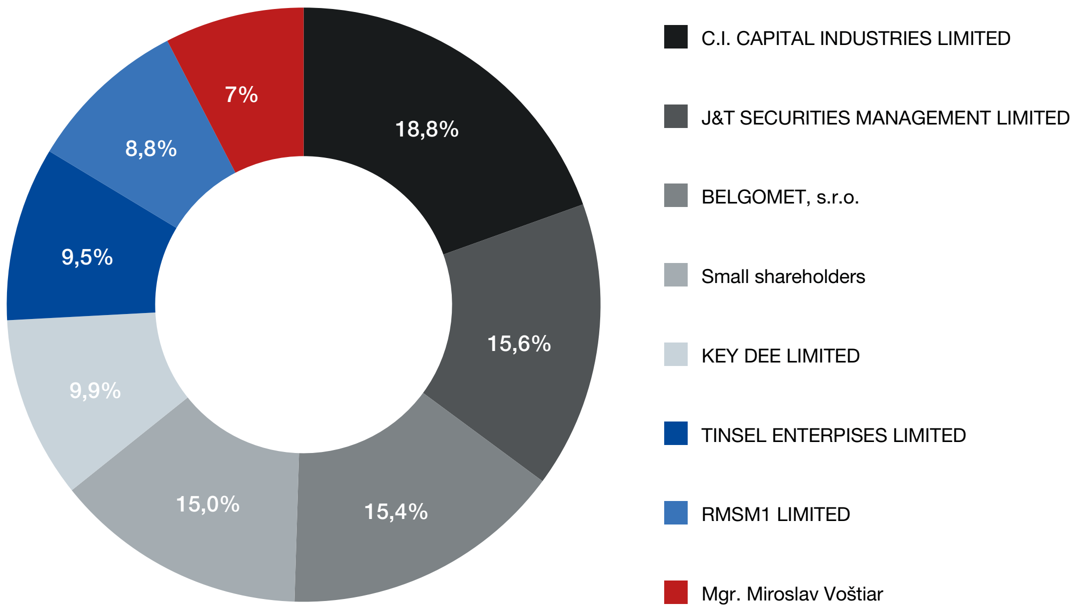
TMR Stock Performance on the BSSE



Closing Price	BSSE (EUR)	WSE (PLN)	PSE (CZK)
31.10.2015	24,09	112,00	695,00
31.10.2014	21,80	94,00	580,40

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

Shareholder Structure as of 31.10.2015



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 31.10.2015:

Company / Name	No. of Shares	Interest in Share Capital		Voting Rights %
		in EUR thousands	%	
C.I. CAPITAL INDUSTRIES LIMITED	1 262 139	8 835	18,8%	18,8%
J&T SECURITIES MANAGEMENT LIMITED	1 048 459	7 339	15,6%	15,6%
BELGOMET, s.r.o.	1 030 919	7 216	15,4%	15,4%
Small shareholders	1 005 667	7 040	15,0%	15,0%
KEY DEE LIMITED	664 058	4 648	9,9%	9,9%
TINSEL ENTERPISES LIMITED	635 490	4 448	9,5%	9,5%
RMSM1 LIMITED	588 166	4 117	8,8%	8,8%
Mgr. Miroslav Voštiar	472 300	3 306	7,0%	7,0%
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 2014 to 31 October 2015 prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the EU

In thousands of EUR	**Note**	**1.11.2014 – 31.10.2015**	**1.11.2013 – 31.10.2014**
Revenue	6	69 991	55 934
Other operating revenue	7	924	375
Total revenue		**70 915**	**56 309**
Consumption of material and goods	8	-11 327	-9 491
Purchased services	9	-17 108	-14 179
Personnel expenses	10	-17 474	-14 832
Other operating expenses	11	-773	-928
Gain on sale of assets		36	147
Increase in fair value of investment property	17	228	1413
Creation and reversal of value adjustments to receivables	22	-87	-28
Profit before interest, taxes, depreciation and amortization (EBITDA)*		**24 410**	**18 411**
Depreciation and amortization	15,16	-13 298	-13 317
Goodwill impairment losses	16	-	-
Profit before interest, taxes (EBIT)		**11 112**	**5 094**
Interest income	12	1 403	1 475
Interest expense	12	-11 072	-7 766
Net loss on financial instruments	13	-1 566	-280
Negative goodwill	3	-	1 569
Profit / (loss) before taxes		**-123**	**92**
Income tax	14	-628	591
Profit/(loss)		**-751**	**683**
Attributable to:			
- Holders of interest in the parent company's equity		**-677**	**703**
- Non-controlling interest		**-74**	**-20**
Other components of comprehensive income			
- Items that may be subsequently restated to profit/ (loss):			
Revaluation of available-for-sale securities to fair value	14	6	-
Foreign currency translation reserve		-505	-119
Total comprehensive income		**-1 250**	**564**

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

Total comprehensive income		**-1 250**	**564**
Attributable to:			
- Holders of interest in the parent company's equity		**-1 176**	**588**
- Non-controlling interest		**-74**	**-24**
Earnings per share (in EUR)	26	**-0,101**	**0,105**
Number of shares outstanding		**6 707 198**	**6 707 198**

*EBITDA represents a profit from recurring activities of the Group before taxes, interest, amortization and depreciation, adjusted to other income and expenses, which are listed under EBITDA.

The Notes provided on pages 94 - 144 constitute an integral part of the Consolidated Financial Statements. An overview of the profit and loss statement by particular segments is in Note. 4 – Information on Operating Segments.

Consolidated Statement of Financial Position

In ths. EUR	**Note**	**31.10.2015**	**31.10.2014**
Assets			
Goodwill and intangible assets	16	15 187	15 120
Land, buildings and equipment	15	266 277	274 064
Investment property	17	6 554	7 264
Loans provided	20	23 406	21 966
Other receivables	22	2 342	176
Total non-current assets		**313 766**	**318 590**
Inventory	19	5 348	2 921
Trade receivables	21	1 734	1 213
Assets available for sale		938	
Loans provided	20	6 677	7 444
Other receivables	22	21 509	21 101
Financial investments	24	385	2 081
Cash and cash equivalents	25	8 219	3 903
Other assets	23	2 345	2 366
Total current assets		**47 155**	**41 029**
Total assets		**360 921**	**359 619**
Equity	26		
Share capital		46 950	46 950
Share premium		30 430	30 430
Profit/(loss) for the period		-677	703
Retained earnings and other funds		24 806	24 097
Foreign currency translation reserve		-493	-115
Total equity attributable to holders of interest in the parent company's equity		**101 016**	**102 065**
Non-controlling interest		2 315	247
Total equity		**103 331**	**102 312**
Liabilities			
Loans and borrowings	27	27 867	33 692
Provisions	30	56	52
Other non-current liabilities	29	-	-
Bonds issued	31	178 520	178 395
Deferred tax liability	18	20 983	20 166
Total non-current liabilities		**227 426**	**232 305**
Loans and borrowings	27	10 012	10 035
Trade liabilities	28	5 939	4 370
Provisions	30	121	121
Bonds issued	31	6 022	6 022
Other current liabilities	29	8 070	4 454
Total current liabilities		**30 164**	**25 002**
Total liabilities		**257 590**	**257 307**
Total equity and liabilities		**360 921**	**359 619**

The Notes provided on pages 94 - 144 constitute an integral part of the Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

In ths. 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/(loss) for the period	-	-	-	-	-	703	**703**	**-20**	**683**
Other components of comprehensive income, after tax									
- items without subsequent reclassification into profit/(loss):									
Revaluation of tangible assets on transfer of investments in property	-	-	-	-	-	-	**-**	**-**	**-**
- items with possible subsequent reclassification into profit/(loss):									
Revaluation of available-for-sale securities at fair value	-	-	-	-	-	-	**-**	**-**	**-**
Foreign currency translation reserve					-115	-	**-115**	**-4**	**-119**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-115**	**703**	**588**	**-24**	**564**
Transactions with owners posted directly into equity									
Contributions to the fund	-	-	571	-	-	-571	**-**	**-**	**-**
Effect of acquisition of a subsidiary					-	-	**-**	**271**	**271**
Total transactions during the year	**-**	**-**	**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**

Consolidated Statement of Changes in Equity (continued)

In ths. 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 2014	**46 950**	**30 430**	**4 448**	**140**	**-115**	**20 212**	**102 065**	**247**	**102 312**
Profit/(loss) for the period	-	-	-	-	-	-677	**-677**	**-74**	**-751**
Other components of comprehensive income, after tax									
- items without subsequent reclassification into profit/(loss):									
Revaluation of tangible assets on transfer of investments in property	-	-	-	-	-	-	**-**	**-**	**-**
- items with possible subsequent reclassification into profit/(loss):									
Revaluation of available-for-sale securities at fair value	-	-	-	6	-	-	**6**	**-**	**6**
Foreign currency translation reserve	-	-	-	-	-378	-	**-378**	**-127**	**-505**
Total comprehensive income for the period	**-**	**-**	**-**	**6**	**-378**	**-677**	**-1 049**	**-201**	**-1 250**
Transactions with owners posted directly into equity									
Contributions to the fund	-	-	-	-	-	-	**-**	**-**	**-**
Effect of acquisition of a subsidiary	-	-	-	-	-	-	**-**	**2 269**	**2 269**
Total transactions during the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2 269**	**2 269**
Balance as at 31 October 2015	**46 950**	**30 430**	**4 448**	**146**	**-493**	**19 535**	**101 016**	**2 315**	**103 331**

The Notes provided on pages 94 - 144 constitute an integral part of the Consolidated Financial Statements.

Consolidated Cash Flow Statement

In ths. EUR	Note	1.11.2014 – 31.10.2015	1.11.2013 – 31.10.2014
OPERATING ACTIVITIES			
Profit / (loss)		**-751**	**683**
Adjustments related to:			
(Profit) from the sale of land, buildings and equipment and intangible assets		-147	-146
Depreciation and amortization	15,16	13 317	13 010
(Release) / creation of value adjustments to receivables		28	28
Impairment of goodwill	16	-	
Loss / (gain) on financial instruments, net	13	-280	280
Gain on sale of subsidiaries and associates	5	-	
(Gain) / Loss on revaluation of investment property	17	-1 413	-1 413
Net interest expense / (income)	12	6 291	6 224
Negative goodwill	5	-1 569	
Change in provisions		-69	-96
Income tax	14	-591	-591
Change in trade receivables, other receivables and other assets		6 314	5 477
Change in inventory		-806	-806
Change in trade liabilities and other liabilities		-5 664	-5 198
Cash flow from operating activity before income tax		**23 139**	**16 094**
Income tax paid		301	-285
Cash flow from operating activity		**23 440**	**15 809**
INVESTING ACTIVITIES			
Acquisition of plant, property and equipment and intangible assets	15,16	-4 355	-27 487
Proceeds from sale of property, plant and equipment and intangible assets		2 222	1 421
Cost of business combinations, net of cash acquired	5	-735	-7 024
Proceeds from paid bills of exchange		-	3 194
Loans provided		-8 084	-10 332
Repayment of loans provided		8 110	7 882
Cost of acquisition of financial investments		-15	-
Income from the sale of financial investments		-	288
Interest received	20, 22	714	8 326
Cash flow from investing activity		**-2 143**	**-23 732**
FINANCING ACTIVITIES			
Repayment of liabilities from financial leasing		-993	-897
Repayment of received loans and borrowings		-9 032	-10 791
Loans and borrowings		4 019	14 930
Repayment of liability from reduction of share capital		-29	-174 135
Bonds issued		-	180 582
Interest paid		-10 947	-2 143
Dividends paid		-	-
Cash flow from financing activity		**-16 981**	**7 546**

Consolidated Cash Flow Statement (continued)

In ths. EUR	Note.	1.11.2014 – 31.10.2015	1.11.2013 – 31.10.2014
Net increase /(decrease) of cash and cash equivalents		4 316	-377
Cash and cash equivalents at the beginning of the year	25	3 903	4 280
Cash and cash equivalents at the end of the year	**25**	**8 219**	**3 903**

The Notes provided on pages 94 - 144 constitute an integral part of the Consolidated Financial Statements.

1. Information about the Group

Tatry mountain resorts, a.s. (hereinafter referred to as the "Parent Group" or the "Group") is a joint stock company with the registered office and place of business in Demänovská Dolina 72, Liptovský Mikuláš 031 01. The company was established on 20 March 1992 and was registered in the Commercial Register on 1 April 1992. The Group identification number is 31 560 636 and the Group tax identification number is 2020428036.

The Group is not a member having unlimited liability in other accounting entities.

Starting from 19 November 1993, the Group shares are registered on the Bratislava Stock Exchange; starting from 15 October 2012, on the Warsaw Stock Exchange (WSE), and starting from 22 October 2012, on the Prague Stock Exchange (BCCP). On 22 August 2013, an extraordinary general meeting was held, which decided on a reduction in the share capital of the Group Tatry Mountain Resorts, a.s. from 221 338 ths. EUR to 46 950 ths. EUR, i.e. by 174 388 ths. EUR. Then during 2014, the Group issued two bond issues in the total nominal value of 180 000 ths. EUR, which, starting from 19 February 2014, are admitted to trading on the Bratislava Stock Exchange. See Note. 31 - Bonds issued.

In 2009, the Group decided to change the accounting period from a calendar year to a fiscal year from 1 November to 31 October. Such a change was aimed at making the period more realistic as the Group activity depends on seasonal fluctuations.

On 1 May 2013, the parent company Tatry mountain resorts, a.s. and subsidiaries GRANDHOTEL PRAHA a.s., Interhouse Tatry s.r.o. and Tatry mountain resorts services, a.s, merged. On that day, the company Tatry mountain resorts, a.s. became the successor company, and assumed all legal, trade and other liabilities, as well as the assets of its subsidiaries. All subsidiaries ceased to exist by the merger with the parent company, and then were expunged from the Commercial Register.

As at 31 October 2015 and 31 October 2014, the Shareholders structure of the Group was as follows:

31 October 2015	**Share in share capital**		**Voting rights**
	In ths. EUR	%	%
C.I. CAPITAL INDUSTRIES LIMITED	8 835	18,8%	18,8%
J&T SECURITIES MANAGEMENT LIMITED	7 339	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	3 306	7,0%	7,0%
Minority shareholders	7 040	15,0%	15,0%
Total	**46 950**	**100%**	**100%**

31 October 2014	**Share in share capital**		**Voting rights**
	In ths. EUR	%	%
C.I. CAPITAL INDUSTRIES LIMITED	9 164	19.5%	19.5%
J&T SECURITIES MANAGEMENT LIMITED	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%
Minority shareholders	6 466	13.7%	13.7%
Total	**46 950**	**100%**	**100%**

1. Information about the Group (continued)

The Group's Consolidated financial statements for the period ending 31 October 2015 includes the financial statements of the Parent Group and its subsidiaries ("the Group").

The principal activities of the Group comprise the operation of cableways and ski lifts, restaurant and catering services, the operation of a ski and snowboard school, the purchase and sale of goods, hotel business, and operation of leisure parks.

In the period between 1 November 2014 and 31 October 2015, the average number of Group employees was 907, of which the management was 25 (between 1 November 2013 and 31 October 2014, it was 1 008, of which the management was 25).

During the year, the Group used the services of employment agencies for short-term personnel leasing. In 2015, it was 205 employees out of the total number of 907. In 2014, it was 319 employees out of the total number of 1 008.

Group bodies are:

The Board of Directors:
Ing. Bohuš Hlavatý, the Chairman (since 30.6.2009)
Ing. Branislav Gábriš, the Vice-Chairman (since 18.2.2011)
Ing. Andrej Devečka, the Member (since 22.12.2011)
Ing. Jozef Hodek, the Member (since 30.6.2009)
Ing. Dušan Slavkovský, the Member (since 1.5.2010)
Ing. Michal Krolák, the Member (since 18.2.2011)

The Supervisory Board:
Ing. Igor Rattaj (since 29.6.2009)
Ing. František Hodorovský (since 18.1.2011)
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)
PhDr. Martin Kopecký, MSc, CFA (since 25.4.2015)

2. Significant accounting policies

(a) Statement of compliance

The Consolidated financial statements for the period from 1 November 2014 to 31 October 2015 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the EU and in accordance with Act No. 431/2002 Coll. of the National Council of the Slovak Republic on Accounting ("Act on Accounting").

The financial statements were approved by the Board of Directors on 22 February 2016.

(b) Basis of preparation
The Consolidated financial statements have been prepared based on the historical cost principle, while the investment property and financial instruments measured at fair value were revalued to their fair value through profit or loss. Available-for-sale securities were revalued to their fair value through other comprehensive income.

The Group's Consolidated financial statements have been prepared on a going-concern basis.

The Consolidated financial statements have been prepared in thousands EUR. The accounting standards have been consistently applied by the Group companies in accordance with the prior 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 recognized 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 Consolidated financial statements, the Group 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 2014:

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

2. Significant accounting policies (continued)

IFRS 10 Consolidated Financial Statements, **IAS 27 Consolidated 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).

Amendments to **IFRS 10 Consolidated Financial Statements**, **IFRS 12 Disclosure of Interests in Other Entities**, **IAS 27 Consolidated 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.

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 recognize 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 Consolidated vehicle exists and, if so, the legal form of the Consolidated vehicle, the contractual terms and conditions, and other facts and circumstances.

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.

Amendments to **IAS 27 Consolidated Financial Statements** (2011) are effective for annual periods beginning on or after 1 January 2014. IAS 27 (2011) now addresses only the requirements for Consolidated financial statements (preserving the original requirements). The requirements for consolidated financial statements are now addressed in IFRS 10 Consolidated 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 Group 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 realization 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 Group'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 Group'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 Group'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 recognize 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 recognized in the period in which the obligation event occurs. The liability to pay levies is recognized progressively if the obligating event occurs over a period of time. If an obligation is triggered on reaching a minimum threshold, the liability is recognized when that minimum threshold is reached. The IFRIC explains that and 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 Group's financial position or performance.

International Financial Reporting Standards that have been issued but are not effective yet
As at 31 October 2015, the following International Financial Reporting Standards, amendments to and interpretations of the Standards were issued, which have not become effective yet, and thus were not applied by the Group when compiling these Financial Statements.

Amendments to **IFRS 11 Accounting for Acquisitions of Interests in Joint Operations** beginning on or after 1 January 2016 are to be applied prospectively, with earlier application being permitted. The amendments require that accounting for a business combination is applied to the acquisitions of interests in joint operations that form an enterprise. Accounting for a business combination is also applied to the acquisitions of other interests in joint operations if a joint operator retains joint control. Other acquired interests shall be measured at fair value. Interests in joint operations that were acquired before shall not be measured. The impact of adopted amendments can be assessed only in the year when amendments were applied for the first time as their impact will depend on the acquisition of joint operations that occurred during the accounting period. The Group does not intend to adopt the amendments earlier, so it is not possible to estimate their impact on the financial statements.

Amendments to **IAS 1** effective for accounting periods starting on 1 January 2016 or later. Earlier application is permitted. The amendments contain the following five improvements that are closely linked to disclosure requirements contained in the standard. Guidelines on the relevance in IAS 1 have been amended to clarify that immaterial information can distract attention from the useful information; relevance is applicable to the financial statements as a whole; relevance is applicable to each requirement for the disclosure in IFRS. Guidelines on the order of notes (including the accounting methods and accounting principles) have been amended as follows. Formulations which were construed as the requirement for the order of notes to the financial statements shall be deleted from IAS 1 and it shall be clarified that companies have more flexibility in where in the

2. **Significant Accounting Principles (continued)**

financial statements they disclose their accounting methods and accounting principles. The Group does not expect that the amendments will have a significant effect on the presentation of the Group financial statements on the first application.

Amendments to **IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation** (Objasnenie akceptovateľnej metódy odpisovania) effective for accounting periods beginning on or after 1 January 2016 are to be applied prospectively, with earlier application being permitted. Amendments explicitly specify that the revenue-based amortisation method may not be used for Property Plant and Equipment. The amendments introduce a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. The presumption can be overcome when the revenue and the consumption of economic benefits of the intangible assets "are highly correlated" or when the intangible asset is expressed as a measure of revenue. It is expected that the Amendment will not have a significant effect on the Group financial statements on the first application as the Group does not apply the revenue-based amortisation method.

Amendments to **IAS 16 Property Plant and Equipment** (Nehnuteľnosti, stroje a zariadenia) and **IAS 41 Agriculture** (Poľnohospodárstvo) effective for accounting periods beginning on or after 1 January 2016, with earlier application being permitted. The amendments bring bearer plants into the scope of IAS 16 Property Plant and Equipment, and not into the scope of IAS 41 Agriculture because their operation is similar to that of manufacturing. The Group does not expect that the amendments will have a significant effect on the financial statements on the first application as the Group has no bearer plants.

Amendments to **IAS 19 Defined Benefit Plans: Employee Contributions** (Programy so stanovenými požitkami: Príspevky zamestnanca) effective for accounting periods beginning on or after 1 February 2015. The amendments are applied retrospectively, with earlier application being permitted. Amendments are only relevant for defined benefit plans that contain contributions from employees or from third parties, and comply with certain criteria, specifically, that they are provided in formal conditions of the benefit plan, relate to a service, and are independent of the years of service. When such criteria are complied with, a company can (but need not) account for them as a reduction of cost for services in the period when the related service is provided. The Group does not expect that the amendments will have a significant effect on its financial statements as the Group has no Defined Benefit Plans containing contributions from employees or from third parties.

Amendments to **IAS 27 Equity method in the Consolidated financial statements** (Metóda vlastného imania v separátnej účtovnej závierke) effective for accounting periods beginning on or after 1 January 2016, and are to be applied retrospectively, with earlier application being permitted. Amendments to IAS 27 permit the Group to use the Equity method in the Consolidated financial statements in accounting for investments in subsidiary, affiliated companies and joint ventures. At present, the Group assesses the effect of this standard on the financial statements.

IFRS Annual Improvements
The Improvements bring 10 amendments to 10 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 or 1 January 2016, 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's financial statements.

Other International Financial Reporting Standards
The Group 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 Group has decided to apply the standards prospectively.

2. **Significant Accounting Principles (continued)**

(c) Basis of consolidation

i. Subsidiaries
Subsidiaries are those enterprises that are controlled by the Group. The control exists when the Group 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.

iii. Scope of consolidation
The consolidation as at 31 October 2015 includes three companies. The consolidation as at 31 October 2014 included two companies. Three subsidiaries referred to in Note 1 – Information about the Group 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 2015. The list of all companies included in the consolidation is provided in Note 39 – 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.

2. Significant accounting policies (continued)

(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.

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.

2. Significant accounting policies (continued)

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.

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.

Available-for-sale assets that are sold are derecognised and the corresponding payable receivables to buyers are recognised as at the date the Group commits to sell the assets.

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

(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 acquisition cost (purchased inventory), respectively in own costs (incurred by own activity), 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. Own costs include direct costs and indirect costs associated with acquiring inventories by own activity.

(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 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.

2. **Significant accounting policies (continued)**

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 Consolidated 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***

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, ski lifts, and leisure attractions — 12 - 40 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 Consolidatedly.

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.

(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.

2. Significant accounting policies (continued)

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, based on the estimated useful lives if these assets, 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 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 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 material 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.

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.

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 Group recognises seven types of basic revenues from services rendered:

- Revenues from cableways and ski lifts (hereinafter also referred to as “Mountain Resorts”)
- Revenues from leisure parks (hereinafter also referred to as “Leisure Parks”)
- 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”)
- Other revenues

Revenues are accrued depending on in which period the services were rendered, excluding revenues from leisure parks, 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 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.

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 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, leisure parks, hotels, dining, sports services and stores, real estate, and other.

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

In the Group’s Consolidated 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 32 – 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. Significant Accounting Estimates and Assumptions

The compilation of the financial statements according to the International Financial Reporting Standards as adopted by the EU requires the application of certain significant accounting estimates. It also requires that the management, in the application process of the Group accounting principles, should use its judgement. Therefore, the accounting estimates will be rarely identical with actual figures. Estimates and assumptions carrying a significant risk of causing a material modification of the book value of assets and liabilities in the future accounting period, are described below in the text. Estimates and assumptions are re-evaluated from time to time. If the re-evaluation of accounting estimates only applies to one accounting period, it will be accounted for in that period; if the re-evaluation affects both the present and future accounting periods, it will be accounted for in the period when the re-evaluation occured, and also in the 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 14 April 2015 the Group acquired a 70% interest in a Polish company, PS Rozrywka, later renamed Ślaskie Wesole Miasteczko Sp. z o. o. (SWM). The Group paid 6.727 ths. EUR for the 70% inrerest. On 4 August 2015 the Group purchased another 5% interest in the total amount of 723 ths. EUR. SWM is the operator of a theme park in Chorzow, Poland. The fair value adjustment of this business combination was recognized in Consolidated financial statements as of 31 October 2015. Plant, property and equipment and goodwill before the acquisition were revalued. The result of the business combination was goodwill in the amount of 644 ths. EUR. Some items of fixed assets were revalued by the reproductive acquisition cost and some by market approach. The Fair value adjustments resulting from business combinations in the accounting period from 1 November 2014 to 31 October 2015 are summarised in the table below:

In thousands of EUR	**Property, plant and equipment**	**Lease contracts**	**Deferred tax liability**	**Total net balance sheet effect**
Acquired assets and liabilities				
Assets and liabilities of Ślaskie Wesole Miasteczko	976	-677	-185	114

The adjustment of goodwill of -677 ths. EUR presents a write-off of the local goodwill reported as of the day of acquisition of the subsidiary in the amount of -1.321 ths. EUR and reported consolidated goodwill in the amount of 644 ths. EUR.

