Amendment of Annual Report of Tatry mountain resorts, a.s. as of 31/10/2013

- On page 81 the part PROPOSAL ON DISTRIBUTION OF PROFIT has been amended as follows:

"For the year ending 31/10/2013 the Company achieved net profit of EUR 5,711,806 according to Individual financial statements. The Board of Directors proposes the following distribution of profit:

- The allocation to the reserve fund will be 10% of the profit in the amount of EUR 571,180.60
- The remainder in the amount of EUR 5,140,625.40 will be transferred to retained earnings"

- On page 134 in Item **27. Equity (continued)** the part **Distribution of profit** has been amended as follows:

"Distribution of profit

For the financial year ending 31 October 2013 the Group's management proposes the following distribution of profit in the amount of EUR 5,711,806 in accordance with Slovak statutory requirements:

- Contribution to the reserve fund in the amount of EUR 571,180.60
- The remainder of EUR 5,140,625.40 will be transferred to retained earnings of previous periods"

- On page 200 in the part **O. INFORMATION ABOUT EQUITY** the table has been amended as follows:

"The accounting profit for financial year 2013 amounting to EUR 5,711,806 was distributed as follows:"

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Tatry mountain resorts, a.s. | Demänovská Dolina 72 | 031 01 Liptovský Mikuláš
IČO: 31 560 636 | DIČ: 2020428036 | IČ DPH: SK2020428036 | Právnická osoba zapísaná v Obchodnom registri OS Žilina oddiel: Sa, vložka č.: 62/L

Distribution of accounting profit	2013
Contribution to legal reserve fund	571 181
Contribution to statutory and other funds	0
Contribution to the Social Fund	0
Contribution for the purpose of increasing the share capital	0
Settlement of losses of previous periods	0
Transfer to retained earnings	5 140 625
Payment of dividends to owners and members	0
Other	0
Total	**5 711 806**

“.

The amended Annual Report is available on the Company website www.tmr.sk.

12 March 2014

Jozef Hodek

Member of the Board of Directors and CFO of Tatry mountain resorts, a.s.

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TATRY MOUNTAIN RESORTS

ANNUAL REPORT

2012/2013

Annual Report of Tatry mountain resorts, a.s.
and its subsidiaries as of 31/10/2013

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 has completed another successful year, and I am pleased to present this positive report yet again. We managed to grow our revenues by 24.1%, and we achieved EBITDA 32.7% higher than the prior.

Sticking to our investment-intensive corporate strategy in the prior periods enabled us to capitalize on our completed investment projects of six prior years with the total value of EUR 144 million in the past year, as well, and brought us return in form of increased number of visitors and higher customer spending in the resorts. We had especially high hopes for launches of three new state-of-the-art cableways in the winter season 2012/13 in the resort Jasná Nízke Tatry. These new launches were a part of a complex project of interconnecting the north and south side of Chopok Mountain in Jasná, which significantly increased the resort's potential, efficiency, and attractiveness. As a result of the launches and other factors, we were able to attract 27.5% more visitors to Jasná. The total visit rate in Mountain Resorts improved by 9.3%. Other investments of the prior year 2011/12 that had an impact on this past year's results included Tropical Paradise in Aquapark Tatralandia, which strengthened the aquapark's revenues also in the winter season and impacted its visit rate growth of 19.8%. We observed growing customer spending in Dining and Sports Services & Stores, which helped us grow revenues in these subsegments by 57.9% and 39.8%, respectively. The ancillary services now make up 17.4% in total revenues. These results clearly prove that our strategy - with the goal to provide not only transportation and accommodation services, but complete services including dining, entertainment, school, and shopping - is correct, and not only does it provide higher quality services to clients, but also appreciation of our shareholders' capital.

During the year we continued to pursue our strategic goals as a part of our corporate strategy, and we continued to bring our resorts and hotels to the next level. In order to complete the first investment cycle we worked with a CAPEX budget of EUR 45 million. In the resort Vysoké Tatry - the Tatranská Lomnica ski area we upgraded the iconic old cableway Štart - Skalnaté pleso by replacing it with a brand new state-of-the-art 15-person gondola. In the resort Jasná Nízke Tatry we built a new six-seat cableway Lucky, which increased the resort transport capacity and created a new gateway into the resort. By building a free parking lot for 520 cars in the location of Krupová we enabled skiers to easily enter the Jasná resort from the south sideof Chopok Mountain. Also, we continued to enhance ski trails and expand snowmaking in both mountain resorts. In the Hotels segment we upgraded Wellness Hotel Grand Jasná by adding a new 350-person conference space; we renovated Hotel Srdiečko; and built six new Chalets Záhradky de Luxe in Jasná. We also added new dining facilities on the slopes; we even managed to renovate the iconic restaurant Rotunda with lodging at the top of Chopok Mountain. We launched the new pro-client e-shop Gopass, which changes shopping for ski passes, tickets to Aquapark Tatralandia, lodging, and booking a rental service, or ski school. With these projects we strived to enhance the quality of our services in order to get a step closer to the alpine-resort standard and to keep widening the gap between us and the local competition.