On 5 March 2014, the Group acquired a 97% ownership interest in Szczyrkowsky 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:

In thousands of EUR	**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

(b) Valuation of Investments in Property

Investments in property are measured at fair value. The fair value of investments in property is determined either by an independent authorized expert or by the management (see the Significant Accounting Principles, Note. l); in both of the cases the valuation is based on current market values and conditions. The fair market value is the estimated value for which the property could be exchanged, on the valuation day, between knowledgeable, willing parties being a prospective seller and a prospective buyer, in an arm's length transaction, after reasonable marketing.

In the absence of current market prices, net estimated cash flow generated from the leasing of property and gains from capitalisation which reflect the risk specific for the market and also cash flow from the property, shall be taken into account. The valuation reflects (where relevant) the type of lessees who use the property or are responsible for the fulfilment of lease liabilities or the type of prospective users, if the property is left non-rented, the general market perception of lessee solvency, the distribution of responsibilities related to maintenance and insurance of property between the Group and the lessees, and the remaining life of property.

In the period between 1.11.2014 and 31.102015, the investments in real property cover three hotels (SKI, Liptov, Kosodrevina) and the accommodation facility Otupné with the aggregate book value of 1 982 ths. EUR (for the period between 1.11.2013 and 31.10.2014, the investments in real property covered four hotels – SKI, Liptov, Kosodrevina, Slovakia and the accommodation facility Otupné with the aggregate book value of 2 693 ths. EUR), which are leased out to third parties that operate them, as well as forest areas and lots of land obtained as an acquisition in 2009 in the book value of 4 572 ths. EUR. Over the course of 2015, the Slovakia Hotel was, based on Group management decision, transferred from investments in property, and is intended for sale. The value of the hotels was estimated by the management in a manner specified above. The value of the land was determined by the management using market prices, and the final value is based on an estimate of the market price per square meter, depending on the type of land and market transactions for similar lots of land.

As at 31 October 2015, the Group management, based on current market conditions, re-valuated the value of investments in property. The result was an increase in the value of the SKI hotel by 188 ths. EUR, and an increase in the value of the Liptov hotel by 40 ths. EUR. Total revaluation of investments in property in 2015, executed with the profit/loss from operations, was a revenue of 228 ths. EUR (2014: revenue of 1 413 ths. EUR).

If the fair value of the portion of investments in property which was determined based on management estimates differs from management estimates by 10%, the book value of investments in property would be higher or lower by 655 ths. EUR in comparison with the amount reported as at 31 October 2015 (as at 31 October 2014: 726 ths. EUR).

3. Significant Accounting Estimates and Assumptions (continued)

(c) Goodwill and Impairment Test

As at the date of the financial statements, the Group is required to assess whether there is any indication that its goodwill is impaired. If there is no indication that goodwill may be impaired, the Group shall, according to IAS 36, test goodwill reported from the business combination during the reported accounting period and goodwill reported in prior periods for possible impairment on a yearly basis as at 31 October, i.e. as at the date of compilation of the annual Consolidated financial statements.

On the day of acquisition, the acquired goodwill is allocated to individual cash-generating units (CGU) that are expected to benefit from the synergies of the combination.

The impairment is determined by assessing the recoverable amount of CGU to which the goodwill relates (CGU Vysoké Tatry), based on the value in use. The amount is derived from future cash flows estimated by the management. The discount rate used in assessing the fair value was 6.5% for 2015 and 6.5% for 2014 (taking into account the income tax).

The value in use was derived from a business plan prepared by the management. The key prerequisite which was also the most sensitive factor in determining the recoverable amount, was expected revenues assessed by the management, the profit margin ratio (EBIDTA) and the cost of capital used as the discount factor for future net cash flows. Expected revenues as well as the profit margin ratio are based on changes in customer target groups, strengthened marketing and increase in the quality of services rendered.

Projecting of cash flows applied in determining the value in use covers a medium-term period of 5 years and subsequent extrapolation for the next period. Based on such standard level of cash flows, the terminal value was calculated with expected growth of cash flows at 2.2% p.a. (2014: 2.2%). Discount rates applied in the projecting of cash flows were calculated as weighted average cost of capital.

In 2015 and 2014, goodwill was tested within CGU Vysoké Tatry, and the test did not show any reason for asset impairment. See note 3(d). Goodwill acquired by the acquisition in 2015 has not been tested as of 31 October 2015 since the Group Board concluded that the assumptions that were used by revaluation of assets acquired from the business combination in 2015 had not changed significantly.

If as at 31 October 2015, projected EBITDA being part of projected cash flows was lower than 5% in comparison with management estimates, the value in use for an individual cash-generating unit in the location of High Tatras would drop by 8 999 ths. EUR. In such case, it would not be necessary to account for the asset impairment or goodwill even at a lower EBITDA reached. If the discount rate increased by 0.5 percentage point in comparison with the management estimate, i.e. its value was 7.00 %, the value in use for an individual cash-generating unit for the location of High Tatras would drop by *15* 906 ths. EUR. Here again it would not be necessary to account for asset impairment or goodwill even at a higher discount rate.

(d) Asset Impairment

As at the date of the financial statements, the Group is required to assess whether there is any indication that an asset may be impaired. IAS 36 requires the testing of asset impairment in cases where external or internal indicators would point possible asset impairment.

3. Significant Accounting Estimates and Assumptions (continued)

The Group carries on 6 principal activities: running of mountain resorts, leisure parks, restaurant services, sports services and stores, accommodation services and real estate projects, namely in five locations: Jasná (the Low Tatras), in the High Tatras, and in Liptovský Mikuláš, and in Szczyrk and Chorzow in Poland. Each of the locations was assessed by the management as an individual cash-generating unit (CGU). The Group monitors the performance and creates independent budgets for individual cash-generating units. The Group assets were allocated to individual cash-generating units according to the material competence, whereas all assets, i.e. also the Hotels, Catering establishments and Sports services and shops are included in individual cash-generating units, except for Ski lifts and Cableways.

As at 31 October 2015, the Group management having considered the Group asset impairment, did not identify any indicator of possible impairment. For that reason, the asset impairment test was not performed. An impairment test was performed only for the location of High Tatras, as it has assigned Goodwill as specified in Note. 3(c).

As at 31 October 2014, indicators of Group asset impairment were identified as some of principal activities did not reach planned profitability. For that reason, an asset impairment test was performed. Three basic individual cash-generating units were tested as provided above, i.e. the High Tatras Centre, the JASNÁ Low Tatras centre, and the aquapark Tatralandia in Liptovský Mikuláš. The test results did not result in any asset impairment.

Possible impairment is determined by comparing the recoverable amount and the book value of cash-generating unit.

The recoverable amount was determined based on the value in use. The value in use was derived from the value of future cash flows adjusted to the present value by discounting. In 2015, the discount rate applied in asset impairment test was 6.5% (2014: 6,5%), taking into account the income tax. The discount rate was calculated using the method of weighted average cost of capital.

The value in use of each cash-generating unit was determined based on projected cash flows derived from a long-term financial plan prepared by the management. Financial plans were prepared for a period of next five years. Projected cash flows for the next period of five years were derived from such financial plans.

In such a following period, it is expected to reach such operating and financial performance which is considered as sustainable over the long term by the management. Based on such a standard level of cash flows, the terminal value was calculated with projected growth of cash flows at 2.2% p.a. in the test conducted as at 31 October 2015 (2014: 2,2%).

In addition to the discount rate, mainly planned rates and attendance are the key prerequisites that most influence the value in use. Most of projections are based on historical experience in addition to planned facts associated with new investments (such as transport capacity of new cable-ways). In the estimates of future prices, the management also considered the prices of comparable resorts, hotels and leisure parks in other countries, reflecting differences in the customer target group.

If as at 31 October 2014, projected EBITDA being part of projected cash flows was lower by 5% in comparison with management estimates, the value in use for the individual cash-generating unit in the location of Jasná (the Low Tatras) would be lower by 9 831 ths. EUR; for the location of High Tatras it would drop by 7 444 ths. EUR, and for the location of Liptovský Mikuláš (Tatralandia) it would be lower by 4 980 ths. EUR. In neither case would it be necessary to post an asset impairment even at a lower EBIDTA indicator. If the discount rate increased by 0,5 percentage point in comparison with the management estimate, i.e. its value was 7.00 %, the value in use for an individual cash-generating unit for the location of Jasná (the Low Tatras) would be lower by 14 243 ths. EUR, for the location of High Tatras would drop by 12 062 ths. EUR, and for the location of Liptovský Mikuláš (Tatralandia) would be lower by 7 765 ths. EUR. In neither case would it be necessary to post an asset impairment even at a higher discount rate.

3. Significant Accounting Estimates and Assumptions (continued)

(e) Financial Instruments at Fair Value

The fair value of financial instruments is determined based on:

Level 1: quoted market prices (unadjusted) in active markets for identical assets or liabilities
Level 2: inputs other than quoted market prices included within Level 1, which are comparable for the asset or liability, either directly (as prices of comparable instruments) or indirectly (derived from prices)
Level 3: inputs for the asset and liability, which are not determined on the basis of data from comparable markets (unobservable inputs)

When the quoted market price is not available, the fair value of the instrument is estimated using valuation techniques. When using valuation models, the management applies estimates and assumptions which are consistent with information available on estimates and assumptions that market participants would use when pricing the relevant financial instrument.

	31.10.2015				31.10.2014			
In ths. EUR	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Available-for-sale securities	64	-	-	**64**	59	-	-	**59**
Financial instruments measured at fair value through profit/loss from operations	-	-	321	**321**	-	-	2 022	**2 022**

In 2015, the Group acquired an investment in the company CAREPAR, a.s. in the value of 15 ths. EUR.

Within Level 3, the Group reports mainly financial investment (a share of share capital of 19%) in MELIDA, a.s. in the amount of 154 ths. EUR (as at 31 October 2014: 1 869 ths. EUR) and other financial investments priced through profit/loss from operations as stated in Note. 24 Financial Investments. On 6 November 2012, the company MELIDA, a.s. concluded an agreement for the leasing of an enterprise with the company SKIAREÁL Špindlerův Mlýn, a.s., which was assessed as a business combination under the Group management for the needs of consolidated financial statements.

The fair value of this financial property was estimated, in 2014, by the Group management using the discounted cash flow method, with the application of input from the business plan and of cash flow estimates. The business plan and cash flow estimates were consistently reviewed before application by Group management. The discount rate applied in the valuation of such financial assets was 7.02%, in 2014. The main preconditions that were used in the valuation, were estimated cash flows and discount rate. On 9 December 2015, the Group sold its entire 19% share of securities in MELIDA a.s. in the total amount of 154 ths. EUR. For such reason the Group revalued the value of securities of MELIDA a.s. to a value under the contract concluded as at 31 October 2015, the result of which was a negative difference in valuation of 1 716 ths. EUR.

Approval of opening and closing balances of fair values of particular levels for financial assets:

In ths. EUR	**Balance as at 31.10. 2014**	**Revaluation through profit/loss from operations**	**Revaluation through other components of comprehensive income**	**Increases**	**Decreas es**	**Balance as at 31.10. 2015**
Available-for-sale securities	**59**	-	5	-	-	**64**
Financial instruments measured at fair value through profit/loss from operations	**2 022**	- 1 716	-	15	-	**321**

4. Information about Operating Segments

Information about Operating Segments - Consolidated Profit and Loss Statement

In ths. EUR	**Mountain Resorts 31.10.2015**	**31.10.2014**	**Leisure Parks 31.10.2015**	**31.10.2014**	**Hotels 31.10.2015**	**31.10.2014**	**Dining 31.10.2015**	**31.10.2014**	**Sports Services and Stores 31.10.2015**	**31.10.2014**	**Real Estate 31.10.2015**	**31.10.2014**	**Other 31.10.2015**	**31.10.2014**	**TOTAL 31.10.2015**	**31.10.2014**
	12 m	*12 m*	*12 m*	*12 m*	*12 m*	*12 m*	*12 m*	*12 m*	*12 m*	*12 m*	*12 m*	*12 m*	*12 m*	*12 m*	*12 m*	*12 m*
Revenue	29 778	23 319	9 034	7 672	16 582	14 447	9 796	7 398	3 589	2 445	1 212	653	-	-	**69 991**	**55 934**
Other operating revenue	341	233	173	-	169	85	222	47	19	10	-	-	-	-	**924**	**375**
Consumption of material and goods	-2 489	-2 329	-390	-291	-3 385	-3 213	-3 126	-2 605	-1 215	-909	-722	-144	-	-	**-11 327**	**-9 491**
Purchased services	-8 103	-7 633	-2 489	-1 553	-3 937	-3 538	-1 614	-784	-516	-335	-449	-336	-	-	**-17 108**	**-14 179**
Personnel expenses	-6 401	-5 401	-2 252	-1 862	-4 851	-4 438	-2 837	-2 331	-1 133	-800	-	-	-	-	**-17 474**	**-14 832**
Other operating expenses	-462	-572	-89	-101	-96	-153	-62	-72	-7	-17	-57	-13	-	-	**-773**	**-928**
Gain on sale of assets	-10	42	-	-	-	105	-	-	-	-	46	-	-	-	**36**	**147**
Increase in fair value of investments property	-	-	-	-	-	-	-	-	-	-	228	1 413	-	-	**228**	**1 413**
Creation and reversal of value adjustments to receivables	-87	-	-	-	-	12	-	9	-	-6	-	-43	-	-	**-87**	**-28**
Depreciation and amortization	-7 354	-8 153	-1 165	-979	-2 896	-3 051	-788	-680	-342	-306	-74	-148	-679	-	**-13 298**	**-13 317**
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	1 403	1 475	**1 403**	**1 475**
Interest expense	-	-49	-	-	-	-	-	-	-	-	-	-	-11 072	-7 717	**-11 072**	**-7 766**
Net loss relating to financial instruments	-1 715	-	-	-	-	-	-	-	-	-	-	-	150	-280	**-1 566**	**-280**
Negative goodwill	-	1 569	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**1 569**
Profit/(loss) of the segment before taxes	**3 498**	**1 026**	**2 822**	**2 886**	**1 586**	**256**	**1 591**	**982**	**395**	**82**	**184**	**1 382**	**-10 199**	**-6 522**	**-123**	**92**
Income tax															**-628**	**591**
Profit/(loss)															**-751**	**683**

The Group generates 96% (2014: 100%) of its revenues on the territory of the Slovak Republic and 4% (2014: 0%) in Poland. Eliminations among segments are included in amounts reported for particular periods. The 10% limit of the share of total revenue was not exceeded by any Group client.

4. Information about Operating Segments (continued)

Information about Operating Segments - Consolidated Statement of Financial Position

In ths. EUR	Mountain Resorts 31.10.2015	31.10.2014	Leisure Parks 31.10.2015	31.10.2014	Hotels 31.10.2015	31.10.2014	Dining 31.10.2015	31.10.2014	Sports Services and Stores 31.10.2015	31.10.2014	Real Estate 31.10.2015	31.10.2014	Other 31.10.2015	31.10.2014	TOTAL 31.10.2015	31.10.2014
Goodwill and intangible assets	**7 728**	8 093	**2 956**	2 524	**4 443**	4 443	**18**	18	**42**	42	**-**	-	**-**	-	**15 187**	**15 120**
Property, plant and equipment	**143 698**	153 286	**32 828**	32 386	**69 099**	69 364	**10 689**	11 261	**2 487**	2 573	**4 880**	5 194	**2 596**	-	**266 277**	**274 064**
Investment in property	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**6 554**	7 264	**-**	-	**6 554**	**7 264**
Inventory	**516**	534	**257**	139	**260**	234	**355**	376	**2 071**	1 626	**1 889**	12	**-**	-	**5 348**	**2 921**
Trade receivables	**736**	469	**225**	176	**410**	344	**245**	156	**88**	53	**30**	15	**-**	-	**1 734**	**1 213**
Other receivables	**22 253**	21 277	**-**	-	**-**	-	**1 598**	-	**-**	-	**-**	-	**-**	-	**23 851**	**21 277**
Financial investments	**168**	1 869	**-**	-	**-**	-	**-**	-	**119**	119	**-**	-	**98**	93	**385**	**2 081**
Other assets	**1 332**	1 351	**446**	344	**576**	671	**-9**	-	**-**	-	**-**	-	**-**	-	**2 345**	**2 366**
Loans provided	**26 642**	19 934	**724**	-	**2 124**	2 032	**-**	-	**-**	-	**404**	297	**189**	7 147	**30 083**	**29 410**
Cash and cash equivalents	**3 623**	1 555	**1 142**	567	**1 905**	1 107	**1 139**	503	**410**	171	**-**	-	**-**	-	**8 219**	**3 903**
Assets available for sale	-	-	-	-	**938**	-	-	-	-	-	-	-	-	-	**938**	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	-
Total assets	**206 696**	**208 368**	**38 578**	**36 136**	**79 755**	**78 195**	**14 035**	**12 314**	**5 217**	**4 584**	**13 757**	**12 782**	**2 883**	**7 240**	**360 921**	**359 619**
Non-current loans and borrowings	**26 804**	22 646	**269**	4 690	**219**	623	**491**	4 159	**68**	1 416	**16**	158	-	-	**27 867**	**33 692**
Current loans and borrowings	**10 012**	10 035	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	-	-	**10 012**	**10 035**
Current trade liabilities	**2 413**	1 698	**880**	635	**1 403**	1 240	**839**	563	**302**	192	**102**	42	-	-	**5 939**	**4 370**
Other current liabilities	**3 645**	2 002	**1 054**	592	**1 859**	1 156	**1 112**	525	**400**	179	**-**	-	-	-	**8 070**	**4 454**
Provisions	**72**	68	**25**	25	**49**	49	**22**	22	**8**	8	**1**	1	-	-	**177**	**173**
Bonds issued	-	-	-	-	-	-	-	-	-	-	-	-	**184 542**	184 417	**184 542**	**184 417**
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	**20 983**	20 166	**20 983**	**20 166**
Total liabilities	**42 946**	**36 449**	**2 228**	**5 942**	**3 530**	**3 068**	**2 464**	**5 269**	**778**	**1 795**	**119**	**201**	**205 525**	**204 583**	**257 590**	**257 307**

Out of total Property, plant and equipment as of 31 October 2015 the Group's assets in Poland amounted to 8.460 ths. EUR (as of 31 October 2014: 12.771 ths. EUR). Total Deferred tax liability of the subsidiaries in Poland comes to 2.027 ths. EUR as of 31 October 2015 (as of 31 October 2014: 1.870 ths. EUR). Eliminations among segments are included in amounts reported for particular periods. The prices used among segments are determined based on market prices for similar services and financing.

5. Increase and Decrease of Shares in Companies

On 14 April 2015, the Group acquired a 70% stake in Polish company PS Rozrywka, which was later renamed to Ślaskie Wesole Miasteczko Sp. z o. o. (hereinafter referred to as SWM). For such a 70% stake, the Group paid 6 727 ths. EUR. On 4.8.2015, the Group purchased an additional 5% stake, in a total amount of 723 ths. EUR. The company SWM is the operator of a theme park in the town of Chorzow, Poland.

in ths.EUR	**Śaskie Wesole Miasteczko Sp. z o.o.**
Intangible assets	65
Property, plant and equipment	2 700
Other assets	6
Cash and cash equivalents	6 715
Loans and borrowings	-157
Other liabilities	-69
Deferred tax liability	-185
Net identifiable assets and liabilities (100% share)	9 075
Acquired interest (75% share)	**6 806**
Acquisition costs	-7 450
Acquisition Goodwill	**644**
Paid price, settled in cash	-7 450
Acquired cash	6 715
Net cash outflow	**-735**
Loss since the acquisition day	-388

On 5 March 2014, the Group acquired a 97% stake in Polish company Szczyrkowski Ośrodek Narciarski S.A. (hereinafter referred to as Szczyrk or SON) based in Szczyrk, the Republic of Poland. The company SON is the operator of the ski centre in the town of Szczyrk in the Polish Beskids. The Group paid 7 191 ths. EUR for this stake, and became a majority shareholder of SON. The subsidiary acquisition in 2014 had the following impact on assets and liabilities of the Group:

v tis. eur	**Szczyrkowsky Ośrodek Narciarski S.A.**
in ths.EUR	7 510
Intangible assets	5 542
Property, plant and equipment	102
Other assets	167
Cash and cash equivalents	-1 757
Loans and borrowings	-679
Other liabilities	-1 854
Deferred tax liability	**9 031**
Net identifiable assets and liabilities (100% share)	**8 760**
Acquired interest (75% share)	
	-7 191
Acquisition costs	**-1 569**
Acquisition Goodwill	
	-7 191
Paid price, settled in cash	167
Acquired cash	**-7 024**
Net cash outflow	-666

5. Increase and Decrease of Shares in Companies (continued)

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.

The table below shows a review of the subsidiaries acquired in 2015 and 2014:

In ths. EUR	Date of acquisition (acquisition of control)	Acquisition price	Decrease of cash flow	Share of Group after acquisition %
Purchase of subsidiary company				
Szczyrkowski Ośrodek Narciarski S.A.	5.3.2014	7 191	-7 191	100%
Ślaskie Wesole Miasteczko Sp. z o. o.	14.4.2015 and 4.8.2015	7 450	-7 450	75%

6. Revenue

In ths. EUR	1.11.2014 – 31.10.2015	1.11.2013 – 31.10.2014
Mountain Resorts	29 778	21 978
Hotels	16 582	15 869
Sports Services and Stores	3 589	2 452
Dining	9 796	7 205
Leisure Parks	9 034	8 123
Real Estate	1 212	307
Total	**69 991**	**55 934**

7. Other Operating Revenues

In ths. EUR	1.11.2014 – 31.10.2015	1.11.2013 – 31.10.2014
Contractual penalties	3	30
Claims paid by insurance company	60	17
Other operating revenues	861	328
Total	**924**	**375**

As at 31 October 2015, contractual penalties of 3 ths. EUR present fees from procurement relations. late payment interest. As at 31 October 2014, contractual penalties of 30 ths. EUR present a penalty for delayed supply based on contract for work.

8. Consumption of Material and Goods

In ths. EUR	1.11.2014 – 31.10.2015	1.11.2013 – 31.10.2014
Material in hotels and restaurant facilities	-4 688	-3 751
Goods	-3 304	-2 616
Fuels	-690	-690
Material for repair and maintenance	-636	-465
Material and goods – other	-2 009	-1 969
Total	**-11 327**	**-9 491**

9. Purchased Services

In ths. EUR	1.11.2014 – 31.10.2015	1.11.2013 – 31.10.2014
Energy consumption	-4 456	-4 242
Advertisement expenses	-2 129	-2 837
Other pruchased services	-3 356	-2 011
Rental costs (cost of premises) and others	-2 932	-1 892
Other administrative expenses	-1 174	-879
Communication expenses	-1 008	-819
Repairs and maintenance expenses	-1 099	-763
Legal advice expenses	-477	-272
Services related to owned premises	-262	-248
Transport, accommodation, travel expenses	-153	-149
Training expenses	-62	-67
Total	**-17 108**	**-14 179**

Other purchased services represent the accounting, audit, marketing and other expenses related to administrative operation of the Group. The Group uses the services of KPMG Slovensko spol. s r.o. auditing company for the auditing of individual and consolidated financial statements. Between 1 November 2014 and 31 October 2015, the expense of these items represented 158 ths. EUR (for the period ended on 31 October 2014: 165 ths. EUR). KPMG Slovensko Advisory, k.s. provided tax advisory services during the year in the amount of 4 ths. EUR (for the period ended on 31 October 2014: 4 ths. EUR).

10. Personnel Expenses

In ths. EUR	1.11.2014 – 31.10.2015	1.11.2013 – 31.10.2014
Wages and salaries	-9 374	-7 795
Personnel leasing	-4 558	-3 884
Social security (compulsory)	-3 325	-2 930
Remuneration of members of statutory bodies and top management	-204	-208
Other social expenses	-13	-15
Total	**-17 474**	**-14 832**

In the period between 1 November 2014 and 31 October 2015, the average number of Group employees was 1,009, of which the management was 25 (between 1 November 2013 and 31 October 2014, it was 1,018, of which the management was 25). During the year, the Group used the services of employment agencies for short-term personnel leasing. In 2015, it was 277 employees out of the total number of 1,009. In 2014, it was 319 employees out of the total number of 1 018.

11. Other Operating Expenses

In ths. EUR	1.11.2014 – 31.10.2015	1.11.2013 – 31.10.2014
Insurance (property, automobiles, travel cost)	-332	-291
Fees and commissions	-310	-241
Shortages and losses	-86	-65
Other operating expenses	-45	-331
Total	**-773**	**-928**

12. Interest Income and Expense

In ths. EUR	1.11.2014 – 31.10.2015	1.11.2013 – 31.10.2014
Interest income	1 403	1 475
Interest expense	-11 072	-7 766
Total	**-9 669**	**-6 291**

For the period between 1 November 2014 and 31 October 2015, the interest income was 1 403 ths. EUR (between 1 November 2013 and 31 October 2014, it was 1 475 ths. EUR) is payable mainly from loans provided at a fixed interest rate. See Note. 20 – Loans provided.