As for cross-border expansion of our operations in the region, last winter season was the first that the five-star mountain resort Špindlerův Mlýn in the Czech Republic was operated by our associate Melida a.s. By expanding our operations to the Czech Republic, we are beginning to fulfill our vision of becoming the Central European leader in tourism services. We continue to work on other acquisitions in Poland as well as in the Czech Republic, where we see a large client base with an unused potential in provision of tourism services. I believe that soon we will be able to announce new acquisitions.

During the year the Company underwent major changes in terms of decreasing its share capital by EUR 174.4 million, which we will be paying to our shareholders in the following financial year from bond issue proceeds.

As for our dividend policy in the following periods, the bond issuance of EUR 180 million will impact our interest expenses and will hinder our ability to pay dividends going forward. Therefore, the Board of Directors will not propose a dividend pay-out for 2012/13, but income will be retained in the Company as a cushion for future periods. Due to the fact that in the past financial year we finalized the first investment cycle based on capital-intensive projects in the Tatra resorts, we expect that the completed investments will keep yielding return in terms of a growing client base and higher client spending in years to come, which will bring growth in revenues and operating profit.

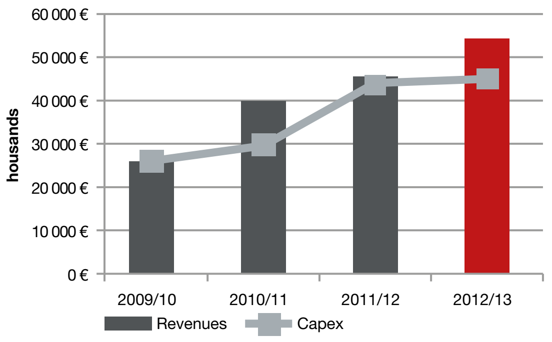
Bohuš Hlavatý
CEO and Chairman of the Board of Directors

CONSOLIDATED FINANCIAL HIGHLIGHTS

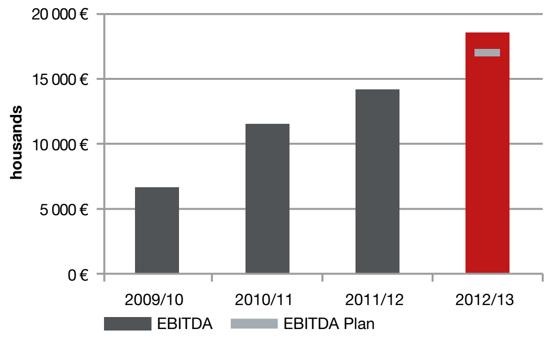
Consolidated Financial Highlights

in €'000 unless specified otherwise	2012/13	2011/12	2010/11	2009/10
Revenues	54 348	43 807	38 758	24 338
EBITDA	18 566	13 987	12 219	6 633
EBIT	7 666	6 050	1 599	-703
Net Income	6 604	10 186	9 027	5 759
CAPEX	36 710	48 207	29 377	18 164
No. of employees	1 334	1 232	1 055	614
Earnings per share (EUR)	0,98	1,52	1,35	0,86
Dividend per share (EUR)	0	1,06	0,96	0,82
Hotel Occupancy (%)	50,7	48,4	49,2	45,8
Avg. Daily Rate per Room (EUR)	55,2	45,2	41,3	37,5
Visit Rate ('000)	2 249	2 007	1 844	1 027
EBITDA (%)	34,2	31,9	31,5	27,3
EBIT (%)	14,1	13,8	4,1	-2,9
Net Income Margin (%)	12,2	23,3	23,3	23,7
ROE (%)	6,5	3,7	3,4	2,2
ROA (%)	2,1	3,2	3,1	2,0
Debt/Capital (%)	67,7	5,5	6,5	5,0
Debt/EBITDA	11,5	1,2	1,6	2,1
Interest Coverage	11,3	11,2	3,1	-1,3