For the period between 1 November 2014 and 31 October 2015, the interest expense in the amount of 11 072 ths. EUR represents the cost of loans and borrowings of 1 196 ths. EUR, and interest expense from bonds issued of 9 876 ths. EUR (between 1 November 2013 and 31 October 2014, it was 7 766 ths. EUR). The Group issued interest-bearing bonds in the total nominal value of 180 mil. EUR. The first portion of the bonds TMR I in the amount of 70 mil. EUR with nominal interest rate of 4.5% p.a. is due on 17 December 2018. The second portion of bonds TMR II in the amount of 110 mil. EUR with nominal interest rate of 6% p.a. is due on 5 February 2021. For more information on bonds issued, see Note. 31 – Bonds issued. Interest expense for bonds also contains an aliquot interest expense from bonds issued in the amount of 6 022 ths. EUR.

In the period between 1 November 2014 and 31 October 2015, the Group did not capitalise interest expense into assets (between 1 November 2013 and 31 October 2014, in the amount of 737 ths. EUR).

13. Net Profit from Financial Instruments

In ths. EUR	1.11.2014 – 31.10.2015	1.11.2013 – 31.10.2014
Revaluation of financial instruments measured at fair value through profit and loss statement	-1 716	-15
Cost of administration of financial instruments	-178	-136
Income from the sale of financial instruments measured at fair value through profit and loss statement	-	14
Other, net	328	-143
Total	**-1 566**	**-280**

Revaluation of financial instruments measured at fair value through profit and loss statement for the period between 1 November 2014 and 31 October 2015 represents a loss from revaluation of share in the company MELIDA, a.s. in the amount of 1 716 ths. EUR.

14. Income Tax and Deferred Tax

In ths. EUR	1.11.2014 – 31.10.2015	1.11.2013 – 31.10.2014
Current tax:		
Tax of current accounting period	-4	-
Withholding tax on interest	-12	-
	-16	**-**
Deferred tax:		
Posting and release of temporary differences	-612	402
Change of tax rate	-	189
Total income tax	**-628**	**591**

Deferred income tax is calculated using enacted tax rates the validity of which is expected in a period in which the receivable is performed or the liability is settled.

To calculate deferred tax from temporary differences originated in the Slovak Republic, the Group applied a 22% rate resulting from the legal corporate income tax rate from 1 January 2014.

Reconciliation of effective tax rate

In ths. EUR	**1.11.2014 – 31.10.2015**		**1.11.2013 – 31.10.2014**	
	%		**%**	
Profit/(loss) before tax		**-123**		**92**
Theoretical Tax rate	22%	-27	23%	21
Tax non-deductible expenses	-1 036%	1 273	1 152%	1 060
Income not subject to tax	1 136%	-1 397	-1 563%	-1 438
Current tax: withholding tax on interest	-3%	4	1%	1
Use of prior unapplied tax losses	131%	-161	0%	-
Impact of Poland’s tax rate	260%	-320	-50%	-46
Change of tax rate	0%	-	-205%	-189
Total	**-510,57%**	**-628**	**-642,21%**	**591**

Income tax reported through other components of comprehensive income

In ths. EUR	**1.11.2014 – 31.10.2015**			**1.11.2013 – 31.10.2014**		
	Before tax	**Tax**	**After tax**	**Before tax**	**Tax**	**After tax**
Revaluation of available-for-sale securities at fair value	8	-2	6	-	-	-
Other components of comprehensive income	**8**	**-2**	**6**	**-**	**-**	**-**

14. Income Tax and Deferred Tax (continued)

Movements of deferred tax liability (net) during 2015 and 2014

2015

In ths. EUR	**Balance as at 1.11.2014**	**Reported in profit and loss statement**	**Reported in other comprehensive income**	**Acquired through business combination**	**Balance as at 31.10.2015**
Property, plant and equipment and non-current intangible assets	-20 042	-649	-	-18	-185
Investments in real property	-693	-135	-	-	-
Losses from impairment of trade receivables and other assets	31	-16	-	-	-
Provisions and liabilities	172	164	-	-	-
Tax losses	366	24	-	-	-
Other temporary differences	-	-	-2	-	-
Total, net	**-20 166**	**-612**	**-2**	**-18**	**-185**

2014

In ths. EUR	**Balance as at 1.11.2013**	**Reported in profit and loss statement**	**Reported in other comprehensive income**	**Acquired through business combination**	**Balance as at 31.10.2014**
Property, plant and equipment and non-current intangible assets	-18 595	407	-	-1 854	-20 042
Investments in real property	-400	-293	-	-	-693
Losses from impairment of trade receivables and other assets	-286	317	-	-	31
Provisions and liabilities	212	-40	-	-	172
Tax losses	166	200	-	-	366
Other temporary differences	-	-	-	-	-
Total, net	**-18 899**	**591**	**-**	**-1 854**	**-20 166**

See also Note. 18 - Deferred tax receivable and liability.

15. Property, Plant and Equipment

In ths. EUR	**Property and plant**	**Individual movable assets and sets of movable assets**	**Assets under construction**	**Total**
Acquisition price				
Opening balance as at 1.11.2013	190 226	91 445	18 628	300 299
Increases	3 656	14 689	8 612	26 957
Increases from acquisitions	4 489	994	59	5 542
Decreases	-1 312	-1 500	-597	-3 409
Movement to investment property	34	-	-	34
Movements within assets	16 867	5 917	-22 784	-
Currency differences	-94	-21	-1	-116
Balance as at 31.10.2014	**213 866**	**111 524**	**3 917**	**329 307**
Opening balance as at 1.11.2014	213 866	111 524	3 917	329 307
Increases	1 184	1 146	1 848	4 178
Increases from acquisitions	103	1 354	1 243	2 700
Decreases	-1 556	-276	-875	-2 707
Movement to investment property	-	-	-	-
Movements within assets	887	342	-1 229	-
Currency differences	19	-70	-5	-56
Balance as at 31.10.2015	**214 503**	**114 020**	**4 899**	**333 422**
Accumulated depreciation and losses from impairment of assets				
Opening balance as at 1.11.2013	-23 943	-20 154	-597	-44 694
Depreciation of current accounting period	-4 634	-8 050	-	-12 684
Decreases				
Movement to investments in real property	438	1 100	597	2 135
Balance as at 31.10.2014	-	-	-	-
	-28 139	**-27 104**	**-**	**-55 243**
Opening balance as at 1.11.2014				
Depreciation of current accounting period	-28 139	-27 104	-	-55 243
Decreases	-5 096	-7 384	-	-12 480
Movement to investments in real property	315	275	-	590
Currency differences	-	-	-	-
Balance as at 31.10.2015	-1	-11		-12
	-32 921	**-34 224**	**-**	**-67 145**
Carrying value				
As at 1.11.2013				
As at 31.10.2014	**166 283**	**71 291**	**18 031**	**255 605**
	185 727	**84 420**	**3 917**	**274 064**
As at 1.11.2014				
As at 31.10.2015	**185 727**	**84 420**	**3 917**	**274 064**

In the period between 1 November 2014 and 31 October 2015, the Group carried out investments of 4 178 ths. EUR. The investments were low, and were carried out in all centres, and covered mainly an improvement and extension of ski runs, investments in hotels and in restaurants on slopes in centres, and other operating investments.

In the period between 1 November 2013 and 31 October 2014, the Group put an 8-seat chairlift Lúčky in the Jasná centre into service in the amount of 8 811 ths. EUR. During the period, the Rotunda Restaurant in Chopok was completed in the total amount of 4 314 ths. EUR, and a car park in the entry station of Chopok Juh Krupová in the amount of 1 518 ths. EUR, the casing of the chairlift to Chopok Juh in the amount of 1 615 ths. EUR was completed, and a new 15-seat Gondola lift in the Tatranská Lomnica centre in the total amount of 10 417 ths. EUR was put into operation. In the Tatralandia centre, a new summer Medrano restaurant was developed in the amount of 798 ths. EUR. Other significant investments involved investment

15. Property, Plant and Equipment (continued)

in the expansion of the snowing capacity in the Jasná and High Tatras centres, an improvement and expansion of ski runs, investments in hotels and in restaurants on slopes in centres, and other operating investments.

By acquiring the subsidiary SWM in 2015 the Group acquired fixed assets after revaluation in the amount of 2 700 ths. EUR. The assets include mainly rollercoasters and leisure attractions owned by SWM.

By acquiring the subsidiary SON in 2014 the Group acquired fixed assets after revaluation in the amount of 5 542 ths. EUR. The assets include mainly land owned by SON.

Unused assets

As at 31 October 2015, the Group did not hold any unused assets.

Impairment loss

For the period ended on 31 October 2014 and 31 October 2015, the Group did not show any loss from impairment of land, buildings and equipment.

Property insurance

In ths. EUR

	31.10.2015	31.10.2014
Insurance type		
Natural disaster	198 198	192 317
Vandalism	118 828	118 315
General machinery risks	21 072	20 219
Liability for damage	13 000	13 000

Security

As at 31 October 2015, Land, buildings and equipment in the amount of 199 483 ths. EUR were used as the security of the bank loans (as at 31 October 2014: in the amount of 206 243 ths. EUR).

Capitalised financial cost

As at 31 October 2015, the Group did not capitalise any interest on loans into assets (as at 31 October 2014: 737 ths. EUR).

16. Goodwill and Intangible Assets

In ths. EUR

	Goodwill	Valuable rights	Rent contracts	Software	Total
Acquisition price					
Opening balance as at 1.11.2013	7 864	3 966	-	1 352	13 182
Increases	-	-	-	496	496
Increases from subsidiaries acquisition	-	-	7 510	-	7 510
Decreases	-	-2	-	-	-2
Currency differences			-27		-27
Balance as at 31.10.2014	**7 864**	**3 964**	**7 483**	**1 848**	**21 159**
Opening balance as at 1.11.2014	7 864	3 964	-7 483	1 848	21 159
Increases	-	-	-	177	177
Increases from subsidiaries acquisition	644	-	-	65	709
Decreases	-	-	-	-	-
Currency differences	-	-	-82	-4	-86
Balance as at 31.10.2015	**8 508**	**3 964**	**7 401**	**2 086**	**21 959**
Accumulated depreciation and losses from impairment of assets					
Opening balance as at 1.11.2013	-4 474	-679	-	-255	-5 408
Depreciation of current accounting period	-	-116	-129	-388	-633
Decreases	-	2	-	-	2
Losses from impairment of assets	-	-	-	-	-
Balance as at 31.10.2014	**-4 474**	**-793**	**-129**	**-643**	**-6 039**
Opening balance as at 1.11.2014	-4 474	-793	-129	-643	-6 039
Depreciation of current accounting period	-	-115	-255	-448	-818
Decreases	-	-	-	-	-
Losses from impairment of assets	-	-	-	-	-
Currency differences	-	-	85	-	85
Balance as at 31.10.2015	**-4 474**	**-908**	**-299**	**-1 091**	**-6 772**
Carrying value					
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**
As at 1.11.2014	**3 390**	**3 171**	**7 354**	**1 205**	**15 120**
As at 31.10.2015	**4 034**	**3 056**	**7 102**	**995**	**15 187**

On 16 February 2013, the Group acquired the additional 50% stake in the company Interhouse Tatry s.r.o., to become the sole holder of the hotel Grandhotel Starý Smokovec, High Tatras. The Group gained full control of the company Interhouse Tatry s.r.o. as early as on 1 November 2012 based on agreement with the owner of the 50% stake on company controlling interest. Goodwill reported from this transaction was 3 740 ths. EUR, and in 2013, based on an impairment test, was reduced by 350 ths. EUR. See also Note. 3(b) - Goodwill and impairment test. Interhouse Tatry s.r.o. was then consolidated with the Group, on 1 May 2013.

By acquiring the SWM subsidiary the Group acquired intangible assets after revaluation in the amount of 65 ths. EUR and goodwill in the amount of 644 ths. EUR.

By acquiring the SON subsidiary the Group acquired intangible assets after revaluation in the amount of 7 510 ths. EUR related to the valuation of rights from signed long-term rental contracts on land in the Szczyrk resort.

17. Investments Property

In ths. EUR	31.10.2015	31.10.2014
Acquisition price		
Opening balance as at 1.11.2014/1.11.2013	7 264	5 851
Transfer from tangible assets (net)	-	-
Transfer from IP to available-for-sale assets	-938	-
Revaluation at fair value	228	1 413
Balance as at 31.10.2015/31.10.2014	**6 554**	**7 264**

In the period between 1.11.2014 and 31.102015, the investments in real property cover three hotels (SKI, Liptov, Kosodrevina) and the accommodation facility Otupné with the aggregate book value of 1 982 ths. EUR (for the period between 1.11.2013 and 31.10.2014, the investments in real property covered four hotels – SKI, Liptov, Kosodrevina, Slovakia and the accommodation facility Otupné, with the aggregate book value of 2 693 ths. EUR), which are leased out to third parties that operate them, as well as forest areas and lots of land obtained as an acquisition in 2009 in the book value of 4 572 ths. EUR. The value of the hotels was estimated by the management in a manner specified above. The value of the land was determined by the management using market prices, and the final value is based on an estimate of the market price per square meter, depending on the type of land and market transactions for similar lots of land.

As at 31 October 2015, the Group management, based on current market conditions, re-valuated the value of investments in property. The result was an increase in the value of the SKI hotel by 188 ths. EUR (2014: a 23 ths. EUR increase) and an increase in the value of the Liptov hotel by 40 ths. EUR (2014: a 0 ths. EUR increase). Total revaluation of investments in property in 2015, executed with the profit/loss from operations, was a revenue of 228 ths. EUR (2014: a revenue of 1 413 ths. EUR mainly from revaluation of land).

In 2015, the Slovakia Hotel, based on Group management, in the value of 938 ths. EUR, was transferred from investments in property, and is available for sale. In 2015, the Group received an offer for the sale of the Slovakia Hotel, but the transaction was not finally executed. Other offers for the purchase of the Slovakia Hotel were not attractive for the company. The management aim is to further look for a buyer and thus hold the Slovakia Hotel for sale, and sell it if they receive an attractive price offer.

As at 31 October 2014, the Group management, based on current market conditions, re-valuated the value of investments in property. The result was an increase in the value of forest areas and lots of land by 1 351 ths. EUR, an increase in the value of the SKI hotel by 23 ths. EUR, an increase in the value of the Kosodrevina Hotel by 39 ths. EUR. Total revaluation of investments in property in 2014, executed with the profit/loss from operations, was a revenue of 1 413 ths. EUR.

In the period between 1 November 2014 and 31 October 2015, revenue from investments in property accounted for 213 ths. EUR and direct operating cost related to investment in property was 126 ths. EUR (Between 1 November 2013 and 31 October 2014: revenue from investments in property accounted for 307 ths. EUR, and direct operating cost related to investment in property was 163 ths. EUR).

Investments in property are valued at the fair value (see Note. 3(b) – Significant Accounting Estimates and Assumptions, Valuation of investments in property).

Security
As at 31 October 2015, a part of investments in property in the amount of 1 493 ths. EUR was used as the security of the bank loans (as at 31 October 2014: in the amount of 2 492 ths. EUR).

18. Deferred Tax Asset, Deferred Tax Liability

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

In ths. EUR	Receivables		Liabilities		Total	
	31.10.2015	31.10.2014	31.10.2015	31.10.2014	31.10.2015	31.10.2014
Temporary differences related to:						
Non-curent fixed and intangible assets	-	-	-20 894	-20 042	**-20 894**	**-20 042**
Investments in real property	-	-	-828	-693	**-828**	**-693**
Losses from impairment of trade receivables and other assets	15	31	-	-	**15**	**31**
Provisions and liabilities	336	172	-	-	**336**	**172**
Tax losses	390	366	-	-	**390**	**366**
Other temporary differences	-	-	-2	-	**-2**	**-**
Set-off	-741	-569	741	569	**0**	**0**
Total	**-**	**-**	**-20 983**	**-20 166**	**-20 983**	**-20 166**

Deferred tax asset was not posted for the following items (tax base):

In ths. EUR	31.10.2015	31.10.2014
Tax losses	-	-
Total	**-**	**-**

Deferred tax asset from unredeemed losses from previous periods is posted only up to the amount to which it may be probably redeemed in the future against future tax profits.

Expected last periods for redemption of tax losses are as follows:

In ths. EUR	2016	2017	2018	after 2018
Tax losses	591	591	591	-

The maximum period for redemption of tax loss created before 1 January 2010 is 5 years. Based on legislative changes, from 1 January 2014, losses created after 1 January 2010 have a 4 years period, and the Group can also apply evenly maximum 25% of the given tax losses per year.

19. Inventory

In ths. EUR	31.10.2015	31.10.2014
Goods	2 210	1 845
Material	1 290	1 076
Assets available for sale	1 848	-
Total	**5 348**	**2 921**

Chalets of 1 848 ths. EUR include Chalets Otupné, the construction of which was organized by the Group, and their sale is planned to third parties. Revenue from the sale of chalets will be reported in 2016. They are totally 9 chalets.

As at 31 October 2015, inventory of 5 336 ths. EUR (as at 31 October 2014: 2 921 ths. EUR) was used to secure bank loans.

20. Loans Provided

In ths. EUR	31.10.2015	31.10.2014
Short-term	6 677	7 444
Long-term	23 406	21 966
Total	**30 083**	**29 410**

As at 31 October 2015, short-term loans represent a loan of 3 336 ths. EUR extended to company MELIDA a.s., with a fixed interest rate of 2.2% p.a., the amount of unpaid accumulated interest on such amount is 13 ths. EUR as at 31 October 2015; a loan of 404 ths. EUR (as at 31 October 2014: 297 ths. EUR) extended to company JASNÁ Development s.r.o., with a fixed interest rate of 5% p.a., the amount of unpaid accumulated interest on such amount is 29 ths. EUR as at 31 October 2015 (as at 31 October 2014 it is 12 ths. EUR),), a loan of 2 124 ths. EUR extended to the owner of Penzión Energetik (as at 31 October 2014: 2 032 ths. EUR), with a fixed interest rate of 5% p.a., the amount of unpaid accumulated interest on such amount is 277 ths. EUR as at 31 October 2015 (as at 31 October 2014: 185 ths. EUR); a loan of 724 ths. EUR (as at 31 October 2014: 0 ths. EUR) extended to company Korona Ziemi Sp. z o.o. (hereinafter referred to as KZ), with a fixed interest rate of 7% p.a., the amount of unpaid accumulated interest on such amount is 33 ths. EUR as at 31 October 2015, and a loan of 89 ths. EUR (as at 31 October 2014: 86 ths. EUR) to the organisation Klaster Liptov with a fixed interest rate of 3% p.a., the amount of unpaid accumulated interest on such amount is 4 ths. EUR as at 31 October 2015 (as at 31 October 2014: 1 ths. EUR).

As at 31 October 2015, long-term loans represent a loan of 11 193 ths. EUR (as at 31 October 2014: 8 997 ths. EUR) extended to company WEBIS, s.r.o. with a fixed interest rate of 5% p.a., the amount of unpaid accumulated interest on such amount is 1 739 ths. EUR as at 31 October 2015 (as at 31 October 2014: 1 309 ths. EUR); a loan of 11 124 ths. EUR extended to company 1. Tatranská, joint stock company (as at 31 October 2014: 10 063 ths. EUR) with a fixed interest rate of 7% p.a., the amount of unpaid accumulated interest on such amount is 1 652 ths. EUR as at 31 October 2015 (as at 31 October 2014: 991 ths. EUR; an interest-free loan of 808 ths. EUR extended to company Melida, a.s. (as at 31 October 2014: 789 ths. EUR); a loan of 101 ths. EUR (as at 31 October 2014: 0 ths. EUR) extended to company HOLLYWOOD C.E.S., with a fixed interest rate of 5% p.a., the amount of unpaid accumulated interest on such amount is 0.4 ths. EUR as at 31 October 2015; an interest-free loan of 180 ths. EUR extended to company WEBIS, s.r.o.

21. Trade Receivables

In ths. EUR	31.10.2015	31.10.2014
Trade receivables	1 806	1 356
Value adjustments to receivables	-72	-143
Total	**1 734**	**1 213**
Short-term	1 734	1 213
Long-term	-	-
Total	**1 734**	**1 213**

As at 31 October 2015, trade receivables amount to 1 734 ths. EUR and comprise current operating and barter receivables. As at 31 October 2014, trade receivables involved current operating and barter receivables amounting to 1 213 ths. EUR.

The ageing structure of receivables is as follows:

In ths. EUR	31.10.2015			31.10.2014		
	Gross	Value adjustment	Net	Gross	Value adjustment	Net
Due	1 552	-	1 552	984	-	984
Overdue within 30 days	137	-	137	85	-	85
Overdue from 30 days to 180 days	24	-1	23	155	-11	144
Overdue from 180 days to 365 days	11	-8	3	58	-58	0
Overdue over 365 days	82	-63	19	74	-74	0
Total	**1 806**	**-72**	**1 734**	**1 356**	**-143**	**1 213**

As at 31 October 2015 and 31 October 2014, the value of value adjustments consisted of value adjustments to current operating receivables.

Development of value adjustment during accounting period is shown in the following overview:

In ths. EUR	31.10.2015	31.10.2014
Balance as at 1.11.2014/1.11.2013	143	134
Creation of value adjustment	116	34
Use	-158	-19
Reversal of value adjustment	-29	-6
Balance as at 31.10.2015/31.10.2014	**72**	**143**

As at 31 October 2015, receivables amounting to 1 781 ths. EUR were used as the security of the bank loans (as at 31 October 2014: 1 213 ths. EUR).

22. Other Receivables

In ths. EUR	**31.10.2015**	**31.10.2014**
Advance payments made	22 851	21 277
Bill-of-echange receivables	-	-
Total	**22 851**	**21 277**
Short-term	21 509	21 101
Long-term	2 342	176
Total	**23 851**	**21 277**

Advance payments made for assets are mainly related to future acquisitions amounting to 21 049 ths. EUR (as at 31 October 2014: 19 451 ths. EUR), and to unfinished investment activity in the amount of 950 ths. EUR (as at 31 October 2014: 172 ths. EUR). The Group made in particular an advance payment for a future acquisition which is the company running cableways. The Group plans to buy this company in the future. A contract is made with WEBIS, s.r.o. for a period of one year.

23. Other Assets

In ths. EUR	**31.10.2015**	**31.10.2014**
Prepaid expenses and accrued income	1 060	1 969
Other tax assets	311	309
Other assets	974	88
Total	**2 345**	**2 366**
Short-term	2 345	2 366
Long-term	-	-
Total	**2 345**	**2 366**

24. Financial Investments

In ths. EUR	**31.10.2015**	**31.10.2014**
Financial instruments measured at fair value through profit/loss from operations	321	2 022
Available-for-sale securities	64	59
Total	**385**	**2 081**

As at 31 October 2015, financial instruments measured at fair value through profit/loss from operations represent mainly an investment in company MELIDA a.s. in the value of 154 ths. EUR (as at 31 October 2014: 1 869 ths. EUR). Other financial instruments measured at fair value through profit/loss from operations as at 31 October 2015 represent an investment in company Korona Ziemi Sp. z o.o. in the value of 119 ths. EUR (as at 31 October 2014: 119 ths. EUR), a new investment in company CAREPAR, a.s. in the amount of 15 ths. EUR, and a monetary investment in Tatranské dopravné družstvo, which is engaged in intermediary activities in the field of services. As at 31 October 2015 and 31 October 2014, the value of the investment was 33 ths. EUR.

24. Financial Investments (continued)

On 17 march 2010, the Group purchased 3 850 shares of Compagnie des Alpes (SA), which is a French company traded on the Paris stock exchange, engaged in the field of ski resorts and summer theme parks. The Group purchased the said shares as a financial investment. The shares are available for sale, and are measured at the fair value into equity based on actual prices on the stock exchange. As at 31 October 2015, their value is 65 ths. EUR (as at 31 October 2014: 59 ths. EUR).

25. Cash and Cash Equivalents

In ths. EUR	**31.10.2015**	**31.10.2014**
Cash	36	157
Stamps and vouchers	1	1
Current accounts with banks	8 182	3 745
Total	**8 219**	**3 903**

The Group can freely dispose of bank accounts.

26. Equity

Share capital and share premium
As at 31 October 2015 and 31 October 2014, the approved, subscribed and fully paid-up share capital consisted of 6 707 198 ordinary shares in the nominal value of 7 EUR per share as of 31 October 2015 and 31 October 2014.

On 12 April 2010, issues of shares marked 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 consolidated into one issue ISIN-u SK1120010287.

On 25 April 2015, an ordinary general meeting of Tatry mountain resorts, a.s. was held. The general meeting decided, among other things, on the settlement of the loss of Tatry mountain resorts, a.s. generated in the period between 1 November 2013 and 31 October 2014 according to the statutory financial statements compiled for that accounting period according to Slovak accounting standards, in the amount of 225 ths. EUR, by transferring the whole amount to the accumulated losses of prior periods.

Shareholders have a right to the payment of dividends, and the value of share vote in the Group general meeting is determined as a ratio of the value of one share and the total value of share capital. The following table presents the Group shareholders and the number of shares, ownership interest and voting rights.

31 October 2015	**Number of shares**	**Ownership interest in %**	**Voting rights in %**
C.I. CAPITAL INDUSTRIES LIMITED	1 262 139	18,8%	18,8%
J&T SECURITIES MANAGEMENT LIMITED	1 048 459	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 ENTERPISES LIMITED	635 490	9,5%	9,5%
RMSM1 LIMITED	588 166	8,8%	8,8%
Mgr. Miroslav Voštiar	472 300	7,0%	7,0%
drobní akcionári	1 005 667	15,0%	15,0%
Total	**6 707 198**	**100%**	**100%**

31 October 2014	**Number of shares**	**Ownership interest in %**	**Voting rights in %**
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 ENTERPISES LIMITED	635 490	9.5%	9.5%
RMSM1 LIMITED	588 166	8.8%	8.8%
Mgr. Miroslav Voštiar	509 285	7.6%	7.6%
Minority shareholders	923 624	13.7%	13.7%
Total	**6 707 198**	**100%**	**100%**

Profit / (loss) per share

	31.10.2015	**31.10.2014**
Profit / (loss) attributable to the owners of the Group in ths. EUR	-677	703
Weighted average number of ordinary shares	6 707 198	6 707 198
Profit / (loss) per share in euros	**-0,101**	**0,105**

26. Equity (continued)

Legal reserve fund
As at 31 October 2015, the legal reserve fund amounts to 4 448 ths. EUR (as at 31 October 2014: 4 448 ths. EUR). According to the Slovak legislation, the creation of legal reserve fund is compulsorily created on a yearly basis in the minimum amount of 10% of the Group net profit and at least up to 20% of subscribed share capital (cumulatively). The legal reserve fund can only be used for the payment of Group losses, and cannot be used for the payment of dividends. The calculation of reserve fund is made according to Slovak legal regulations.

Reduction in share capital
On 22 August 2013, an extraordinary general meeting was held, which decided on a reduction in the share capital of the Group Tatry Mountain Resorts, a.s. from 221 338 ths. EUR to 46 950 ths. EUR, i.e. by 174 388 ths. EUR. The change in the share capital became effective on 22 October 2013 as the day of making an entry of the reduction in the share capital into the respective Commercial Register. After the reduction of the Group share capital, the nominal value per share changed from original 33 EUR per share to 7 EUR per share.

Profit (loss) distribution
For the fiscal year ended on 31 October 2015, the Group Board of Directors proposes to transfer the loss of 751 ths. EUR to accumulated losses of prior periods.

Currency translation differences
The foreign currency translation reserve includes all foreign exchange differences resulting from conversion of the financial statements of foreign companies - Szczyrk and Ślaskie Wesole Miasteczko in Poland – to euros.

Non-controlling interest
Non-controlling interests include a minor shareholder's 3% share of a in Szczyrk subsidiary and a minority shareholder's 25% share in SWM.

In ths. EUR	**31 December 2015**	**31 December 2014**
SWM	2 078	-
SON	237	247
Total	**2 315**	**247**

In ths. EUR	**SWM**	**SON**	**Total**
Assets	8 928	12 667	21 595
Liabilities	-616	- 4 767	-5 383
Goodwill attributable to the Group	644	-	644
Assets net ot goodwill	**8 312**	**7 900**	**16 212**
Non-controlling interest	25,00%	3,00%	
Book value of non-controlling interests	**2 078**	**237**	**2 315**
Revenues	1 317	1 566	2 883
Profit (loss)	-227	-569	-796
Other comprehensive income	-	-	-
Total comprehensive income	-227	-569	-796
Non-controlling interest	25,00%	3,00%	
Profit (loss) attributable to non-controlling interest	**-57**	**-17**	**-74**
Other comprehensive income attributable to non-controlling interest	**-123**	**-4**	**-127**
Net cash and cash equivalents increase (decrease)	**91**	**-21**	**70**

27. Loans and Borrowings

In ths. EUR	31.10.2015	31.10.2014
Loans and borrowings	36 932	42 003
Leasing	947	1 724
Total	**37 879**	**43 727**
Short-term	10 012	10 035
Long-term	27 867	33 692
Total	**37 879**	**43 727**

Loans and borrowings received as at 31 October 2015 and as at 31 October 2014 are stated in the following table:

Creditor	Interest rate type	Due date	Unpaid amount as at 31.10.2015 *In ths. EUR*
Tatra banka, joint stock company	1M EURIBOR + margin	31.12.2017	1 606
Tatra banka, joint stock company	3M EURIBOR + margin	30.9.2017	1 461
Tatra banka, joint stock company	1M EURIBOR + margin	31.12.2016	3 150
Tatra banka, joint stock company	3M EURIBOR + margin	30.9.2016	600
Tatra banka, joint stock company	1M EURIBOR + margin	31.12.2018	675
Tatra banka, joint stock company	1M EURIBOR + margin	30.9.2017	10 500
Tatra banka, joint stock company	1M EURIBOR + margin	31.12.2017	9 000
Tatra banka, joint stock company	3M EURIBOR + margin	30.11.2018	7 988
Tatra-Leasing, s.r.o.	3M EURIBOR + margin	26.3.2017	116
Tatra-Leasing, s.r.o.	3M EURIBOR + margin	17.12.2016	102
Tatra-Leasing, s.r.o.	3M EURIBOR + margin	2.2.2018	141
Powszechna Kasa Oszczedności Bank Polski, Spólka Akcyjna	3M WIBOR + margin	27.5.2021	1 443
Bank Spóldzielczy in Cieszyn	7%	31.3.2016	149

Creditor	Interest rate type	Due date	Unpaid amount as at 31.10.2014 *In ths. EUR*
Tatra banka, joint stock company	3M EURIBOR + margin	30.9.2017	2 319
Tatra banka, joint stock company	3M EURIBOR + margin	30.9.2017	2 191
Tatra banka, joint stock company	3M EURIBOR + margin	31.12.2016	3 150
Tatra banka, joint stock company	3M EURIBOR + margin	30.9.2016	1 200
Tatra banka, joint stock company	1M EURIBOR + margin	31.12.2016	672
Tatra banka, joint stock company	1M EURIBOR + margin	31.12.2018	395
Tatra banka, joint stock company	3M EURIBOR + margin	30.9.2017	15 750
Tatra banka, joint stock company	3M EURIBOR + margin	31.12.2017	9 000
Tatra banka, joint stock company	3M EURIBOR + margin	30.11.2018	5 000
Powszechna Kasa Oszczedności Bank Polski, Spólka 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

The weighted average of interest rates for loans and borrowings as at 31 October 2015 accounted for 2.86% (as at 31 October 2014: 3.37%). The interest is due on a monthly basis. For more information, see Note. 12 – Interest Income and Expense.

In 2014, the Group obtained another loan from Tatra banka, a.s. in the amount of 9 000 ths. EUR, a portion that has been drawn as at 31 October 2014 represents 5 000 ths. EUR. On 24 June 2015, the Group drew the remaining part of 4 000 ths. EUR.

Security

The following assets were used as a security of bank loans: lots of land, technology and operating buildings of mountain lift facilities: lifts, chair-lift rope ways (hereinafter: RWs), funicular RWs, aerial RWs, gondola RWs, transformer stations, economic buildings and structures: Hotel Tri Studničky, Hotel Srdiečko, Hotel Kosodrevina, Hotel Liptov, Hotel SKI, former telecommunications building, Bungalows. All movable assets of the centres Jasná and High Tatras are put into pledge, also including trade receivables.

As at 31 October 2015, lots of land, buildings and equipment, investments in real property, inventory and receivables of 208 284 ths. EUR were used as a security of bank loans (as at 31 October 2014: in the amount of 212 869 ths. EUR).

Maturity of liabilities from financial leasing as at 31 October 2015 was as follows:

In ths. EUR	Principal	Interest	Payments
Less than 1 year	588	24	610
1 - 5 years	359	8	343
Total	**947**	**32**	**953**

Maturity of liabilities from financial leasing as at 31 October 2014 was as follows:

In ths. EUR	Principal	Interest	Payments
Less than 1 year	771	45	816
1 - 5 years	953	28	981
Total	**1 724**	**73**	**1 797**

28. Trade Liabilities

In ths. EUR	31.10.2015	31.10.2014
Trade liabilities	5 351	3 403
Unbilled supplies	588	967
Total	**5 939**	**4 370**
Short-term	5 939	4 370
Long-term	-	-
Total	**5 939**	**4 370**

As at 31 October 2015, overdue liabilities amounted to 641 ths. EUR (as at 31 October 2014: 364 ths. EUR).

29. Other Liabilities

In ths. EUR	31.10.2015	31.10.2014
Liabilities to shareholders, employees and partners	2 000	1 519
Other	1 359	1 225
Advance payments received	2 428	687
Deffered revenues	2 057	684
Liabilities to shareholders from reduction in share capital	223	252
Income tax liabilities	3	87
Total	**8 070**	**4 454**

Short-term	8 070	4 454
Long-term	-	-
Total	**8 070**	**4 454**

As at 31 October 2015, advance payments received comprise in particular of advance payments for purchase of Chalets in the amount of 1.162 ths. EUR (as at 31 October 2014: 0 EUR) and advance payments received for hotel stays in the amount of 824 ths. EUR (as at 31 October 2014: 562 ths. EUR).

As at 31 October 2015, liabilities to employees represent mainly a provision for bonuses for the fiscal year between 1.11.2014 and 31.10.2015 in the amount of 1 412 ths. EUR (as at 31 October 2014: 1 020 ths. EUR) and wage liabilities to employees in the amount of 537 ths. EUR (as at 31 October 2014: 479 ths. EUR).

As at 31 October 2015, liabilities to shareholders from reduction in share capital are in the amount of 223 ths. EUR (as at 31 October 2014: 252 ths. EUR) and contain in particular the outstanding liability from reduction in share capital are in the total amount of 174 388 ths. EUR. For more information on reduction in share capital see Note. 26 – Equity.

As at 31 October 2015, the deferred income includes mainly the amount of 1 214 ths. EUR for accrual of ski passes sold - “Šikovná sezónka“ (as at 31 October 2014: 0 ths. EUR), the amount of 208 ths. EUR is rentals for the premises of J&T BANKA, a.s., a branch of a foreign bank on the premises of the Grandhotel Starý Smokovec (as at 31 October 2014: 252 ths. EUR), the amount of 89 ths. EUR is a subsidy for the Hotel Tri studničky (as at 31 October 2014: 90 ths. EUR) and 200 ths. EUR discounts on purchases applied in the future.

As at 31 October 2015, the amount of other liabilities contains also 416 ths. EUR liabilities related to social security (as at 31 October 2014: 356 ths. EUR).

The creation and drawing from the social fund during the accounting period are presented in the table below:

In ths. EUR	**31.10.2015**	**31.10.2014**
Balance as at 1.11.2014/1.11.2013	-	4
Creation of social fund against expenses	91	42
Drawing of social fund	-90	-46
Balance as at 31.10.2015/31.10.2014	1	-

30. Provisions

In ths. EUR	**Unused vacations**	**Other**	**Total**
Opening balance as at 1.11.2014	**121**	**52**	**173**
Creation of provisions during the year	-	6	6
Increase from subsidiary acquisition	-	-	-
Reversal of provisions during the year	-	-2	-2
Use of provisions during the year	-	-	-
Balance as at 31.10.2015	**121**	**56**	**177**

	31.10.2015	**31.10.2014**
Short-term	121	121
Long-term	56	52
Total	**177**	**173**

31. Bonds Issued

During 2014, the Group issued two bond issues in the total nominal value of 180 000 ths. EUR, which, starting from 19 February 2014, are admitted to trading on the Bratislava Stock Exchange. Details on particular bonds are presented in the table below.

In ths. EUR Name	**ISIN**	**Date of issue**	**Due date**	**Original currency of issue**	**Nominal value of issue in original currency in thousands**	**Interest rate p.a. in %**	**Effective interest rate p.a. in %**	**Carrying value as at 31.10.2015**	**Carrying value as at 31.10.2014**
TMR I 4.50%/2018	SK4120009606	17.12.2013	17.12.2018	EUR	70 000	4.5	4.8	70 630	70 503
TMR II 6.00%/2021	SK4120009614	5.2.2014	5.2.2021	EUR	110 000	6.0	6.17	113 912	113 914
Total								**184 542**	**184 417**

Short-term	6 022	6 022
Long-term	178 520	178 395
Total	**184 542**	**184 417**

Both bonds present a book-entry security in bearer form, and their issue was approved by the National Bank of Slovakia. The liability resulting from the bond TMR II subordinate to the liability from the bond TMR I. The Group account was credited with financial resources from both of the bonds on 11 February 2014 in the total amount of 180 582 ths. EUR, including the aliquot interest income from the bond TMR I in the amount of 582 ths. EUR.

Out of the total value of liability of 184 542 ths. EUR (as at 31 October 2014: 184 417 ths. EUR), a short-term portion amounts to 6 022 ths. EUR (as at 31 October 2014: 6 022 ths. EUR) a liability from coupon due over the course of 2015.

Security

A right of lien was created on fixed assets of the Group, in the total amount of 85 525 ths. EUR, as the security for bonds issued. It is property which is not used as a security for other Group liabilities.

32. Data on Fair Value

The following table contains data on the book value and fair value of Group financial assets and liabilities:

In ths. EUR	Book value		Fair value	
	31.10.2015	**31.10.2014**	**31.10.2015**	**31.10.2014**
Financial assets				
Loans provided	30 083	29 410	29 932	30 076
Other receivables	23 851	21 277	23 851	21 277
Trade receivables	1 734	1 213	1 734	1 213
Financial investments	385	2 081	385	2 081
Cash and cash equivalents	8 219	3 903	8 219	3 903
Other assets	2 345	2 366	2 345	2 366
Total	**66 617**	**60 250**	**66 466**	**60 916**
Financial liabilities				
Loans and borrowings	37 879	43 727	33 583	43 631
Bonds issued	184 542	184 417	186 686	171 513
Trade liabilities	5 939	4 370	5 939	4 370
Other liabilities	8 070	4 454	8 070	4 454
Total	**236 430**	**236 968**	**234 278**	**223 968**

As at 31 October 2015, Other receivables contain in particular an advance payment made for future acquisition, which is a company running cableways, in the amount of 19 491 ths. EUR (as at 31 October 2014 : 19 451 ths. EUR). The Group plans to buy this company in the future. A contract is made with WEBIS, s.r.o. for a period of one year, and for this reason, the book value of advance payment made is not materially different from its fair value.

As at 31 October 2015, financial investments contain mainly a share in MELIDA, a.s. in the amount of 154 ths. EUR (as at 31 October 2014: 1 869 ths. EUR), a share in Korona Ziemi SP z o.o. in the amount of 119 ths. EUR (as at 31 October 2014: 119 ths. EUR), shares of Compagnie des Alpes (SA) amounting to 65 ths. EUR (as at 31 October 2014: 59 ths. EUR) as they are already posted in the fair value.

33. Operating Lease

Leasehold on the part of a lessee

The Group leases lots of land on which ski runs and cableways are built, and leases some cars based on contracts on operating lease. The most significant contracts on the lease of land are concluded for a period of 30 years with an option for additional 10 years. The most significant contracts have the notice period of 1 year.

Cost for operating lease for the period ended on 31 October 2015 shown in the profit/loss from operations amounted to 2 572 ths. EUR (for the period ended on 31 October 2014: 1 892 ths. EUR).

The amount of rent for the period in which contracts cannot be terminated, is as follows:

In ths. EUR	**31.10.2015**	**31.10.2014**
Within 1 year	1 953	855
From 1 year to 5 years	5 743	1 174
5 and more years	4 342	3 291
Total	**12 038**	**5 320**

34. Information on Risk Management

This section provides details of risks to which the Group is exposed, and the method of management of the risks.
The Group is exposed risks in the following areas:

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

The management is generally responsible for setting and control of Group risk management.

Credit risk

The Group is exposed to this risk mainly with respect to trade receivables, lease receivables, other receivables, advance payments and loans provided. The volume of exposure to this risk is expressed as the book value of these assets in the balance sheet in case that no form of guarantees is provided. The book value of receivables, advance payments and loans provided expresses the highest possible book loss that would have been posted if the counterparty completely fails in performing its contractual obligations, and all securities and guarantees would have a zero value. Therefore, this value far exceeds the expected losses which are included in the provisions for irrecoverable debts. Before signing major contracts the Group board at regular board meetings evaluates credit risk related to counterparty. In case of identifying significant risks, the Group withdraws from signing the contract.

As at 31 October 2015, the Group was exposed to the following credit risk:

In ths. EUR	**Legal entities**	**Banks**	**Other financial institutions**	**Other**	**Total**
Financial assets					
Loans provided	30 083	-	-	-	30 083
Other receivables	22 692	209	-	950	23 851
Trade receivables	1 734	-	-	-	1 734
Financial investments	385	-	-	-	385
Cash and cash equivalents	-	8 182	-	37	8 219
Other assets	1 381	36	-	928	2 345
Total	**56 275**	**8 427**	**-**	**1 915**	**66 617**

As at 31 October 2014, the Group was exposed to the following credit:

In ths. EUR	**Legal entities**	**Banks**	**Other financial institutions**	**Other**	**Total**
Financial assets					
Loans provided	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**

34. Information on Risk Management (continued)

Liquidity risk

Liquidity risks arise within general financing of the Group and management of financial positions. It covers the risk of insolvency regarding the financing of assets within the agreed maturity period and at the interest rate, and also the risk of asset management at a reasonable price within an adequate timeframe. The Group companies use different methods of liquidity risk management. The Group management focuses on liquidity management and monitoring of each company under control. Due to liquidity management, the management changed the accounting period to a fiscal year ended on 31 October. In the first half of its accounting period, the Group has a winter season, which represents 60% of Group income. According to the trend in the first half-year, the Group can affect the side of revenues and expenses sufficiently early, so that they are able to keep sufficient liquidity. In the Vysoké Tatry centre, the seasonal nature is also balanced with a strong summer season, which ensures its more stable liquidity all year round.

The following table presents an analysis of Group financial assets and liabilities grouped by the residual maturity. The analysis presents the most prudent variant of residual maturity including interest. Therefore, for liabilities, the earliest possible repayment is reported, and for assets, the latest possible repayment is reported. Assets and liabilities which have no maturity are posted in the category "Without specification".

As at 31 October 2015, the Group was exposed to the following liquidity risk:

In ths. EUR	Book value	Future cash flow	Up to 3 months	3 months up to 1 year	1 year up to 5 years	Above 5 years	Without specification
Financial assets							
Loans provided	**30 083**	**31 878**	3 425	3 345	24 299	809	-
Other receivables	**23 851**	**745**	-	745	-	-	-
Trade receivables	**1 734**	**1 806**	1 806	-	-	-	-
Financial investments	**385**	**385**	-	-	-	-	385
Cash and cash equivalents	**8 219**	**8 219**	8 219	-	-	-	-
Other assets	**2 345**	**2 345**	2 345	-	-	-	-
Total	**66 336**	**45 378**	**15 795**	**4 090**	**24 299**	**809**	**385**
Financial liabilities							
Loans and borrowings	**-37 879**	**-39 327**	-2 274	-9 692	-27 340	-21	-
Bonds issued	**-184 542**	**-230 625**	-1 575	-8 175	-104 275	-116 600	-
Trade liabilities	**-5 939**	**-5 939**	-5 939	-	-	-	-
Other liabilities	**-8 070**	**-8 070**	-8 070	-	-	-	-
Total	**-236 430**	**-283 961**	**-17 858**	**-17 867**	**-131 615**	**-116 621**	**-**

The Book value of Other receivables contains mainly advance payments made, which are not expected to be paid in cash, but by a transfer of shares.

34. Information on Risk Management (continued)

As at 31 October 2014, the Group was exposed to the following liquidity risk:

In ths. EUR	Book value	Future cash flow	Up to 3 months	3 months up to 1 year	1 year up to 5 years	Above 5 years	Without specification
Financial assets							
Loans provided	**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	**60 250**	**42 828**	**6 590**	**9 455**	**23 913**	**789**	**2 081**
Financial 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 liabilities	**4 370**	**-4 370**	- 4 370	-	-	-	-
Other liabilities	**4 454**	**-3 696**	-3 104	-8	-	-	-580
Total	**236 968**	**-294 666**	**-11 482**	**-16 762**	**-142 555**	**-123 287**	**-580**

The Book value of Other receivables contains mainly advance payments of 19 451 ths. EUR, which shall not be paid in cash, but by a transfer of shares.

Currency risk

Due to the acquisition of subsidiaries in the Republic of Poland during 2014 and 2015, the Group is primarily exposed to the risk of changes in the exchange rate of Polish Zloty against the EUR. The management monitors regularly whether there is a large difference between foreign currency liabilities and receivables. As at 31 October 2015, the Group reported property, plant and equipment in the amount of 8 577 ths. EUR, and intangible assets in the total amount of 7 063 ths. EUR, other assets of 523 ths. EUR, loans received of 1 556 ths. EUR, deferred tax liability of 2 019 ths. EUR and other liabilities of 570 ths. EUR denominated originally in the Polish Zloty. The other Group assets and liabilities are denominated in euros.

Secondarily, there is a risk that the weakening of the Polish Zloty or of the Russian Ruble against the EUR would lead to reducing the number of visitors from the above stated countries in Slovakia.

Sensitivity analysis

1% strengthening of the EUR against the Polish Zloty would have the following effect on the financial assets and financial liabilities of the Group:

Effect on the portfolio

In ths. EUR	2015	2014
PLN	14	26

1% weakening of the EUR against the Polish Zloty would have an identical high but opposite effect on the financial assets and financial liabilities in comparison with strengthening.

Interest risk

Group transactions are exposed to the risk of interest rate changes. The volume of this risk is equal to the amount of interest-bearing assets and interest-bearing liabilities, for which the interest rate differs, in the maturity period or in the period of change, from the present interest rate. Therefore, the period for which a fixed rate is determined for the financial instrument, expresses the exposure to the risk of changes in interest rates. The table below presents Group exposure to the risk of changes in interest rates based on contractual maturity period of financial instruments.

34. Information on Risk Management (continued)

As at 31 October 2015 and as at 31 October 2014, the Group has the following assets and liabilities linked to interest rates:

In ths. EUR	31.10.2015	31.10.2014
Fixed interest rate		
Assets	37 336	31 906
Liabilities	193 662	184 417
Variable interest rate		
Assets	-	-
Liabilities	30 218	43 708

Sensitivity analysis for instruments with a variable interest rate
Change by 100 basis points in interest rates would have the following effect on the profit/loss from operations:

In ths. EUR	Profit (loss)	
	100 bb growth	100 bb decline
31 October 2015		
Instruments with variable interest rate	-91	466
Cash flow sensitivity	**-91**	**466**

In ths. EUR	Profit (loss)	
	100 bb growth	100 bb decline
31 October 2014		
Instruments with variable interest rate	-106	223
Cash flow sensitivity	**-106**	**223**

Group interest-bearing liabilities have a variable interest rate referring to EURIBOR and WIBOR. The Group considers the variable interest rate as the self-management of interest risk. During an economic expansion, the EURIBOR is growing, but at the same time, the population economic performance is growing, and the company has higher revenues and profits. During an economic recession, the situation is completely opposite.

Operational risk

Operational risk is the risk of loss resulting from any fraud, unauthorised activities, failures, errors, inefficiency or failure of systems. The risk is created in all Group activities and faced by all Group companies. Operational risk also includes the risk of legal disputes.

The aim of the Group is to manage the operational risk to prevent any financial losses and detriment to the Group reputation within the cost-efficiency of cost spent on achieving this objective, while avoiding any measures preventing initiatives and creativity.

The Group management has key responsibility for the implementation of inspections related to the operational risk management.
The responsibility is supported by the implementation of standards for the management of operational risk which is common for the whole Group. Operational risk is governed by a system of directives, minutes of meetings and control mechanisms. The Group has a controlling department which attempts to eliminate all operational risks through regular inspections.

34. Information on Risk Management (continued)

The Group is also exposed to the risk of unfavourable conditions with respect to the weather. The number of visitors in the centre depends on the snow and snowfall periods. Unfavourable conditions adversely affect the number of skiers and the revenue of profit/loss from operations. Warm weather can unreasonably increase the cost of snowmaking and reduce the area where skiing is possible. Historically, the Low Tatras and the High Tatras region had on average 80cm and 85cm of snow during the winter season, respectively. The start of winter season and snow conditions affect the perception of the whole season by skiers. The Group is not able to forecast reliably in any manner the snow conditions at the beginning of winter season. Also thanks to the system of snowmaking, the snow conditions during the winter are stable each year.

35. Related Parties

Identification of related parties
As provided in the following overview, the Group has relations of a related party with respect to its shareholders having significant influence in the Group, and with respect to other parties, as at 31 October 2015 and 31 October 2014 or during the period between 1 November 2014 and 31 October 2015 and 1 November 2013 and 31 October 2014:

(1) Companies controlling jointly or having significant influence on the accounting entity and its subsidiary and associate companies
(2) Jointly controlled companies in which the Group is a partner
(3) Associates
(4) The members of company top management or Group shareholders (see also Note. 10 – Personnel Expenses)

Information on remuneration of the members of statutory bodies and of top management is stated in Note. 10 – Personnel Expenses. Besides Personnel Expenses the Group has no other related party transactions.

Since none of the shareholders has a shareholding in the Group exceeding 20% or any significant influence, the shareholders are not provided as related parties, and the above stated transactions or balances are not understood as transactions with related parties.

36. Subsequent Events

On 9 December 2015, the Group sold its entire 19% share of securities of MELIDA a.s. in the total value of 154 ths. EUR to CAREPAR, a.s.. For such reason the Group revalued the value of securities of MELIDA a.s. to the actual market value as at 31 October 2015, the result of which was a negative difference in valuation of 1 716 ths. EUR created to the Group. The reason of this transaction was a long-planned change in the shareholding structure of Melida a.s. so that mutual relations among Melida a.s. shareholders are optimized.

On 16 December 2015, the Group paid a coupon from the bond TMR I in the amount of 1 571 ths. EUR.

On 2 February 2016, the Group paid a coupon from the bond TMR II in the amount of 6 600 ths. EUR.

37. Capital Commitments and Capital Management

During 2014, the Group issued two bond issues (see Note. 31 – Bonds issued) in the total nominal value of 180 000 ths. EUR, which, starting from 19 February 2014, are admitted to trading on the Bratislava Stock Exchange. Both of the issues are associated with regular payment of the coupon which is provided by the Group from its own resources.

The Group management proceeds to capital management in order to ensure sufficient amount of resources for planned investments in that period for which investments were planned.

Before the date of merger with the parent company, no external requirements for capital management are linked either to the Group or to its subsidiaries.

Over the course of the period between 1 November 2014 and 31 October 2015, no changes occured in the Group management approach to capital management.

38. Contingent Assets and Contingent Liabilities

With respect to that many areas of Slovak law on taxation have not been sufficiently ascertained in practice, there is uncertainty in how tax offices will apply them. It is not possible to quantify the level of this uncertainty and it will only cease to exist when legal precedents or official interpretations of the relevant bodies are available.

On 31 October 2007, the Group signed a contract on the right of lien in an enterprise, on receivables and movables in favour of the creditor Tatra banka, joint stock company, the subject of which is a lien on liabilities for the entire scope of liabilities, which are posted in the balance sheet as at 31 October 2014 and as at 31 October 2015.

The Group has initiated several legal proceedings. The maximum amount of compensation in all legal proceedings can be up to 1 091 ths. EUR and accessions thereof.

39. Group Entities

The list of the Group entities as at 31 October 2015 and as at 31 October 2014 is provided below:

			31.10.2015		31.10.2014	
	Country of incorporation	**Consolidation method**	**Consol. %**	**Form of control**	**Consol. %**	**Form of control**
Tatry mountain resorts, a.s.	Slovakia	full	100		100	
Szczyrkowski Ośrodek Narciarski, S.A.	Poland	full	97	direct	97	direct
Ślaskie Wesole Miasteczko Sp. z o. o.	Poland	full	75	direct	-	-

....

Bohuš Hlavatý	Jozef Hodek	Tomáš Kimlička	Marián Vojtko
The Chairman of the Board of Directors	*Member of the Board of Directors*	*Person responsible for the compilation of Statements*	*Person responsible for bookkeeping*

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 subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 October 2015, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, 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 consolidated 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 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 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 2015, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

24 February 2016
Bratislava, Slovak Republic

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

Responsible auditor:
Ing. Richard Farkaš, PhD.
License SKAU No. 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 Tatry mountain resorts, a.s.:

We have audited the consolidated financial statements of Tatry mountain resorts, a.s. ("the Company") and its subsidiaries ("the Group"), as of 31 October 2015, presented in appendix to the annual report. We have issued an independent auditor's report on the consolidated financial statements on 24 February 2016 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 subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 October 2015, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, 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 consolidated 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 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 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 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 2015, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

24 February 2016
Bratislava, Slovak Republic

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

Responsible auditor:
Ing. Richard Farkaš, PhD.
License SKAU No. 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.

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

Report on Audit of Consistency

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 2015. 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 2015, presented in appendix to the annual report.

24 February 2016
Bratislava, Slovak Republic

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

Slovenská komora audítorov SKAU Č.licencie 96 KPMG Slovensko spol. s r.o.

Responsible auditor:
Ing. Richard Farkaš, PhD.
License SKAU No. 406

Separate Financial Statements

Tatry mountain resorts, a.s.

Separate Financial Statements
For the period from 1 November 2014 to 31 October 2015

Prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the EU

Separate statement of profit and loss and other comprehensive income

In thousands of EUR	Note	1.11.2014 – 31.10.2015	1.11.2013 – 31.10.2014
Revenue	6	67 396	55 933
Other operating revenue	7	874	360
Total revenue		**68 270**	**56 293**
Consumption of material and goods	8	-11 134	-9 448
Purchased services	9	-15 382	-14 000
Personnel expenses	10	-16 816	-14 754
Other operating expenses	11	-756	-924
Gain on sale of assets		45	146
Increase in fair value of investment property	17	228	1413
Creation and reversal of value adjustments to receivables	22	-87	-28
Profit before interest, taxes, depreciation and amortization (EBITDA)*		**24 368**	**18 698**
Depreciation and amortization	15,16	-12 456	-13 010
Goodwill impairment losses	16	-	-
Profit before interest, taxes (EBIT)		**11 912**	**5 688**
Interest income	12	1 467	1 493
Interest expense	12	-11 152	-7 717
Net loss on financial instruments	13	-1 544	-280
Profit / (loss) before taxes		**683**	**-816**
Income tax	14	-664	591
Profit/(loss)		**19**	**-225**
Other components of comprehensive income			
Revaluation of available-for-sale securities to fair value	14	5	-
Total comprehensive income		**24**	**-225**
Profit/(loss) per share (in euros)	27	**0,003**	**-0,034**
Number of shares outstanding		**6 707 198**	**6 707 198**

*EBITDA represents a profit from recurring Company activities before taxes, interest, amortization and depreciation, adjusted to other income and expenses, which are listed under EBITDA.

The Notes provided on pages 157 - 206 constitute an integral part of the Separate Financial Statements. An overview of the profit and loss statement by particular segments is in par. 4 – Information on Operating Segments.

Separate Statement of Financial Position

In ths. EUR	Bod	31.10.2015	31.10.2014
Assets			
Goodwill and intangible assets	16	7 395	7 766
Land, buildings and equipment	15	257 817	268 725
Investment property	17	6 554	7 264
Loans provided	21	24 719	22 275
Other receivables	23	2 342	176
Investments in subsidiaries	18	14 641	7 191
Total non-current assets		**313 468**	**313 397**
Inventory	20	5 336	2 921
Trade receivables	22	1 972	1 236
Assets available for sale	17	938	-
Loans provided	21	6 677	7 889
Other receivables	23	21 509	21 101
Financial investments	25	385	2 081
Cash and cash equivalents	26	8 064	3 757
Other assets	24	1 953	2 330
Total current assets		**46 834**	**41 315**
Total assets		**360 302**	**354 712**
Equity	27		
Share capital		46 950	46 950
Share premium		30 430	30 430
Profit/(loss) for the period		19	-225
Retained earnings and other funds		23 877	24 097
Total equity		**101 276**	**101 252**
Liabilities			
Loans and borrowings	28	26 771	32 292
Provisions	31	24	25
Other non-current liabilities	30	-	-
Bonds issued	32	178 520	178 395
Deferred tax liability	19	18 956	18 308
Total non-current liabilities		**224 271**	**229 020**
Loans and borrowings	28	14 938	9 684
Trade liabilities	29	5 805	4 291
Provisions	31	121	121
Bonds issued	32	6 022	6 022
Other current liabilities	30	7 869	4 322
Total current liabilities		**34 755**	**24 440**
Total liabilities		**259 026**	**253 460**
Total equity and liabilities		**360 302**	**354 712**

The Notes provided on pages 157 - 206 constitute an integral part of the Separate Financial Statements.

Separate Statement of Changes in Equity

In ths. EUR	Share capital	Share premium	Legal reserve fund	Funds from revaluation	Retained earnings	Total
Balance as at 1 November 2013	**46 950**	**30 430**	**3 877**	**140**	**20 080**	**101 477**
Profit/(loss) for the period	-	-	-	-	-225	-225
Other components of comprehensive income, after tax						
- items without subsequent reclassification into profit/(loss):						
Revaluation of tangible assets on transfer of investments in property	-	-	-	-	-	-
- items with possible subsequent reclassification into profit/(loss):						
Revaluation of available-for-sale securities at fair value	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	**-225**	**-225**
Transactions with owners posted directly into equity						
Contributions to the fund	-	-	571	-	-571	-
Total transactions during the year	-	-	**571**	-	**-571**	-
Balance as at 31 October 2014	**46 950**	**30 430**	**4 448**	**140**	**19 284**	**101 252**

Separate Statement of Changes in Equity (continued)

In ths. EUR	Share capital	Share premium	Legal reserve fund	Funds from revaluation	Retained earnings	Total
Balance as at 1 November 2014	**46 950**	**30 430**	**4 448**	**140**	**19 284**	**101 252**
Profit/(loss) for the period	-	-	-	-	19	**19**
Other components of comprehensive income, after tax						
- items without subsequent reclassification into profit/(loss):						
Revaluation of tangible assets on transfer of investments in property	-	-	-	-	-	-
- items with possible subsequent reclassification into profit/(loss):						
Revaluation of available-for-sale securities at fair value	-	-	-	5	-	**5**
Total comprehensive income for the period	**-**	**-**	**-**	**5**	**19**	**24**
Transactions with owners posted directly into equity						
Contributions to the fund	-	-	-	-	-	-
Total transactions during the year	**-**	**-**	**-**	**-**	**-**	**-**
Balance as at 31 October 2015	**46 950**	**30 430**	**4 448**	**145**	**19 303**	**101 276**

The Notes provided on pages 157 - 206 constitute an integral part of the Separate Financial Statements.

Separate Cash Flow Statement

In ths. EUR	Par.	1.11.2014 – 31.10.2015	1.11.2013 – 31.10.2014
OPERATING ACTIVITIES			
Profit / (loss)		**19**	**-225**
Adjustments related to:			
(Profit) from the sale of land, buildings and equipment and intangible assets		-45	-146
Depreciation and amortization	15,16	12 456	13 010
(Release) / creation of value adjustments to receivables		87	28
Loss / (profit) from financial instruments, net	13	1 544	280
(Profit) / Loss from revaluation of investments in property	17	-228	-1 413
Net interest expense / (income)	12	9 685	6 224
Gross change in provisions		-1	-96
Income tax	14	664	-591
Change in trade receivables, other receivables and other assets		-3 142	5 477
Variation in inventory		-2 415	-806
Change in trade liabilities and other liabilities		5 091	-5 198
Cash flow from operating activity before income tax		**23 715**	**16 544**
Income tax paid		269	-285
Cash flow from operating activity		**23 984**	**16 259**
INVESTING ACTIVITIES			
Acquisition of land, buildings and equipment and intangible assets	15,16	-3 299	-27 397
Proceeds from sale of property, plant and equipment and intangible assets		2 167	1 421
Cost of acquisition of subsidiaries	5	-7 450	-7 191
Proceeds from paid bills of exchange		-	3 194
Loans provided		-8 580	-11 076
Repayment of loans provided		8 110	8 038
Expenses for acquisition of financial investments	25	-15	-
Income from the sale of financial investments	25	-	288
Interest receivable		714	8 340
Cash flow from investing activity		**-8 353**	**-24 383**
FINANCING ACTIVITIES			
Repayment of liabilities from financial leasing		-993	-891
Repayment of received loans and borrowings		-10 152	-10 791
Loans and borrowings received		10 730	14 930
Repayment of liability from reduction of share capital		-29	-174 135
Bonds issued		-	180 582
Interest paid		-10 880	-2 094
Dividends paid		-	-
Cash flow from financing activity		**-11 324**	**7 601**

Separate Cash Flow Statement (continued)

In ths. EUR	Par.	1.11.2014 – 31.10.2015	1.11.2013 – 31.10.2014
Net increase /(decrease) of cash and cash equivalents		4 307	-523
Cash and cash equivalents at the beginning of the year	26	3 757	4 280
Cash and cash equivalents at the end of the year	**26**	**8 064**	**3 757**

The Notes provided on pages 157 - 206 constitute an integral part of the Separate Financial Statements.

1. Information about the Company

Tatry mountain resorts, a.s. (hereinafter referred to as the "Company") is a joint stock company with the registered office and place of business in Demänovská Dolina 72, Liptovský Mikuláš 031 01. The company was established on 20 March 1992 and was registered in the Commercial Register on 1 April 1992. The Company identification number is 31 560 636 and the Company tax identification number is 2020428036.

The Company is not a member having unlimited liability in other accounting entities.

Starting from 19 November 1993, the Company shares are registered on the Bratislava Stock Exchange; starting from 15 October 2012, on the Warsaw Stock Exchange (WSE), and starting from 22 October 2012, on the Prague Stock Exchange (BCCP). On 22 August 2013, an extraordinary general meeting was held, which decided on a reduction in the share capital of the Company Tatry Mountain Resorts, a.s. from 221 338 ths. EUR to 46 950 ths. EUR, i.e. by 174 388 ths. EUR. Then during 2014, the Company issued two bond issues in the total nominal value of 180 000 ths. EUR, which, starting from 19 February 2014, are admitted to trading on the Bratislava Stock Exchange. See par. 32 - Bonds issued.

In 2009, the Company decided to change the accounting period from a calendar year to a fiscal year from 1 November to 31 October. Such a change was aimed at making the period more realistic as the Company activity depends on seasonal fluctuations.

On 1 May 2013, the parent company Tatry mountain resorts, a.s. and subsidiaries GRANDHOTEL PRAHA a.s., Interhouse Tatry s.r.o. and Tatry mountain resorts services, a.s, merged. On that day, the company Tatry mountain resorts, a.s. became the successor company, and assumed all legal, trade and other liabilities, as well as the assets of its subsidiaries. All subsidiaries ceased to exist by the merger with the parent company, and then were expunged from the Commercial Register.

As at 31 October 2015 and 31 October 2014, the Shareholders structure of the Company was as follows:

31 October 2015	**Share in share capital**		**Voting rights**
	In ths. EUR	%	%
C.I. CAPITAL INDUSTRIES LIMITED	8 835	18,8%	18,8%
J&T SECURITIES MANAGEMENT LIMITED	7 339	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	3 306	7,0%	7,0%
Minority shareholders	7 040	15,0%	15,0%
Total	**46 950**	**100%**	**100%**

31 October 2014	**Share in share capital**		**Voting rights**
	In ths. EUR	%	%
C.I. CAPITAL INDUSTRIES LIMITED	9 164	19.5%	19.5%
J&T SECURITIES MANAGEMENT LIMITED	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%
Minority shareholders	6 466	13.7%	13.7%
Total	**46 950**	**100%**	**100%**

1. Information about the Company (continued)

The principal activities of the Company comprise the operation of cableways and ski lifts, restaurant and catering services, the operation of a ski and snowboard school, the purchase and sale of goods, hotel business. Since 29 March 2011, the Company has operated Aquapark Tatralandia, thus expanding the portfolio of services rendered. During 2014 and 2015 the Company acquired interests in subsidiaries in Poland that operate the Szczyrk ski resort and an amusement park in Chorzow.

In the period between 1 November 2014 and 31 October 2015, the average number of Company employees was 907, of which the management was 25 (between 1 November 2013 and 31 October 2014, it was 1 008, of which the management was 25).

During the year, the Company used the services of employment agencies for short-term personnel leasing. In 2015, it was 205 employees out of the total number of 907. In 2014, it was 319 employees out of the total number of 1 008.

Company bodies are:

The Board of Directors:
Ing. Bohuš Hlavatý, the Chairman (since 30.6.2009)
Ing. Branislav Gábriš, the Vice-Chairman (since 18.2.2011)
Ing. Andrej Devečka, the Member (since 22.12.2011)
Ing. Jozef Hodek, the Member (since 30.6.2009)
Ing. Dušan Slavkovský, the Member (since 1.5.2010)
Ing. Michal Krolák, the Member (since 18.2.2011)

The Supervisory Board:
Ing. Igor Rattaj (since 29.6.2009)
Ing. František Hodorovský (since 18.1.2011)
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)
PhDr. Martin Kopecký, MSc, CFA (since 25.4.2015)

2. Significant accounting policies

(a) Statement of compliance

The separate financial statements for the period from 1 November 2014 to 31 October 2015 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").

The IFRS and the Act on Accounting 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 recognized at cost (net of impairment losses, if any) and dividend returns are recognized 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 2016 and that shall be available at the Company headquarters.

The financial statements were approved by the Board of Directors on 22 February 2016.

(b) Basis of preparation

The separate financial statements have been prepared based on the historical cost principle, while the investment property and financial instruments measured at fair value were revalued to their fair value through profit or loss. Available-for-sale securities were revalued to their fair value through other comprehensive income.

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 recognized 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 2014:

The application of the standards mentioned below has had no significant impact on the Company's 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).

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.

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 recognize 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.

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.

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.

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 realization 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 recognize 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 recognized in the period in which the obligation event occurs. The liability to pay levies is recognized progressively if the obligating event occurs over a period of time. If an obligation is triggered on reaching a minimum threshold, the liability is recognized when that minimum threshold is reached. The IFRIC explains that and 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.

International Financial Reporting Standards that have been issued but are not effective yet

As at 31 October 2015, the following International Financial Reporting Standards, amendments to and interpretations of the Standards were issued, which have not become effective yet, and thus were not applied by the Company when compiling these Financial Statements.

Amendments to **IFRS 11 Accounting for Acquisitions of Interests in Joint Operations** beginning on or after 1 January 2016 are to be applied prospectively, with earlier application being permitted. The amendments require that accounting for a business combination is applied to the acquisitions of interests in joint operations that form an enterprise. Accounting for a business combination is also applied to the acquisitions of other interests in joint operations if a joint operator retains joint control. Other acquired interests shall be measured at fair value. Interests in joint operations that were acquired before shall not be measured. The impact of adopted amendments can be assessed only in the year when amendments were applied for the first time as their impact will depend on the acquisition of joint operations that occurred during the accounting period. The Company does not intend to adopt the amendments earlier, so it is not possible to estimate their impact on the financial statements.

Amendments to **IAS 1** effective for accounting periods starting on 1 January 2016 or later. Earlier application is permitted. The amendments contain the following five improvements that are closely linked to disclosure requirements contained in the standard. Guidelines on the relevance in IAS 1 have been amended to clarify that immaterial information can distract attention from the useful information; relevance is applicable to the financial statements as a whole; relevance is applicable to each requirement for the disclosure in IFRS. Guidelines on the order of notes (including the accounting methods and accounting principles) have been amended as follows. Formulations which were construed as the requirement for the order of notes to the financial statements shall be deleted from IAS 1 and it shall be clarified that companies have more flexibility in where in the

2. **Significant Accounting Principles (continued)**

financial statements they disclose their accounting methods and accounting principles. The Company does not expect that the amendments will have a significant effect on the presentation of the Company financial statements on the first application.

Amendments to **IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation** (Objasnenie akceptovateľnej metódy odpisovania) effective for accounting periods beginning on or after 1 January 2016 are to be applied prospectively, with earlier application being permitted. Amendments explicitly specify that the revenue-based amortisation method may not be used for Property Plant and Equipment. The amendments introduce a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. The presumption can be overcome when the revenue and the consumption of economic benefits of the intangible assets "are highly correlated" or when the intangible asset is expressed as a measure of revenue. It is expected that the Amendment will not have a significant effect on the Company financial statements on the first application as the Company does not apply the revenue-based amortisation method.

Amendments to **IAS 16 Property Plant and Equipment** (Nehnuteľnosti, stroje a zariadenia) and **IAS 41 Agriculture** (Poľnohospodárstvo) effective for accounting periods beginning on or after 1 January 2016, with earlier application being permitted. The amendments bring bearer plants into the scope of IAS 16 Property Plant and Equipment, and not into the scope of IAS 41 Agriculture because their operation is similar to that of manufacturing. The Company does not expect that the amendments will have a significant effect on the financial statements on the first application as the Company has no bearer plants.

Amendments to **IAS 19 Defined Benefit Plans: Employee Contributions** (Programy so stanovenými požitkami: Príspevky zamestnanca) effective for accounting periods beginning on or after 1 February 2015. The amendments are applied retrospectively, with earlier application being permitted. Amendments are only relevant for defined benefit plans that contain contributions from employees or from third parties, and comply with certain criteria, specifically, that they are provided in formal conditions of the benefit plan, relate to a service, and are independent of the years of service. When such criteria are complied with, a company can (but need not) account for them as a reduction of cost for services in the period when the related service is provided. The Company does not expect that the amendments will have a significant effect on its financial statements as the Company has no Defined Benefit Plans containing contributions from employees or from third parties.

Amendments to **IAS 27 Equity method in the separate financial statements** (Metóda vlastného imania v separátnej účtovnej závierke) effective for accounting periods beginning on or after 1 January 2016, and are to be applied retrospectively, with earlier application being permitted. Amendments to IAS 27 permit the Company to use the Equity method in the separate financial statements in accounting for investments in subsidiary, affiliated companies and joint ventures. At present, the Company assesses the effect of this standard on the financial statements.

IFRS Annual Improvements

The Improvements bring 10 amendments to 10 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 or 1 January 2016, 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 Principles (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 acquisition cost (purchased inventory), respectively in own costs (incurred by own activity), 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. Own costs include direct costs and indirect costs associated with acquiring inventories by own activity.

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, based on the estimated useful lives if these assets, 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 leisure parks (hereinafter also referred to as “Leisure Parks”)
- 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”)
- Other revenues

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 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, leisure parks, hotels, dining, sports services and stores, real estate, 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. Significant Accounting Estimates and Assumptions

The compilation of the financial statements according to the International Financial Reporting Standards as adopted by the EU requires the application of certain significant accounting estimates. It also requires that the management, in the application process of the Company accounting principles, should use its judgement. Therefore, the accounting estimates will be rarely identical with actual figures. Estimates and assumptions carrying a significant risk of causing a material modification of the book value of assets and liabilities in the future accounting period, are described below in the text. Estimates and assumptions are re-evaluated from time to time. If the re-evaluation of accounting estimates only applies to one accounting period, it will be accounted for in that period; if the re-evaluation affects both the present and future accounting periods, it will be accounted for in the period when the re-evaluation occured, and also in the future periods.

(a) Valuation of Investments in Property

Investments in property are measured at fair value. The fair value of investments in property is determined either by an independent authorized expert or by the management (see the Significant Accounting Principles, par. l); in both of the cases the valuation is based on current market values and conditions. The fair market value is the estimated value for which the property could be exchanged, on the valuation day, between knowledgeable, willing parties being a prospective seller and a prospective buyer, in an arm's length transaction, after reasonable marketing.

In the absence of current market prices, net estimated cash flow generated from the leasing of property and gains from capitalisation which reflect the risk specific for the market and also cash flow from the property, shall be taken into account. The valuation reflects (where relevant) the type of lessees who use the property or are responsible for the fulfilment of lease liabilities or the type of prospective users, if the property is left non-rented, the general market perception of lessee solvency, the distribution of responsibilities related to maintenance and insurance of property between the Company and the lessees, and the remaining life of property.

In the period between 1.11.2014 and 31.102015, the investments in real property cover three hotels (SKI, Liptov, Kosodrevina) and the accommodation facility Otupné with the aggregate book value of 1 982 ths. EUR (for the period between 1.11.2013 and 31.10.2014, the investments in real property covered four hotels – SKI, Liptov, Kosodrevina, Slovakia and the accommodation facility Otupné with the aggregate book value of 2 693 ths. EUR), which are leased out to third parties that operate them, as well as forest areas and lots of land obtained as an acquisition in 2009 in the book value of 4 572 ths. EUR. Over the course of 2015, the Slovakia Hotel was, based on Company management decision, transferred from investments in property, and is intended for sale. The value of the hotels was estimated by the management in a manner specified above. The value of the land was determined by the management using market prices, and the final value is based on an estimate of the market price per square meter, depending on the type of land and market transactions for similar lots of land.

As at 31 October 2015, the Company management, based on current market conditions, re-valuated the value of investments in property. The result was an increase in the value of the SKI hotel by 188 ths. EUR, and an increase in the value of the Liptov hotel by 40 ths. EUR. Total revaluation of investments in property in 2015, executed with the profit/loss from operations, was a revenue of 228 ths. EUR (2014: revenue of 1 413 ths. EUR).

If the fair value of the portion of investments in property which was determined based on management estimates differs from management estimates by 10%, the book value of investments in property would be higher or lower by 655 ths. EUR in comparison with the amount reported as at 31 October 2015 (as at 31 October 2014: 726 ths. EUR).

3. Significant Accounting Estimates and Assumptions (continued)

(b) Goodwill and Impairment Test

As at the date of the financial statements, the Company is required to assess whether there is any indication that its goodwill is impaired. If there is no indication that goodwill may be impaired, the Company shall, according to IAS 36, test reported goodwill for possible impairment on a yearly basis as at 31 October, i.e. as at the date of compilation of the annual separate financial statements.

On the day of reporting, the acquired goodwill is allocated to individual cash-generating units (CGU) that are expected to benefit from the synergies of the combination.

In the accounting period between 1 November 2012 and 31 October 2013, the goodwill resulted from a merger of the Company and Interhouse Tatry s.r.o. (a company running the Grandhotel Starý Smokovec) in the amount of 3 740 ths. EUR. Then as at 31 October 2013, an impairment test was made for the goodwill. The test result indicated an impairment of goodwill by 350 ths. EUR, due to which the goodwill was reduced to 3 390 ths. EUR.

The impairment is determined by assessing the recoverable amount of CGU to which the goodwill relates (CGU Vysoké Tatry), based on the value in use. The amount is derived from future cash flows estimated by the management. The discount rate used in assessing the fair value was 6.5% for 2015 and 6.5% for 2014 (taking into account the income tax).

The value in use was derived from a business plan prepared by the management. The key prerequisite which was also the most sensitive factor in determining the recoverable amount, was expected revenues assessed by the management, the profit margin ratio (EBIDTA) and the cost of capital used as the discount factor for future net cash flows. Expected revenues as well as the profit margin ratio are based on changes in customer target groups, strengthened marketing and increase in the quality of services rendered.

Projecting of cash flows applied in determining the value in use covers a medium-term period of 5 years and subsequent extrapolation for the next period. Based on such standard level of cash flows, the terminal value was calculated with expected growth of cash flows at 2.2% p.a. (2014: 2.2%). Discount rates applied in the projecting of cash flows were calculated as weighted average cost of capital.

In 2015 and 2014, goodwill was tested within CGU Vysoké Tatry, and the test did not show any reason for asset impairment.

If as at 31 October 2015, projected EBITDA being part of projected cash flows was lower than 5% in comparison with management estimates, the value in use for an individual cash-generating unit in the location of High Tatras would drop by 8 999 ths. EUR. In such case, it would not be necessary to account for the asset impairment or goodwill even at a lower EBIDTA reached. If the discount rate increased by 0.5 percentage point in comparison with the management estimate, i.e. its value was 7.00 %, the value in use for an individual cash-generating unit for the location of High Tatras would drop by *15* 906 ths. EUR. Here again it would not be necessary to account for asset impairment or goodwill even at a higher discount rate.

(c) Asset Impairment

As at the date of the financial statements, the Company is required to assess whether there is any indication that an asset may be impaired. IAS 36 requires the testing of asset impairment in cases where external or internal indicators would point possible asset impairment.

3. Significant Accounting Estimates and Assumptions (continued)

The Company carries on 6 principal activities: running of mountain resorts, leisure parks, restaurant services, sports services and stores, accommodation services and real estate projects, namely in three locations: Jasná (the Low Tatras), in the High Tatras, and in Liptovský Mikuláš and via its subsidiaries in Poland. Each of the locations was assessed by the management as an individual cash-generating unit (CGU). The Company monitors the performance and creates independent budgets for individual cash-generating units. The Company assets were allocated to individual cash-generating units according to the material competence, whereas all assets, i.e. also the Hotels, Catering establishments and Sports services and shops are included in individual cash-generating units, except for Ski lifts and Cableways.

As at 31 October 2015, the Company management having considered the Company asset impairment, did not identify any indicator of possible impairment. For that reason, the asset impairment test was not performed. An impairment test was performed only for the location of High Tatras, as it has assigned Goodwill as specified in par. 3(b).

As at 31 October 2014, indicators of Company asset impairment were identified as some of principal activities did not reach planned profitability. For that reason, an asset impairment test was performed. Three basic individual cash-generating units were tested as provided above, i.e. the High Tatras Centre, the JASNÁ Low Tatras centre, and the aquapark Tatralandia in Liptovský Mikuláš. The test results did not result in any asset impairment.

Possible impairment is determined by comparing the recoverable amount and the book value of cash-generating unit.

The recoverable amount was determined based on the value in use. The value in use was derived from the value of future cash flows adjusted to the present value by discounting. In 2015, the discount rate applied in asset impairment test was 6.5% (2014: 6,5%), taking into account the income tax. The discount rate was calculated using the method of weighted average cost of capital.

The value in use of each cash-generating unit was determined based on projected cash flows derived from a long-term financial plan prepared by the management. Financial plans were prepared for a period of next five years. Projected cash flows for the next period of five years were derived from such financial plans.

In such a following period, it is expected to reach such operating and financial performance which is considered as sustainable over the long term by the management. Based on such a standard level of cash flows, the terminal value was calculated with projected growth of cash flows at 2.2% p.a. in the test conducted as at 31 October 2015 (2014: 2,2%).

In addition to the discount rate, mainly planned rates and attendance are the key prerequisites that most influence the value in use. Most of projections are based on historical experience in addition to planned facts associated with new investments (such as transport capacity of new cable-ways). In the estimates of future prices, the management also considered the prices of comparable resorts, hotels and aquaparks in other countries, reflecting differences in the customer target group.

If as at 31 October 2014, projected EBITDA being part of projected cash flows was lower by 5% in comparison with management estimates, the value in use for the individual cash-generating unit in the location of Jasná (the Low Tatras) would be lower by 9 831 ths. EUR; for the location of High Tatras it would drop by 7 444 ths. EUR, and for the location of Liptovský Mikuláš (Tatralandia) it would be lower by 4 980 ths. EUR. In neither case would it be necessary to post an asset impairment even at a lower EBIDTA indicator. If the discount rate increased by 0,5 percentage point in comparison with the management estimate, i.e. its value was 7.00 %, the value in use for an individual cash-generating unit for the location of Jasná (the Low Tatras) would be lower by 14 243 ths. EUR, for the location of High Tatras would drop by 12 062 ths. EUR, and for the location of Liptovský Mikuláš (Tatralandia) would be lower by 7 765 ths. EUR. In neither case would it be necessary to post an asset impairment even at a higher discount rate.

3. Significant Accounting Estimates and Assumptions (continued)

(d) Financial Instruments at Fair Value

The fair value of financial instruments is determined based on:

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

Level 2: inputs other than quoted market prices included within Level 1, which are comparable for the asset or liability, either directly (as prices of comparable instruments) or indirectly (derived from prices)

Level 3: inputs for the asset and liability, which are not determined on the basis of data from comparable markets (unobservable inputs)

When the quoted market price is not available, the fair value of the instrument is estimated using valuation techniques. When using valuation models, the management applies estimates and assumptions which are consistent with information available on estimates and assumptions that market participants would use when pricing the relevant financial instrument.

	31.10.2015				31.10.2014			
In ths. EUR	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Available-for-sale securities	64	-	-	**64**	59	-	-	**59**
Financial instruments measured at fair value through profit/loss from operations	-	-	321	**321**	-	-	2 022	**2 022**

In 2015, the Company acquired an investment in the company CAREPAR, a.s. in the value of 15 ths. EUR.

Within Level 3, the Company reports mainly financial investment (a share of share capital of 19%) in MELIDA, a.s. in the amount of 154 ths. EUR (as at 31 October 2014: 1 869 ths. EUR) and other financial investments priced through profit/loss from operations as stated in par. 25 Financial Investments. On 6 November 2012, the company MELIDA, a.s. concluded an agreement for the leasing of an enterprise with the company SKIAREÁL Špindlerův Mlýn, a.s., which was assessed as a business combination under the Company management for the needs of consolidated financial statements.

The fair value of this financial property was estimated, in 2014, by the Company management using the discounted cash flow method, with the application of input from the business plan and of cash flow estimates. The business plan and cash flow estimates were consistently reviewed before application by Company management. The discount rate applied in the valuation of such financial assets was 7.02%, in 2014. The main preconditions that were used in the valuation, were estimated cash flows and discount rate. On 9 December 2015, the Company sold its entire 19% share of securities in MELIDA a.s. in the total amount of 154 ths. EUR. For such reason the Company revalued the value of securities of MELIDA a.s. to a value under the contract concluded as at 31 October 2015, the result of which was a negative difference in valuation of 1 716 ths. EUR.

Approval of opening and closing balances of fair values of particular levels for financial assets:

In ths. EUR	**Balance as at 31.10. 2014**	**Revaluation through profit/loss from operations**	**Revaluation through other components of comprehensive income**	**Increases**	**Decreases**	**Balance as at 31.10. 2015**
Available-for-sale securities	**59**	-	5	-	-	**64**
Financial instruments measured at fair value through profit/loss from operations	**2 022**	- 1 716	-	15	-	**321**

4. Information about Operating Segments

Information about Operating Segments - Separate Profit and Loss Statement

In ths. EUR	Mountain Resorts 31.10.2015 *12 m*	Mountain Resorts 31.10.2014 *12 m*	Leisure Parks 31.10.2015 *12 m*	Leisure Parks 31.10.2014 *12 m*	Hotels 31.10.2015 *12 m*	Hotels 31.10.2014 *12 m*	Dining 31.10.2015 *12 m*	Dining 31.10.2014 *12 m*	Sports Services and Stores 31.10.2015 *12 m*	Sports Services and Stores 31.10.2014 *12 m*	Real Estate 31.10.2015 *12 m*	Real Estate 31.10.2014 *12 m*	Other 31.10.2015 *12 m*	Other 31.10.2014 *12 m*	TOTAL 31.10.2015 *12 m*	TOTAL 31.10.2014 *12 m*
Revenue	28 287	23 318	7 901	7 672	16 597	14 447	9 805	7 398	3 592	2 445	1 214	653	-	-	**67 396**	**55 933**
Other operating revenue	308	218	156	-	169	85	222	47	19	10	-	-	-	-	**874**	**360**
Consumption of material and goods	-2 351	-2 286	-335	-291	-3 385	-3 213	-3 126	-2 605	-1 215	-909	-722	-144	-	-	**-11 134**	**-9 448**
Purchased services	-7 330	-7 454	-1 511	-1 553	-3 952	-3 538	-1 620	-784	-518	-335	-451	-336	-	-	**-15 382**	**-14 000**
Personnel expenses	-6 051	-5 323	-1 944	-1 862	-4 851	-4 438	-2 837	-2 331	-1 133	-800	-	-	-	-	**-16 816**	**-14 754**
Other operating expenses	-452	-568	-82	-101	-96	-153	-62	-72	-7	-17	-57	-13	-	-	**-756**	**-924**
Gain on sale of assets	-	41	-	-	-	105	-	-	-	-	45	-	-	-	**45**	**146**
Increase in fair value of investments property	-	-	-	-	-	-	-	-	-	-	228	1 413	-	-	**228**	**1 413**
Creation and reversal of value adjustments to receivables	-	-	-	-	-	12	-	9	-	-6	-	-43	-	-	**-87**	**-28**
Depreciation and amortization	-6 685	-7 846	-991	-979	-2 896	-3 051	-789	-680	-342	-306	-74	-148	-680	-	**-12 456**	**-13 010**
Interest income	-	18	-	-	-	-	-	-	-	-	-	-	1 467	1 475	**1 467**	**1 493**
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-11 152	-7 717	**-11 152**	**-7 717**
Net loss relating to financial instruments	-1 716	-	-	-	-	-	-	-	-	-	-	-	172	-280	**-1 544**	**-280**
Profit/(loss) of the segment before taxes	**4 012**	**118**	**3 194**	**2 886**	**1 586**	**256**	**1 593**	**982**	**396**	**82**	**183**	**1 382**	**-10 193**	**-6 522**	**683**	**-816**
Income tax															**-664**	**591**
Profit/(loss)															**19**	**-225**

The Company generates all of its revenues on the territory of the Slovak Republic. Eliminations among segments are included in amounts reported for particular periods.
The 10% limit of the share of total revenue was not exceeded by any Company client.

4. Information about Operating Segments (continued)

Information about Operating Segments - Separate Statement of Financial Position

In ths. EUR	Mountain Resorts 31.10.2015	Mountain Resorts 31.10.2014	Leisure Parks 31.10.2015	Leisure Parks 31.10.2014	Hotels 31.10.2015	Hotels 31.10.2014	Dining 31.10.2015	Dining 31.10.2014	Sports Services and Stores 31.10.2015	Sports Services and Stores 31.10.2014	Real Estate 31.10.2015	Real Estate 31.10.2014	Other 31.10.2015	Other 31.10.2014	TOTAL 31.10.2015	TOTAL 31.10.2014
Goodwill and intangible assets	626	739	2 266	2 524	4 443	4 443	18	18	42	42	-	-	-	-	**7 395**	**7 766**
Property, plant and equipment	138 367	147 947	29 699	32 386	69 099	69 364	10 689	11 261	2 487	2 573	4 880	5 194	2 596	-	**257 817**	**268 725**
Investment in property	-	-	-	-	-	-	-	-	-	-	6 554	7 264	-	-	**6 554**	**7 264**
Inventory	485	534	180	139	311	234	385	376	2 082	1 626	1 893	12	-	-	**5 336**	**2 921**
Trade receivables	826	492	233	176	484	344	290	156	104	53	35	15	-	-	**1 972**	**1 236**
Investments in subsidiaries	7 191	7 191	7 450	-	-	-	-	-	-	-	-	-	-	-	**14 641**	**7 191**
Other receivables	22 253	21 277	-	-	-	-	-	-	-	-	-	-	-	-	**22 253**	**21 277**
Financial investments	168	1 869	-	-	-	-	-	-	119	119	-	-	98	93	**385**	**2 081**
Other assets	1 186	1 315	1 775	344	590	671	-	-		-	-	-	-	-	**3 551**	**2 330**
Loans provided	27 955	20 688	724	-	2 124	2 032	-	-	-	-	404	297	189	7 147	**31 396**	**30 164**
Cash and cash equivalents	3 521	1 409	952	567	1 980	1 107	1 184	503	427	171	-	-	-	-	**8 064**	**3 757**
Assets intended for sale	-	-	-	-	938	-	-	-	-	-	-	-	-	-	**938**	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	-
Total assets	**202 578**	**203 461**	**43 279**	**36 136**	**79 969**	**78 195**	**12 566**	**12 314**	**5 261**	**4 584**	**13 766**	**12 782**	**2 883**	**7 240**	**360 302**	**354 712**
Long-term loans and borrowings	25 852	21 246	109	4 690	228	623	496	4 159	70	1 416	16	158	-	-	**26 771**	**32 292**
Non-current trade liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Other non-current liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Short-term loans and borrowings	9 516	9 684	5 422	-	-	-	-	-	-	-	-	-	-	-	**14 938**	**9 684**
Current trade liabilities	2 431	1 619	685	635	1 426	1 240	853	563	307	192	103	42	-	-	**5 805**	**4 291**
Other current liabilities	3 436	1 870	929	592	1 933	1 156	1 156	525	415	179	-	-	-	-	**7 869**	**4 322**
Provisions	40	41	25	25	49	49	22	22	8	8	1	1	-	-	**145**	**146**
Bonds issued	-	-	-	-	-	-	-	-	-	-	-	-	184 542	184 417	**184 542**	**184 417**
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	18 956	18 308	**18 956**	**18 308**
Total liabilities	**41 275**	**34 460**	**7 170**	**5 942**	**3 636**	**3 068**	**2 527**	**5 269**	**800**	**1 795**	**120**	**201**	**203 498**	**202 725**	**259 026**	**253 460**

Eliminations among segments are included in amounts reported for particular periods. The prices used among segments are determined based on market prices for similar services and financing.

5. Increase and Decrease of Shares in Companies

On 14 April 2015, the Company acquired a 70% stake in Polish company PS Rozrywka, which was later renamed to Śląskie Wesole Miasteczko Sp. z o. o. (hereinafter referred to as SWM). For such a 70% stake, the Company paid 6 727 ths. EUR. On 4.8.2015, the Company purchased an additional 5% stake, in a total amount of 723 ths. EUR. The company SWM is the operator of a theme park in the town of Chorzow, Poland.

On 5 March 2014, the Company acquired a 97% stake in Polish company Szczyrkowski Ośrodek Narciarski S.A. (hereinafter referred to as SON) based in Szczyrk, the Republic of Poland. It gained full control of the company SON only on 30 April 2014, when the Company appointed new members of the Board of Directors. The company SON is the operator of the ski centre in the town of Szczyrk in the Polish Beskids. The Company paid 7 191 ths. EUR for this stake, and became a majority shareholder of SON.

In ths. EUR	Date of acquisition (acquisition of control)	Acquisition price	Decrease of cash flow	Share of Company after acquisition %
Purchase of subsidiary company				
Szczyrkowski Ośrodek Narciarski S.A.	30.4.2014	7 191	-7 191	97%
Śląskie Wesole Miasteczko Sp. z o. o.	14.4.2015 and 4.8.2015	7 450	-7 450	75%

The table below provides assets of the company SON as at 30 April 2014, which were revalued at the fair value for the purposes of the Consolidated Financial Statements according to the IFRS EU.

In ths. EUR	Book value according to Polish accounting regulations	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 share (97% share)	**1 093**	**8 760**

The table below provides assets of the company SWM as at 1 May 2015, which were revalued at the fair value for the purposes of the Consolidated Financial Statements according to the IFRS EU.

In ths. EUR	Book value according to Polish accounting regulations	Fair value according IFRS
Intangible assets	1 325	65
Land, buildings and equipment	1 784	2 700
Other assets	10	10
Cash and cash equivalents	6 714	6 714
Loans and borrowings	-157	-157
Other liabilities	-69	-69
Deferred tax liability	-	-186
Net identifiable assets and liabilities (100% share)	**9 607**	**9 077**
Acquired share (75% share)	**7 205**	**6 808**

6. Revenue

In ths. EUR	1.11.2014 – 31.10.2015	1.11.2013 – 31.10.2014
Mountain Resorts	28 287	21 978
Hotels	16 597	15 869
Sports Services and Stores	3 592	2 452
Dining	9 805	7 205
Leisure Parks	7 901	8 123
Real Estate	1 214	306
Total	**67 396**	**55 933**

7. Other Operating Revenues

In ths. EUR	1.11.2014 – 31.10.2015	1.11.2013 – 31.10.2014
Contractual penalties	3	30
Claims paid by insurance company	60	16
Other operating revenues	811	314
Total	**874**	**360**

As at 31 October 2015, contractual penalties of 3 ths. EUR present late payment interest. As at 31 October 2014, contractual penalties of 30 ths. EUR present a penalty for delayed supply based on contract for work.

8. Consumption of Material and Goods

In ths. EUR	1.11.2014 – 31.10.2015	1.11.2013 – 31.10.2014
Material in hotels and restaurant facilities	-4 686	-3 751
Goods	-3 289	-2 616
Fuels	-642	-686
Material for repair and maintenance	-636	-465
Material and goods – other	-1 881	-1 930
Total	**-11 134**	**-9 448**

9. Purchased Services

In ths. EUR	1.11.2014 – 31.10.2015	1.11.2013 – 31.10.2014
Energy consumption	-4 275	-4 208
Advertisement expenses	-2 045	-2 837
Other pruchased services	-2 043	-1 892
Rental costs (cost of premises) and others	-2 932	-1 892
Repairs and maintenance expenses	-1 097	-762
Other administrative expenses	-1 065	-874
Communication expenses	-1 004	-817
Legal advice expenses	-448	-254
Services related to owned premises	-262	-248
Transport, accommodation, travel expenses	-149	-149
Training expenses	-62	-67
Total	**-15 382**	**-14 000**

Other purchased services represent the accounting, audit, marketing and other expenses related to administrative operation of the Company. The Company uses the services of KPMG Slovensko spol. s r.o. auditing company for the auditing of individual and consolidated financial statements. Between 1 November 2014 and 31 October 2015, the expense of these items represented 158 ths. EUR (for the period ended on 31 October 2014: 165 ths. EUR). KPMG Slovensko Advisory, k.s. provided tax advisory services during the year in the amount of 6 ths. EUR (for the period ended on 31 October 2014: 4 ths. EUR).

10. Personnel Expenses

In ths. EUR	1.11.2014 – 31.10.2015	1.11.2013 – 31.10.2014
Wages and salaries	-10 310	-8 730
Personnel leasing	-4 558	-3 884
Social security (compulsory)	-3 221	-2 916
Remuneration of members of statutory bodies and top management	-1 287	-790
Other social expenses	-14	-14
Total	**-16 816**	**-14 754**

In the period between 1 November 2014 and 31 October 2015, the average number of Company employees was 971, of which the management was 25 (between 1 November 2013 and 31 October 2014, it was 1 008, of which the management was 25). During the year, the Company used the services of employment agencies for short-term personnel leasing. In 2015, it was 269 employees out of the total number of 971. In 2014, it was 319 employees out of the total number of 1 008.

11. Other Operating Expenses

In ths. EUR	1.11.2014 – 31.10.2015	1.11.2013 – 31.10.2014
Insurance (property, automobiles, travel cost)	-325	-288
Fees and commissions	-300	-240
Shortages and losses	-86	-65
Other operating expenses	-45	-331
Total	**-756**	**-924**

12. Interest Income and Expense

In ths. EUR	1.11.2014 – 31.10.2015	1.11.2013 – 31.10.2014
Interest income	1 467	1 493
Interest expense	-11 152	-7 717
Total	**-9 685**	**-6 224**

For the period between 1 November 2014 and 31 October 2015, the interest income was 1 467 ths. EUR (between 1 November 2013 and 31 October 2014, it was 1 493 ths. EUR) is payable mainly from loans provided at a fixed interest rate. See par. 21 – Loans provided.

For the period between 1 November 2014 and 31 October 2015, the interest expense in the amount of 11 152 ths. EUR represents the cost of loans and borrowings of 1 276 ths. EUR (between 1 November 2013 and 31 October 2014, it was 519 ths. EUR), and interest expense from bonds issued of 9 876 ths. EUR (between 1 November 2013 and 31 October 2014, it was 7 198 ths. EUR). The Company issued interest-bearing bonds in the total nominal value of 180 mil. EUR. The first portion of the bonds TMR I in the amount of 70 mil. EUR with nominal interest rate of 4.5% p.a. is due on 17 December 2018. The second portion of bonds TMR II in the amount of 110 mil. EUR with nominal interest rate of 6% p.a. is due on 5 February 2021. For more information on bonds issued, see par. 32 – Bonds issued. Interest expense for bonds also contains an aliquot interest expense from bonds issued in the amount of 6 022 ths. EUR.

In the period between 1 November 2014 and 31 October 2015, the Company did not capitalise interest expense into assets (between 1 November 2013 and 31 October 2014, in the amount of 737 ths. EUR).

13. Net Profit from Financial Instruments

In ths. EUR	1.11.2014 – 31.10.2015	1.11.2013 – 31.10.2014
Revaluation of financial instruments measured at fair value through profit and loss statement	-1 716	-15
Cost of administration of financial instruments	-178	-136
Income from the sale of financial instruments measured at fair value through profit and loss statement	-	14
Other, net	350	-143
Total	**-1 544**	**-280**

Revaluation of financial instruments measured at fair value through profit and loss statement for the period between 1 November 2014 and 31 October 2015 represents a loss from revaluation of share in the company MELIDA, a.s. in the amount of 1 716 ths. EUR.

14. Income Tax and Deferred Tax

In ths. EUR	1.11.2014 – 31.10.2015	1.11.2013 – 31.10.2014
Current tax:		
Tax of current accounting period	-12	-
Withholding tax on interest	-4	-
	-16	**-**
Deferred tax:		
Posting and release of temporary differences	-648	408
Change of tax rate	-	183
Total income tax	**-664**	**591**

Deferred income tax is calculated using enacted tax rates the validity of which is expected in a period in which the receivable is performed or the liability is settled.

To calculate deferred tax from temporary differences originated in the Slovak Republic, the Company applied a 22% rate resulting from the legal corporate income tax rate from 1 January 2014.

Income tax reported through other components of comprehensive income

In ths. EUR	1.11.2014 – 31.10.2015			1.11.2013 – 31.10.2014		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Revaluation of available-for-sale securities at fair value	6	1	5	-	-	-
Other components of comprehensive income	**6**	**1**	**5**	**-**	**-**	**-**

Reconciliation of effective tax rate

In ths. EUR	1.11.2014 – 31.10.2015		1.11.2013 – 31.10.2014	
	%		%	
Profit/(loss) before tax		**683**		**-816**
Theoretical Tax rate	22%	-150	23%	-188
Tax non-deductible expenses	90%	633	-14%	114
Income not subject to tax	-18%	-124	41%	-355
Current tax: withholding tax on interest	1%	4	-0.1%	1
Change of tax rate	0%	-	22%	-183
Total	**97%**	**664**	**72%**	**-591**

14. Income Tax and Deferred Tax (continued)

Movements of deferred tax liability (net) during 2015 and 2014

2015

In ths. EUR	Balance as at 1.11.2014	Reported in profit and loss statement	Reported in other comprehensive income	Acquired through business combination	Balance as at 31.10.2015
Property, plant and equipment and non-current intangible assets and available-for-sale assets	-18 184	-686	-		-18 870
Investments in real property	-693	135	-	-	-828
Losses from impairment of trade receivables and other assets	31	-15	-	-	16
Provisions and liabilities	172	164	-	-	336
Tax losses	366	24	-	-	390
Other temporary differences	-	-	-1	-	-1
Total, net	**-18 308**	**-648**	**1**	**-**	**-18 956**

2014

In ths. EUR	Balance as at 1.11.2013	Reported in profit and loss statement	Reported in other comprehensive income	Acquired through business combination	Balance as at 31.10.2014
Property, plant and equipment and non-current intangible assets	-18 591	407	-		-18 184
Investments in real property	-400	-293	-	-	-693
Losses from impairment of trade receivables and other assets	-286	317	-	-	31
Provisions and liabilities	212	-40	-	-	172
Tax losses	166	200	-	-	366
Total, net	**-18 899**	**591**	**-**	**-**	**-18 308**

See also par. 19 - Deferred tax liability.

15. Property, Plant and Equipment

In ths. EUR	Land and buildings	Individual movable assets and sets of movable assets	Assets under construction	Total
Acquisition price				
Opening balance as at 1.11.2013	190 226	91 445	18 628	300 299
Increases	2 706	15 549	8 612	26 867
Increases from company merger	-	-	-	-
Decreases	-1 308	-1 500	-597	-3 405
Movement to investments in real property	34	-	-	34
Movements within assets	16 867	5 917	-22 784	-
Balance as at 31.10.2014	**208 525**	**111 411**	**3 859**	**323 795**
Opening balance as at 1.11.2014	208 525	111 411	3 859	323 795
Increases	1 146	1 047	929	3 122
Decreases	-1 556	-274	-875	-2 705
Movement from investments in real property	-	-	-	-
Movements within assets	887	191	-1 078	-
Balance as at 31.10.2015	**209 002**	**112 375**	**2 835**	**324 212**
Accumulated depreciation and losses from impairment of assets				
Opening balance as at 1.11.2013	-23 943	-20 154	-597	-44 694
Depreciation of current accounting period	-4 634	-7 872	-	-12 506
Decreases	433	1 100	597	2 130
Movement to investments in real property	-	-	-	-
Balance as at 31.10.2014	**-28 144**	**-26 926**	**-**	**-55 070**
Opening balance as at 1.11.2014	-28 144	-26 926	-	-55 070
Depreciation of current accounting period	-5 080	-6 830	-	-11 910
Decreases	312	273	-	585
Balance as at 31.10.2015	**-32 912**	**-33 483**	-	**-66 395**
Carrying value				
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**
As at 1.11.2014	**180 381**	**84 845**	**3 859**	**268 725**
As at 31.10.2015	**176 090**	**78 892**	**2 835**	**257 817**

In the period between 1 November 2014 and 31 October 2015, the Company carried out investments of 3 122 ths. EUR. The investments were low, and were carried out in all centres, and covered mainly an improvement and extension of ski runs, investments in hotels and in restaurants on slopes in centres, and other operating investments.

In the period between 1 November 2013 and 31 October 2014, the Company put an 8-seat chairlift Lúčky in the Jasná centre into service in the amount of 8 811 ths. EUR. During the period, the Rotunda Restaurant in Chopok was completed in the total amount of 4 314 ths. EUR, and a car park in the entry station of Chopok Juh Krupová in the amount of 1 518 ths. EUR, the casing of the chairlift to Chopok Juh in the amount of 1 615 ths. EUR was completed, and a new 15-seat Gondola lift in the Tatranská Lomnica centre in the total amount of 10 417 ths. EUR was put into operation. In the Tatralandia centre, a new summer Medrano restaurant was developed in the amount of 798 ths. EUR. Other significant investments involved investment

15. Property, Plant and Equipment (continued)

in the expansion of the snowing capacity in the Jasná and High Tatras centres, an improvement and expansion of ski runs, investments in hotels and in restaurants on slopes in centres, and other operating investments.

Unused assets
As at 31 October 2015, the Company did not hold any unused assets.

Impairment loss
For the period ended on 31 October 2014 and 31 October 2015, the Company did not show any loss from impairment of land, buildings and equipment.

Property insurance
In ths. EUR

Insurance type	**31.10.2015**	**31.10.2014**
Natural disaster	192 317	192 317
Vandalism	118 315	118 315
General machinery risks	19 852	20 219
Liability for damage	13 000	13 000

Security
As at 31 October 2015, Land, buildings and equipment in the amount of 197 930 ths. EUR were used as the security of the bank loans (as at 31 October 2014: in the amount of 203 678 ths. EUR).

Capitalised financial cost
As at 31 October 2015, the Company did not capitalise any interest on loans into assets (as at 31 October 2014: 737 ths. EUR).

16. Goodwill and Intangible Assets

In ths. EUR	Goodwill	Valuable rights	Software	Total
Acquisition price				
Opening balance as at 1.11.2013	3 740	3 966	1 352	9 058
Increases from company merger	-	-	-	-
Increases	-	-	496	496
Decreases	-	-2	-	-2
Balance as at 31.10.2014	**3 740**	**3 964**	**1 848**	**9 552**
Opening balance as at 1.11.2014	3 740	3 964	1 848	9 552
Increases	-	-	177	177
Decreases	-	-	-	-
Balance as at 31.10.2015	**3 740**	**3 964**	**2 025**	**9 729**
Accumulated depreciation and losses from impairment of assets				
Opening balance as at 1.11.2013	-350	-679	-255	-1 284
Depreciation of current accounting period	-	-117	-388	-505
Decreases	-	2	-	2
Losses from impairment of assets	-	-	-	-
Balance as at 31.10.2014	**-350**	**-794**	**-643**	**-1 787**
Opening balance as at 1.11.2014	-350	-794	-643	-1 787
Depreciation of current accounting period	-	-114	-432	-546
Decreases	-	-	-	-
Losses from impairment of assets	-	-	-	-
Balance as at 31.10.2015	**-350**	**-909**	**-1 075**	**-2 334**
Carrying value				
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**
As at 1.11.2014	**3 390**	**3 171**	**1 205**	**7 766**
As at 31.10.2015	**3 390**	**3 055**	**950**	**7 395**

On 16 February 2013, the Company acquired the additional 50% stake in the company Interhouse Tatry s.r.o., to become the sole holder of the hotel Grandhotel Starý Smokovec, High Tatras. The Company gained full control of the company Interhouse Tatry s.r.o. as early as on 1 November 2012 based on agreement with the owner of the 50% stake on company controlling interest. Goodwill reported from this transaction was 3 740 ths. EUR, and in 2013, based on an impairment test, was reduced by 350 ths. EUR. See also par. 3(b) - Goodwill and impairment test. Interhouse Tatry s.r.o. was then consolidated with the Company, on 1 May 2013.

17. Investments Property

In ths. EUR	31.10.2015	31.10.2014
Acquisition price		
Opening balance as at 1.11.2014/1.11.2013	7 264	5 851
Transfer from tangible assets (net)	-	-
Transfer from IP to available-for-sale assets	-938	-
Revaluation at fair value	228	1 413
Balance as at 31.10.2015/31.10.2014	**6 554**	**7 264**

In the period between 1.11.2014 and 31.102015, the investments in real property cover three hotels (SKI, Liptov, Kosodrevina) and the accommodation facility Otupné with the aggregate book value of 1 982 ths. EUR (for the period between 1.11.2013 and 31.10.2014, the investments in real property covered four hotels – SKI, Liptov, Kosodrevina, Slovakia and the accommodation facility Otupné, with the aggregate book value of 2 693 ths. EUR), which are leased out to third parties that operate them, as well as forest areas and lots of land obtained as an acquisition in 2009 in the book value of 4 572 ths. EUR. The value of the hotels was estimated by the management in a manner specified above. The value of the land was determined by the management using market prices, and the final value is based on an estimate of the market price per square meter, depending on the type of land and market transactions for similar lots of land.

As at 31 October 2015, the Company management, based on current market conditions, re-valuated the value of investments in property. The result was an increase in the value of the SKI hotel by 188 ths. EUR (2014: a 23 ths. EUR increase) and an increase in the value of the Liptov hotel by 40 ths. EUR (2014: a 0 ths. EUR increase). Total revaluation of investments in property in 2015, executed with the profit/loss from operations, was a revenue of 228 ths. EUR (2014: a revenue of 1 413 ths. EUR).

In 2015, the Slovakia Hotel, based on Company management, in the value of 938 ths. EUR, was transferred from investments in property, and is available for sale. In 2015, the Company received an offer for the sale of the Slovakia Hotel, but the transaction was not finally executed. Other offers for the purchase of the Slovakia Hotel were not attractive for the company. The management aim is to further look for a buyer and thus hold the Slovakia Hotel for sale, and sell it if they receive an attractive price offer.

As at 31 October 2014, the Company management, based on current market conditions, re-valuated the value of investments in property. The result was an increase in the value of forest areas and lots of land by 1 351 ths. EUR, an increase in the value of the SKI hotel by 23 ths. EUR, an increase in the value of the Kosodrevina Hotel by 39 ths. EUR. Total revaluation of investments in property in 2014, executed with the profit/loss from operations, was a revenue of 1 413 ths. EUR (2013: a loss of 24 ths. EUR)

In the period between 1 November 2014 and 31 October 2015, revenue from investments in property accounted for 213 ths. EUR and direct operating cost related to investment in property was 126 ths. EUR (Between 1 November 2013 and 31 October 2014: revenue from investments in property accounted for 307 ths. EUR, and direct operating cost related to investment in property was 163 ths. EUR).

Investments in property are valued at the fair value (see par. 3(a) – Significant Accounting Estimates and Assumptions, Valuation of investments in property).

Security

As at 31 October 2015, a part of investments in property in the amount of 1 493 ths. EUR was used as the security of the bank loans (as at 31 October 2014: in the amount of 2 494 ths. EUR).

18. Investments in Subsidiaries

On 14 April 2015, the Company acquired a 70% stake in Polish company PS Rozrywka, which was later renamed to Śląskie Wesole Miasteczko Sp. z o. o. (hereinafter referred to as SWM). For such a 70% stake, the Company paid 6 727 ths. EUR. On 4 August 2015, the Company purchased an additional 5% stake, in a total amount of 723 ths. EUR. The company SWM is the operator of a theme park in the town of Chorzow, Poland. No impairment provision was reported for the said company as at 31 October 2015.

On 5.3.2014, the Company purchased 97% shares of Szczyrkowski Osrode Narciarski S.A. (hereinafter referred to as Szczyrk), in a total amount of 7 191 ths. EUR. It is a company holding and running a ski centre in Poland. The total value of the assets, as the date of acquisition after revaluation at the fair value was 13 321 ths. EUR, and the total value of equity was 9 031 ths. EUR. No impairment provision was reported for the said company as at 31 October 2015 and 2014.

As at 31 October 2015 and 31 October 2014, the Company did not report any shares in affiliated companies.

19. Deferred Tax Asset, Deferred Tax Liability

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

In ths. EUR	Receivables		Liabilities		Total	
	31.10.2015	**31.10.2014**	**31.10.2015**	**31.10.2014**	**31.10.2015**	**31.10.2014**
Temporary differences related to:						
Property, plant and equipment and available-for-sale assets	-	-	-18 870	-18 184	**-18 870**	**-18 184**
Investments in real property	-	-	-828	-693	**-828**	**-693**
Losses from impairment of trade receivables and other assets	16	31	-	-	**16**	**31**
Provisions and liabilities	336	172	-	-	**336**	**172**
Tax losses	390	366	-	-	**390**	**366**
Set-off	-742	-569	742	569	**0**	**0**
Total	**-**	**-**	**-18 956**	**-18 308**	**-18 956**	**-18 308**

Deferred tax asset was not posted for the following items (tax base):

In ths. EUR	**31.10.2015**	**31.10.2014**
Tax losses	-	-
Total	**-**	**-**

Deferred tax asset from unredeemed losses from previous periods is posted only up to the amount to which it may be probably redeemed in the future against future tax profits.

Expected last periods for redemption of tax losses are as follows:

In ths. EUR	**2016**	**2017**	**2018**	**after 2018**
Tax losses	591	591	591	-

The maximum period for redemption of tax loss created before 1 January 2010 is 7 years; losses created after 1 January 2010 had a 5 years period. Based on legislative changes, from 1 January 2014, losses created after 1 January 2010 have a 4 years period, and the Company can also apply evenly maximum 25% of the given tax losses per year.

20. Inventory

In ths. EUR	**31.10.2015**	**31.10.2014**
Goods	2 198	1 845
Material	1 290	1 076
Chalets	1 848	-
Total	**5 336**	**2 921**

Chalets of 1 848 ths. EUR include Chalets Otupné, the construction of which was organized by the Company, and their sale is planned to third parties. Revenue from the sale of chalets will be reported in 2016. They are totally 9 chalets.

As at 31 October 2015, inventory of 5 336 ths. EUR (as at 31 October 2014: 2 921 ths. EUR) was used to secure bank loans.

21. Loans Provided

In ths. EUR	**31.10.2015**	**31.10.2014**
Short-term	6 677	7 889
Long-term	24 719	22 275
Total	**31 396**	**30 164**

As at 31 October 2015, short-term loans represent a loan of 3 336 ths. EUR extended to company MELIDA a.s., with a fixed interest rate of 2.2% p.a., the amount of unpaid accumulated interest on such amount is 13 ths. EUR as at 31 October 2015; a loan of 404 ths. EUR (as at 31 October 2014: 297 ths. EUR) extended to company JASNÁ Development s.r.o., with a fixed interest rate of 5% p.a., the amount of unpaid accumulated interest on such amount is 29 ths. EUR as at 31 October 2015 (as at 31 October 2014 it is 12 ths. EUR),), a loan of 2 124 ths. EUR extended to the owner of Penzión Energetik (as at 31 October 2014: 2 032 ths. EUR), with a fixed interest rate of 5% p.a., the amount of unpaid accumulated interest on such amount is 277 ths. EUR as at 31 October 2015 (as at 31 October 2014: 185 ths. EUR); a loan of 724 ths. EUR (as at 31 October 2014: 0 ths. EUR) extended to company Korona Ziemi Sp. z o.o. (hereinafter referred to as KZ), with a fixed interest rate of 7% p.a., the amount of unpaid accumulated interest on such amount is 33 ths. EUR as at 31 October 2015, and a loan of 89 ths. EUR (as at 31 October 2014: 86 ths. EUR) to the organisation Klaster Liptov with a fixed interest rate of 3% p.a., the amount of unpaid accumulated interest on such amount is 4 ths. EUR as at 31 October 2015 (as at 31 October 2014: 1 ths. EUR).

As at 31 October 2015, long-term loans represent a loan of 11 193 ths. EUR (as at 31 October 2013: 8 997 ths. EUR) extended to company WEBIS, s.r.o. with a fixed interest rate of 5% p.a., the amount of unpaid accumulated interest on such amount is 1 739 ths. EUR as at 31 October 2015 (as at 31 October 2014: 1 309 ths. EUR); a loan of 11 124 ths. EUR extended to company 1. Tatranská, joint stock company (as at 31 October 2014: 10 063 ths. EUR) with a fixed interest rate of 7% p.a., the amount of unpaid accumulated interest on such amount is 1 652 ths. EUR as at 31 October 2015 (as at 31 October 2014: 991 ths. EUR; an interest-free loan of 808 ths. EUR extended to company Melida, a.s. (as at 31 October 2014: 789 ths. EUR); a loan of 1 314 ths. EUR (as at 31 October 2014: 753 ths. EUR) extended to company Szczyrkowski Osrodek Narciarski S.A. (SON), with a fixed interest rate of 7% p.a., the amount of unpaid accumulated interest on such amount is 82 ths. EUR as at 31 October 2015 (as at 31 October 2014: 18 ths. EUR), a loan of 100.4 ths. EUR (as at 31 October 2014: 0 ths. EUR) extended to company HOLLYWOOD C.E.S., with a fixed interest rate of 5% p.a., the amount of unpaid accumulated interest on such amount is 0.4 ths. EUR as at 31 October 2015; an interest-free loan of 180 ths. EUR extended to company WEBIS, s.r.o..

22. Trade Receivables

In ths. EUR	31.10.2015	31.10.2014
Trade receivables	2 043	1 377
Value adjustments to receivables	-71	-141
Total	**1 972**	**1 236**
Short-term	1 972	1 236
Long-term	-	-
Total	**1 972**	**1 236**

As at 31 October 2015, trade receivables amount to 1 972 ths. EUR and comprise current operating and barter receivables. As at 31 October 2014, trade receivables involved current operating and barter receivables amounting to 1 236 ths. EUR.

The ageing structure of receivables is as follows:

In ths. EUR	31.10.2015			31.10.2014		
	Gross	Value adjustment	Net	Gross	Value adjustment	Net
Due	1 754	-	1 754	1 006	-	1 006
Overdue within 30 days	173	-	173	85	-	85
Overdue from 30 days to 180 days	24	-1	23	155	-11	144
Overdue from 180 days to 365 days	11	-8	3	58	-58	-
Overdue over 365 days	81	-62	19	74	-74	-
Total	**2 043**	**-71**	**1 972**	**1 378**	**-141**	**1 236**

As at 31 October 2015 and 31 October 2014, the value of value adjustments consisted of value adjustments to current operating receivables.

Development of value adjustment during accounting period is shown in the following overview:

In ths. EUR	31.10.2015	31.10.2014
Balance as at 1.11.2014/1.11.2013	141	134
Creation of value adjustment	116	32
Use	-158	-
Reversal of value adjustment	-28	-25
Balance as at 31.10.2015/31.10.2014	**71**	**141**

As at 31 October 2015, receivables amounting to 1 972 ths. EUR were used as the security of the bank loans (as at 31 October 2014: 1 237 ths. EUR).

23. Other Receivables

In ths. EUR	31.10.2015	31.10.2014
Advance payments made	22 851	21 277
Total	**22 851**	**21 277**
Short-term	21 509	21 101
Long-term	2 342	176
Total	**23 851**	**21 277**

Advance payments made for assets are mainly related to future acquisitions amounting to 20 839 ths. EUR (as at 31 October 2014: 19 451 ths. EUR), and to unfinished investment activity in the amount of 950 ths. EUR (as at 31 October 2014: 172 ths. EUR). The Company made in particular an advance payment for a future acquisition which is the company running cableways. The Company plans to buy this company in the future. A contract is made with WEBIS, s.r.o. for a period of one year.

24. Other Assets

In ths. EUR	31.10.2015	31.10.2014
Prepaid expenses and accrued income	1 006	1 960
Other tax assets	-	285
Other assets	947	85
Total	**1 953**	**2 330**
Short-term	1 953	2 330
Long-term	-	-
Total	**1 953**	**2 330**

As at 31 October 2014, the item Other tax assets includes receivables from a current tax of 285 ths. EUR.

25. Financial Investments

In ths. EUR	31.10.2015	31.10.2014
Financial instruments measured at fair value through profit/loss from operations	321	2 022
Available-for-sale securities	64	59
Total	**385**	**2 081**

As at 31 October 2015, financial instruments measured at fair value through profit/loss from operations represent mainly an investment in company MELIDA a.s. in the value of 154 ths. EUR (as at 31 October 2014: 1 869 ths. EUR). Other financial instruments measured at fair value through profit/loss from operations as at 31 October 2015 represent an investment in company Korona Ziemi Sp. z o.o. in the value of 119 ths. EUR (as at 31 October 2014: 119 ths. EUR), a new investment in company CAREPAR, a.s. in the amount of 15 ths. EUR, and a monetary investment in Tatranské dopravné družstvo, which is engaged in intermediary activities in the field of services. As at 31 October 2015 and 31 October 2014, the value of the investment was 33 ths. EUR.

25. Financial Investments (continued)

On 9 December 2015, the Company sold its entire 19% share of securities in MELIDA a.s. in the total amount of 154 ths. EUR. For such reason the Company revalued the value of securities of MELIDA a.s. to the actual market value as at 31 October 2015, the result of which was a negative difference in valuation of 1 716 ths. EUR created to the Company.

On 17 march 2010, the Company purchased 3 850 shares of Compagnie des Alpes (SA), which is a French company traded on the Paris stock exchange, engaged in the field of ski resorts and summer theme parks. The Company purchased the said shares as a financial investment. The shares are available for sale, and are measured at the fair value into equity based on actual prices on the stock exchange. As at 31 October 2015, their value is 65 ths. EUR (as at 31 October 2014: 59 ths. EUR).

26. Cash and Cash Equivalents

In ths. EUR	**31.10.2015**	**31.10.2014**
Cash	21	154
Stamps and vouchers	-	-
Current accounts with banks	8 043	3 603
Total	**8 064**	**3 757**

The Company can freely dispose of bank accounts.

27. Equity

Share capital and share premium
As at 31 October 2015 and 31 October 2014, the approved, subscribed and fully paid-up share capital consisted of 6 707 198 ordinary shares in the nominal value of 7 EUR per share.

On 12 April 2010, issues of shares marked 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 consolidated into one issue ISIN-u SK1120010287.

On 25 April 2015, an ordinary general meeting of Tatry mountain resorts, a.s. was held. The general meeting decided, among other things, on the settlement of the loss of Tatry mountain resorts, a.s. generated in the period between 1 November 2013 and 31 October 2014 according to the statutory financial statements compiled for that accounting period according to Slovak accounting standards, in the amount of 225 ths. EUR, by transferring the whole amount to the undistributed loss from previous periods.

Shareholders have a right to the payment of dividends, and the value of share vote in the Company general meeting is determined as a ratio of the value of one share and the total value of share capital. The following table presents the Company shareholders and the number of shares, ownership interest and voting rights.

31 October 2015	**Number of shares**	**Ownership interest in %**	**Voting rights in %**
C.I. CAPITAL INDUSTRIES LIMITED	1 262 139	18,8%	18,8%
J&T SECURITIES MANAGEMENT LIMITED	1 048 459	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 ENTERPISES LIMITED	635 490	9,5%	9,5%
RMSM1 LIMITED	588 166	8,8%	8,8%
Mgr. Miroslav Voštiar	472 300	7,0%	7,0%
drobní akcionári	1 005 667	15,0%	15,0%
Total	**6 707 198**	**100%**	**100%**

31 October 2014	**Number of shares**	**Ownership interest in %**	**Voting rights in %**
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 ENTERPISES LIMITED	635 490	9.5%	9.5%
RMSM1 LIMITED	588 166	8.8%	8.8%
Mgr. Miroslav Voštiar	509 285	7.6%	7.6%
Minority shareholders	923 624	13.7%	13.7%
Total	**6 707 198**	**100%**	**100%**

Profit / (loss) per share

	31.10.2015	**31.10.2014**
Profit / (loss) for the period in ths. EUR	19	-225
Weighted average number of ordinary shares	6 707 198	6 707 198
Profit / (loss) per share in euros	**0.003**	**-0.034**

27. Equity (continued)

Legal reserve fund
As at 31 October 2015, the legal reserve fund amounts to 4 448 ths. EUR (as at 31 October 2014: 4 448 ths. EUR). According to the Slovak legislation, the creation of legal reserve fund is compulsorily created on a yearly basis in the minimum amount of 10% of the Company net profit and at least up to 20% of subscribed share capital (cumulatively). The legal reserve fund can only be used for the payment of Company losses, and cannot be used for the payment of dividends. The calculation of reserve fund is made according to Slovak legal regulations.

Reduction in share capital
On 22 August 2013, an extraordinary general meeting was held, which decided on a reduction in the share capital of the Company Tatry Mountain Resorts, a.s. from 221 338 ths. EUR to 46 950 ths. EUR, i.e. by 174 388 ths. EUR. The change in the share capital became effective on 22 October 2013 as the day of making an entry of the reduction in the share capital into the respective Commercial Register. After the reduction of the Company share capital, the nominal value per share changed from original 33 EUR per share to 7 EUR per share.

Profit distribution
For the fiscal year ended on 31 October 2015, the Company management proposes the distribution of total profit in the amount of 19 ths. EUR as follows:
- Contribution to legal reserve fund of 1.9 ths. EUR
- Balance of 17.1 ths. EUR transfer to retained earnings from previous periods

28. Loans and Borrowings

In ths. EUR	**31.10.2015**	**31.10.2014**
Loans and borrowings	40 762	40 253
Leasing	947	1 723
Total	**41 709**	**41 976**
Short-term	14 938	9 684
Long-term	26 771	32 292
Total	**41 709**	**41 976**

Loans and borrowings received as at 31 October 2015 and as at 31 October 2014 are stated in the following table:

Creditor	**Interest rate type**	**Due date**	**Unpaid amount as at 31.10.2015** *In ths. EUR*
Tatra banka, joint stock company	1M EURIBOR + margin	31.12.2017	1 606
Tatra banka, joint stock company	3M EURIBOR + margin	30.9.2017	1 461
Tatra banka, joint stock company	1M EURIBOR + margin	31.12.2016	3 150
Tatra banka, joint stock company	3M EURIBOR + margin	30.9.2016	600
Tatra banka, joint stock company	1M EURIBOR + margin	31.12.2018	675
Tatra banka, joint stock company	1M EURIBOR + margin	30.9.2017	10 500
Tatra banka, joint stock company	1M EURIBOR + margin	31.12.2017	9 000
Tatra banka, joint stock company	3M EURIBOR + margin	30.11.2018	7 988
Tatra-Leasing, s.r.o.	3M EURIBOR + margin	26.3.2017	116
Tatra-Leasing, s.r.o.	3M EURIBOR + margin	17.12.2016	102
Tatra-Leasing, s.r.o.	3M EURIBOR + margin	2.2.2018	141
Slaskie Wesole Miasteczko Sp. z o.o.	margin	30.4.2016	5 422

28. Loans and Borrowings (continued)

Creditor	**Interest rate type**	**Due date**	**Unpaid amount as at 31.10.2014** *In ths. EUR*
Tatra banka, joint stock company	3M EURIBOR + margin	30.9.2017	2 319
Tatra banka, joint stock company	3M EURIBOR + margin	30.9.2017	2 191
Tatra banka, joint stock company	3M EURIBOR + margin	31.12.2016	3 150
Tatra banka, joint stock company	3M EURIBOR + margin	30.9.2016	1 200
Tatra banka, joint stock company	1M EURIBOR + margin	31.12.2016	672
Tatra banka, joint stock company	1M EURIBOR + margin	31.12.2018	395
Tatra banka, joint stock company	3M EURIBOR + margin	30.9.2017	15 750
Tatra banka, joint stock company	3M EURIBOR + margin	31.12.2017	9 000
Tatra banka, joint stock company	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

The weighted average of interest rates for loans and borrowings as at 31 October 2015 accounted for 2.87% (as at 31 October 2014: 3.28%). The interest is due on a monthly basis. For more information, see par. 12 – Interest Income and Expense.

During the year 2013, the Company obtained an investment loan from Tatra banka, a.s. in a total value of 30 000 ths. EUR. Money was drawn out of the loan during 2014 up to 24 750 ths. EUR. In 2014, the Company obtained another loan from Tatra banka, a.s. in the amount of 9 000 ths. EUR, a portion that has been drawn as at 31 October 2014 represents 5 000 ths. EUR. On 24 June 2015, the Company drew the remaining part of 4 000 ths. EUR.

Security
The following assets were used as a security of bank loans: lots of land, technology and operating buildings of mountain lift facilities: lifts, chair-lift rope ways (hereinafter: RWs), funicular RWs, aerial RWs, gondola RWs, transformer stations, economic buildings and structures: Hotel Tri Studničky, Hotel Srdiečko, Hotel Kosodrevina, Hotel Liptov, Hotel SKI, former telecommunications building, Bungalows. All movable assets of the centres Jasná and High Tatras are put into pledge, also including trade receivables.

As at 31 October 2015, lots of land, buildings and equipment, investments in real property, inventory and receivables of 206 731 ths. EUR were used as a security of bank loans (as at 31 October 2014: in the amount of 210 329 ths. EUR).

Maturity of liabilities from financial leasing as at 31 October 2015 was as follows:

In ths. EUR	**Principal**	**Interest**	**Payments**
Less than 1 year	588	24	610
1 - 5 years	359	8	343
Total	**947**	**32**	**953**

Maturity of liabilities from financial leasing as at 31 October 2014 was as follows:

In ths. EUR	**Principal**	**Interest**	**Payments**
Less than 1 year	771	45	816
1 - 5 years	952	28	980
Total	**1 723**	**73**	**1 796**

29. Trade Liabilities

In ths. EUR	**31.10.2015**	**31.10.2014**
Trade liabilities	5 216	3 345
Unbilled supplies	589	946
Retention money	-	-
Total	**5 805**	**4 291**
Short-term	5 805	4 291
Long-term	-	-
Total	**5 805**	**4 291**

As at 31 October 2015, overdue liabilities amounted to 641 ths. EUR (as at 31 October 2014: 364 ths. EUR).

30. Other Liabilities

In ths. EUR	**31.10.2015**	**31.10.2014**
Liabilities to employees	1 982	1 511
Deferred income	2 056	684
Other liabilities	1 256	1 254
Advance payments received	2 352	621
Liabilities to shareholders from reduction in share capital	223	252
Total	**7 869**	**4 322**
Short-term	7 869	4 322
Long-term	-	-
Total	**7 869**	**4 322**

As at 31 October 2015, advance payments received comprise in particular of advance payments for purchase of Chalets in the amount of 1.162 ths. EUR (as at 31 October 2014: 0 EUR) and advance payments received for hotel stays in the amount of 824 ths. EUR (as at 31 October 2014: 562 ths. EUR).

As at 31 October 2015, liabilities to employees represent mainly a provision for bonuses for the fiscal year between 1.11.2014 and 31.10.2015 in the amount of 1 412 ths. EUR (as at 31 October 2014: 1 020 ths. EUR) and wage liabilities to employees in the amount of 537 ths. EUR (as at 31 October 2014: 479 ths. EUR).

As at 31 October 2015, liabilities to shareholders from reduction in share capital are in the amount of 223 ths. EUR (as at 31 October 2014: 252 ths. EUR) and contain in particular the outstanding liability from reduction in share capital are in the total amount of 174 388 ths. EUR. For more information on reduction in share capital see par. 27 – Equity.

As at 31 October 2015, the deferred income includes mainly the amount of 1 214 ths. EUR for accrual of ski passes sold - "Šikovná sezónka" (as at 31 October 2014: 0 ths. EUR), the amount of 208 ths. EUR is rentals for the premises of J&T BANKA, a.s., a branch of a foreign bank on the premises of the Grandhotel Starý Smokovec (as at 31 October 2014: 252 ths. EUR), the amount of 89 ths. EUR is a subsidy for the Hotel Tri studničky (as at 31 October 2014: 90 ths. EUR) and 200 ths. EUR discounts on purchases applied in the future.

As at 31 October 2015, the amount of other liabilities contains also 416 ths. EUR liabilities related to social security (as at 31 October 2014: 356 ths. EUR).

30. Other Liabilities (continued)

The creation and drawing from the social fund during the accounting period are presented in the table below:

In ths. EUR	**31.10.2015**	**31.10.2014**
Balance as at 1.11.2014/1.11.2013	0	4
Creation of social fund against expenses	87	42
Drawing of social fund	-87	-46
Balance as at 31.10.2015/31.10.2014	-	-

31. Provisions

In ths. EUR	**Unused vacations**	**Other**	**Total**
Opening balance as at 1.11.2014	121	25	146
Creation of provisions during the year	-	-	-
Reversal of provisions during the year	-	1	1
Use of provisions during the year	-	-	-
Balance as at 31.10.2015	**121**	**24**	**145**

	31.10.2015	**31.10.2014**
Short-term	121	121
Long-term	24	25
Total	**145**	**146**

32. Bonds Issued

During 2014, the Company issued two bond issues in the total nominal value of 180 000 ths. EUR, which, starting from 19 February 2014, are admitted to trading on the Bratislava Stock Exchange. Details on particular bonds are presented in the table below.

In ths. EUR	**ISIN**	**Date of issue**	**Due date**	**Original currency of issue**	**Nominal value of issue in original currency in thousands**	**Interest rate p.a. in %**	**Effective interest rate p.a. in %**	**Carrying value as at 31.10.2015**	**Carrying value as at 31.10.2014**
Name									
TMR I 4.50%/2018	SK4120009606	17.12.2013	17.12.2018	EUR	70 000	4.5	4.8	70 630	70 503
TMR II 6.00%/2021	SK4120009614	5.2.2014	5.2.2021	EUR	110 000	6.0	6.17	113 912	113 914
Total								**184 542**	**184 417**

Short-term	6 022	6 022
Long-term	178 520	178 395
Total	**184 542**	**184 417**

32. Bonds Issued (continued)

Both bonds present a book-entry security in bearer form, and their issue was approved by the National Bank of Slovakia. The liability resulting from the bond TMR II subordinate to the liability from the bond TMR I. The Company account was credited with financial resources from both of the bonds on 11 February 2014 in the total amount of 180 582 ths. EUR, including the aliquot interest income from the bond TMR I in the amount of 582 ths. EUR.

Out of the total value of liability of 184 542 ths. EUR (as at 31 October 2014: 184 417 ths. EUR), a short-term portion amounts to 6 022 ths. EUR (as at 31 October 2014: 6 022 ths. EUR) a liability from coupon due over the course of 2015.

Security

A right of lien was created on fixed assets of the Company, in the total amount of 85 525 ths. EUR, as the security for bonds issued. It is property which is not used as a security for other Company liabilities.

33. Data on Fair Value

The following table contains data on the book value and fair value of Company financial assets and liabilities:

In ths. EUR	Book value		Fair value	
	31.10.2015	**31.10.2014**	**31.10.2015**	**31.10.2014**
Financial assets				
Loans provided	31 396	30 164	31 305	30 164
Other receivables	23 851	21 277	22 253	21 277
Investments in subsidiaries	14 641	7 191	14 641	8 100
Trade receivables	1 972	1 236	1 972	1 236
Financial investments	385	2 081	385	2 081
Cash and cash equivalents	8 064	3 757	8 064	3 757
Other assets	1 953	2 330	3 551	2 330
Total	**82 262**	**68 036**	**82 171**	**68 945**
Financial liabilities				
Loans and borrowings	41 709	41 976	37 587	41 955
Bonds issued	184 542	184 417	186 686	171 513
Trade liabilities	5 805	4 291	5 805	4 291
Other liabilities	7 869	4 322	7 869	4 322
Total	**239 925**	**235 006**	**237 947**	**222 081**

As at 31 October 2015, Other receivables contain in particular an advance payment made for future acquisition, which is a company running cableways, in the amount of 19 451 ths. EUR (as at 31 October 2014 : 19 451 ths. EUR). The Company plans to buy this company in the future. A contract is made with WEBIS, s.r.o. for a period of one year, and for this reason, the book value of advance payment made is not materially different from its fair value.

As at 31 October 2015, financial investments contain mainly a share in MELIDA, a.s. in the amount of 154 ths. EUR (as at 31 October 2014: 1 869 ths. EUR), a share in Korona Ziemi SP z o.o. in the amount of 119 ths. EUR (as at 31 October 2014: 119 ths. EUR), shares of Compagnie des Alpes (SA) amounting to 65 ths. EUR (as at 31 October 2014: 59 ths. EUR) as they are already posted in the fair value.

34. Operating Lease

Leasehold on the part of a lessee

The Company leases lots of land on which ski runs and cableways are built, and leases some cars based on contracts on operating lease. The most significant contracts on the lease of land are concluded for a period of 30 years with an option for additional 10 years. The most significant contracts have the notice period of 1 year.

Cost for operating lease for the period ended on 31 October 2015 shown in the profit/loss from operations amounted to 2 572 ths. EUR (for the period ended on 31 October 2014: 1 892 ths. EUR).

The amount of rent for the period in which contracts cannot be terminated, is as follows:

In ths. EUR	**31.10.2015**	**31.10.2014**
Within 1 year	1 983	855
From 1 year to 5 years	5 743	1 174
5 and more years	4 342	3 291
Total	**12 068**	**5 320**

35. Information on Risk Management

This section provides details of risks to which the Company is exposed, and the method of management of the risks.
The Company is exposed risks in the following areas:

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

The management is generally responsible for setting and control of Company risk management.

Credit risk

The Company is exposed to this risk mainly with respect to trade receivables, lease receivables, other receivables, advance payments and loans provided. The volume of exposure to this risk is expressed as the book value of these assets in the balance sheet in case that no form of guarantees is provided. The book value of receivables, advance payments and loans provided expresses the highest possible book loss that would have been posted if the counterparty completely fails in performing its contractual obligations, and all securities and guarantees would have a zero value. Therefore, this value far exceeds the expected losses which are included in the provisions for irrecoverable debts. Before signing major contracts the Company board at regular board meetings evaluates credit risk related to counterparty. In case of identifying significant risks, the Company withdraws from signing the contract.

As at 31 October 2015, the Company was exposed to the following credit risk:

In ths. EUR	Legal entities	Banks	Other financial institutions	Other	Total
Financial assets					
Loans provided	31 396	-	-	-	31 396
Other receivables	22 692	209	-	950	23 857
Investments in subsidiaries	14 641	-	-	-	14 641
Trade receivables	1 972	-	-	-	1 972
Financial investments	385	-	-	-	385
Cash and cash equivalents	-	8 043	-	21	8 064
Other assets	1 953	-	-	-	1 953
Total	**73 045**	**8 252**	**-**	**971**	**82 268**

As at 31 October 2014, the Company was exposed to the following credit:

In ths. EUR	Legal entities	Banks	Other financial institutions	Other	Total
Financial assets					
Loans provided	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**

35. Information on Risk Management (continued)

Liquidity risk

Liquidity risks arise within general financing of the Company and management of financial positions. It covers the risk of insolvency regarding the financing of assets within the agreed maturity period and at the interest rate, and also the risk of asset management at a reasonable price within an adequate timeframe. The Company management focuses on liquidity management and monitoring. Due to liquidity management, the management changed the accounting period to a fiscal year ended on 31 October. In the first half of its accounting period, the Company has a winter season, which represents 60% of Company income. According to the trend in the first half-year, the Company can affect the side of revenues and expenses sufficiently early, so that they are able to keep sufficient liquidity. In the Vysoké Tatry centre, the seasonal nature is also balanced with a strong summer season, which ensures its more stable liquidity all year round.

The following table presents an analysis of Company financial assets and liabilities grouped by the residual maturity. The analysis presents the most prudent variant of residual maturity including interest. Therefore, for liabilities, the earliest possible repayment is reported, and for assets, the latest possible repayment is reported. Assets and liabilities which have no maturity are posted in the category "Without specification".

As at 31 October 2015, the Company was exposed to the following liquidity risk:

In ths. EUR	Book value	Future cash flow	Up to 3 months	3 months up to 1 year	1 year up to 5 years	Above 5 years	Without specification
Financial assets							
Loans provided	**31 396**	31 396	3 425	3 252	23 911	808	-
Other receivables	23 851	2 343	-	2 343	-	-	-
Investments in subsidiaries	14 641	14 641	-	-	-	-	14 641
Trade receivables	1 972	1 972	1 972	-	-	-	-
Financial investments	385	385	-	-	-	-	385
Cash and cash equivalents	8 064	8 064	8 064	-	-	-	-
Other assets	1 953	1 953	1 953	-	-	-	-
Total	**68 262**	**60 754**	**15 414**	**5 595**	**23 911**	**808**	**15 026**
Financial liabilities							
Loans and borrowings	-41 709	-43 157	-2 274	-13 522	-27 340	-21	-
Bonds issued	-184 542	-230 625	-1 575	-8 175	-104 275	-116 600	-
Trade liabilities	-5 805	-5 805	-5 805	-	-	-	-
Other liabilities	-7 869	-7 869	-7 869	-	-	-	-
Total	**-239 925**	**-287 456**	**-17 523**	**-21 697**	**-131 615**	**-116 621**	**-**

The Book value of Other receivables contains mainly advance payments made, which are not expected to be paid in cash, but by a transfer of shares.

The Company Board of Directors plans to repay issued bonds by issuing new bonds in the future.

35. Information on Risk Management (continued)

As at 31 October 2014, the Company was exposed to the following liquidity risk:

In ths. EUR	Book value	Future cash flow	Up to 3 months	3 months up to 1 year	1 year up to 5 years	Above 5 years	Without specification
Financial assets							
Loans provided	**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 liabilities	**-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 Book value of Other receivables contains mainly advance payments made, which are not expected to be paid in cash, but by a transfer of shares.

Currency risk

Due to the acquisition of subsidiaries in the Republic of Poland and due to providing a loan to and receiving a loan from themy during 2014 and 2015, the Company is primarily exposed to the risk of changes in the exchange rate of Polish Zloty against the EUR. The management monitors regularly whether there is a large difference between foreign currency liabilities and receivables. As at 31 October 2015, the Company reported an investment in the subsidiary in the amount of 14.641 ths. EUR, and loans provided in the total amount of 1.313 ths. EUR and loans received of 5.422 ths. EUR denominated originally in the Polish Zloty. The other Company assets and liabilities are denominated in euros.

Secondarily, there is a risk that the weakening of the Polish Zloty or of the Russian Ruble against the EUR would lead to reducing the number of visitors from the above stated countries.

Sensitivity analysis

1% strengthening of the EUR against the Polish Zloty would have the following effect on the financial assets and financial liabilities of the Company:

Effect on the portfolio

In ths. EUR	**2015**	**2014**
PLN	40	-78

1% weakening of the EUR against the Polish Zloty would have an identical high but opposite effect on the financial assets and financial liabilities in comparison with strengthening.

Interest risk

Company transactions are exposed to the risk of interest rate changes. The volume of this risk is equal to the amount of interest-bearing assets and interest-bearing liabilities, for which the interest rate differs, in the maturity period or in the period of change, from the present interest rate. Therefore, the period for which a fixed rate is determined for the financial instrument, expresses the exposure to the risk of changes in interest rates. The table below presents Company exposure to the risk of changes in interest rates based on contractual maturity period of financial instruments.

35. Information on Risk Management (continued)

As at 31 October 2015 and as at 31 October 2014, the Company has the following assets and liabilities linked to interest rates:

In ths. EUR	**31.10.2015**	**31.10.2014**
Fixed interest rate		
Assets	39 460	36 418
Liabilities	189 964	184 417
Variable interest rate		
Assets	-	-
Liabilities	36 287	41 976

Sensitivity analysis for instruments with a variable interest rate

Change by 100 basis points in interest rates would have the following effect on the profit/loss from operations:

In ths. EUR	**Profit (loss)**	
	100 bb growth	**100 bb decline**
31 October 2015		
Instruments with variable interest rate	-91	466
Cash flow sensitivity	**-91**	**466**

In ths. EUR	**Profit (loss)**	
	100 bb growth	**100 bb decline**
31 October 2014		
Instruments with variable interest rate	-119	230
Cash flow sensitivity	**-119**	**230**

Company interest-bearing liabilities have a variable interest rate referring to EURIBOR. The Company considers the variable interest rate as the self-management of interest risk. During an economic expansion, the EURIBOR is growing, but at the same time, the population economic performance is growing, and the company has higher revenues and profits. During an economic recession, the situation is completely opposite.

Operational risk

Operational risk is the risk of loss resulting from any fraud, unauthorised activities, failures, errors, inefficiency or failure of systems. The risk is created in all Company activities. Operational risk also includes the risk of legal disputes.

The aim of the Company is to manage the operational risk to prevent any financial losses and detriment to the Company reputation within the cost-efficiency of cost spent on achieving this objective, while avoiding any measures preventing initiatives and creativity.

The Company management has key responsibility for the implementation of inspections related to the operational risk management.

The responsibility is supported by the implementation of standards for the management of operational risk which is common for the whole Company. Operational risk is governed by a system of directives, minutes of meetings and control mechanisms. The Company has a controlling department which attempts to eliminate all operational risks through regular inspections.

35. Information on Risk Management (continued)

The Company is also exposed to the risk of unfavourable conditions with respect to the weather. The number of visitors in the centre depends on the snow and snowfall periods. Unfavourable conditions adversely affect the number of skiers and the revenue of profit/loss from operations. Warm weather can unreasonably increase the cost of snowmaking and reduce the area where skiing is possible. Historically, the Low Tatras and the High Tatras region had on average 80cm and 85cm of snow during the winter season, respectively. The start of winter season and snow conditions affect the perception of the whole season by skiers. The Company is not able to forecast reliably in any manner the snow conditions at the beginning of winter season. Also thanks to the system of snowmaking, the snow conditions during the winter are stable each year.

36. Related Parties

Identification of related parties
As provided in the following overview, the Company has relations of a related party with respect to its shareholders having significant influence in the Company, and with respect to other parties, as at 31 October 2015 and 31 October 2014 or during the period between 1 November 2014 and 31 October 2015 and 1 November 2013 and 31 October 2014:

(1) Companies controlling jointly or having significant influence on the accounting entity and its subsidiary and associate companies
(2) Jointly controlled companies in which the Company is a partner
(3) Associates
(4) The members of company top management or Company shareholders (see also par. 10 – Cost of staff)

Information on remuneration of the members of statutory bodies and of top management is stated in par. 10 – Cost of staff.

Since none of the shareholders has a shareholding in the Company exceeding 20% or any significant influence, the shareholders are not provided as related parties, and the above stated transactions or balances are not understood as transactions with related parties.

The Company has the transactions provided below with respect to related parties:

In ths. EUR

	Note	**Receivables 31.10.2015**	**Liabilities 31.10.2015**	**Receivables 31.10.2014**	**Liabilities 31.10.2014**
Szczyrkowski Osrodek Narciarski S.A. [1]	1	1 349	-	778	-
Ślaskie Wesole Miasteczko Sp. z o. o.[2]	2	-	5 422	-	-

In ths. EUR

	Note	**Revenue 1.11.2014 – 31.10.2015**	**Costs 1.11.2014 – 31.10.2015**	**Revenue 1.11.2013 – 31.10.2014**	**Costs 1.11.2013 – 31.10.2014**
Szczyrkowski Osrodek Narciarski S.A. [1]	1	148	-	36	-
Ślaskie Wesole Miasteczko Sp. z o. o. [2]	2	40	142	-	-

[1] Szczyrkowski Osrodek Narciarski S.A. became a related party on 30 April 2014.
[2] Ślaskie Wesole Miasteczko Sp. z o. o. became a related party on 1 May 2015.

37. Subsequent Events

On 9 December 2015, the Company sold its entire 19% share of securities of MELIDA a.s. in the total value of 154 ths. EUR to CAREPAR, a.s.. For such reason the Company revalued the value of securities of MELIDA a.s. to the actual market value as at 31 October 2015, the result of which was a negative difference in valuation of 1 716 ths. EUR created to the Company. The reason of this transaction was a planned change in the shareholding structure of Melida a.s..

On 16 December 2015, the Company paid a coupon from the bond TMR I in the amount of 1 575 ths. EUR.

On 2 February 2016, the Company paid a coupon from the bond TMR II in the amount of 6 600 ths. EUR.

38. Capital Commitments and Capital Management

During 2014, the Company issued two bond issues (see par. 32 – Bonds issued) in the total nominal value of 180 000 ths. EUR, which, starting from 19 February 2014, are admitted to trading on the Bratislava Stock Exchange. Both of the issues are associated with regular payment of the coupon which is provided by the Company from its own resources. As at 31 October 2014, the Company has no significant capital commitments.

The Company management proceeds to capital management in order to ensure sufficient amount of resources for planned investments in that period for which investments were planned.

Before the date of merger with the parent company, no external requirements for capital management are linked either to the Company or to its subsidiaries.

Over the course of the period between 1 November 2014 and 31 October 2015, no changes occured in the Company management approach to capital management.

39. Contingent Assets and Contingent Liabilities

With respect to that many areas of Slovak law on taxation have not been sufficiently ascertained in practice, there is uncertainty in how tax offices will apply them. It is not possible to quantify the level of this uncertainty and it will only cease to exist when legal precedents or official interpretations of the relevant bodies are available.

On 31 October 2007, the Company signed a contract on the right of lien in an enterprise, on receivables and movables in favour of the creditor Tatra banka, joint stock company, the subject of which is a lien on liabilities for the entire scope of liabilities, which are posted in the balance sheet as at 31 October 2014 and as at 31 October 2015.

The Company has initiated several legal proceedings. The maximum amount of compensation in all legal proceedings can be up to 999 ths. EUR and accessions thereof.

....

Bohuš Hlavatý	Jozef Hodek	Tomáš Kimlička	Marián Vojtko
The Chairman of the Board of Directors	*Member of the Board of Directors*	*Person responsible for the compilation of Statements*	*Person responsible for bookkeeping*

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 individual financial statements of Tatry mountain resorts, a.s. ("the Company"), which comprise the individual statement of financial position as at 31 October 2015, 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 then ended, 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.

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

Commercial register of District court Bratislava I, section Sro, file No. 4864/B

IČO/Registration number: 31 348 238

Evidenčné číslo licencie audítora: 96

Licence number of statutory auditor: 96

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 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

24 February 2016
Bratislava, Slovak Republic

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

Slovenská komora audítorov
SKAU
Č. licencie 96
KPMG
Slovensko spol. s r.o.

Responsible auditor:
Ing. Richard Farkaš, PhD.
License SKAU No. 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 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 Tatry mountain resorts, a.s. as of 31 October 2015, presented in appendix to the annual report. We have issued an independent auditor's report on the individual financial statements on 24 February 2016 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 2015, 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 then ended 31 October 2015, 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

KPMG

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 2015, and of its financial performance and its cash flows for the year then ended 31 October 2015 in accordance with International Financial Reporting Standards as adopted by the European Union.

24 February 2016
Bratislava, Slovak Republic

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

Responsible auditor:
Ing. Richard Farkaš, PhD.
License SKAU No. 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

KPMG

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 2015. 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 2015, presented in appendix to the annual report.

24 February 2016
Bratislava, Slovak Republic

Audit firm:
KPMG Slovensko spol. s r. o.
License SKAU No. 96

Slovenská komora audítorov
SKAU
Č.licencie 96
KPMG
Slovensko spol. s r.o.

Responsible auditor:
Ing. Richard Farkaš, PhD
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, 2016

Bohuš Hlavatý	Jozef Hodek
Chairman of the Board of Directors, CEO	Member of the Board of Directors, CFO

TATRY MOUNTAIN RESORTS, a.s.
e-mail: info@tmr.sk, www.tmr.sk

Photo: Marek Hajkovský