Revenues vs. CAPEX*



EBITDA vs. Plan*



*adjusted operating data

Our History

1992

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

2003

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

2009

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

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

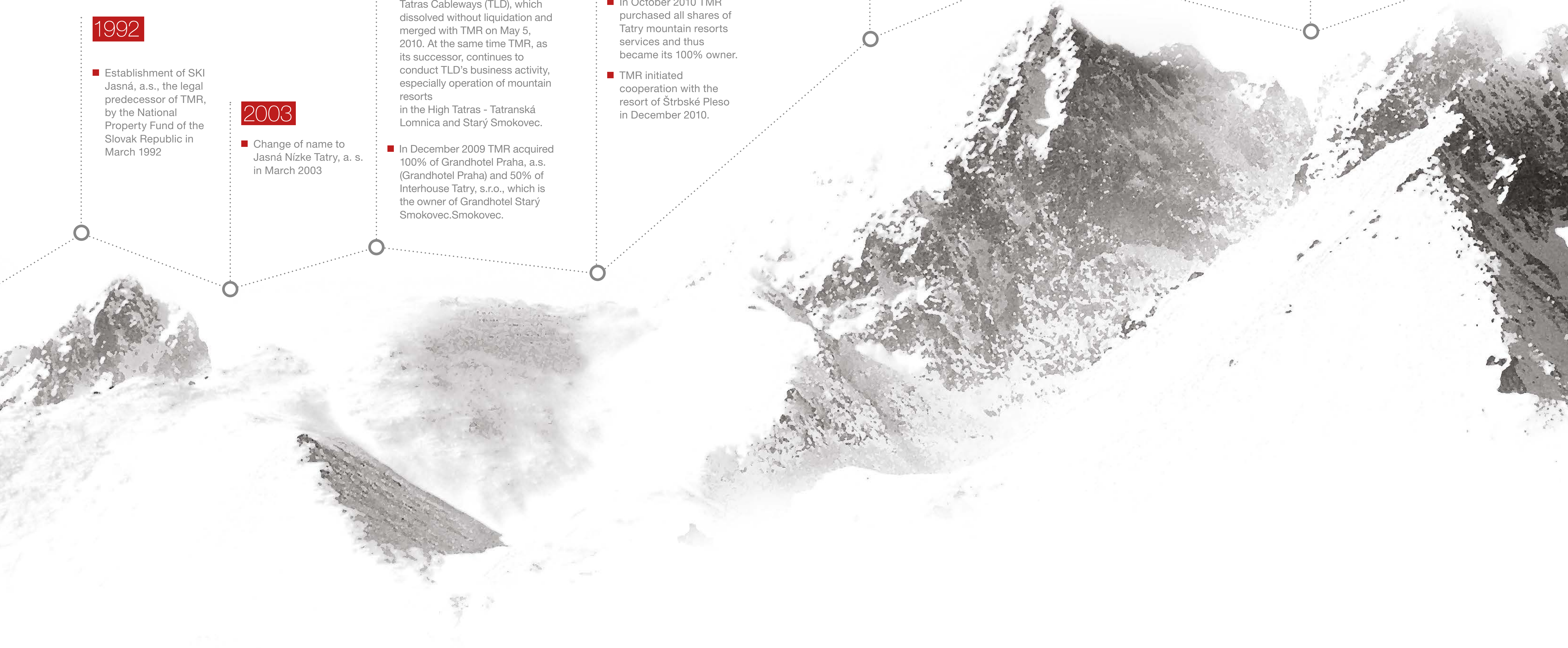
- In April 2011 TMR acquired Tatralandia Holiday Resort. This trademark comprises Aquapark Tatralandia, a lodging facility Holiday Village Tatralandia, an entertainment park Fun Park, and Tropical Paradise. The acquisition of Tatralandia was an important step for TMR in pursuing the strategy to create 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, which moved the Company closer to its vision to become the top international renowned provider of tourism services in the CEE region.
- 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.



Company Profile

Basic Overview of TMR

Tatry mountain resorts, a.s. Group with its registered seat in Liptovský Mikuláš is the biggest provider of tourism in Slovakia with emerging activities in neighboring countries, especially in the Czech Republic and Poland. TMR's revenues come from operation of mountain resorts and aquapark, provision of hotel and dining services, and from sports shops and additional services in the resorts. In terms of revenue breakdown, the largest share comes from sale of ski passes and cableway tickets in mountain resorts (40.7%) and from ticket sale in the aquapark (14.1%). Additional revenues come from accommodation services in hotels that TMR owns and runs (27.4%) and from other services provided by the dining facilities on the slopes and in the aquapark (12.5%) and sports stores (4.9%). In addition to the mentioned business activities TMR conducts its business activities in the field of real estate, revenues of which are expected from sale, lease and operation of premises and hotels. So far TMR has performed all the business activities in regions of the High and Low Tatras and in the Krkonoše Mountains in the Czech Republic. Within the mountain resorts it offers complex services, such as operation of lifts and cableways, dining, ski school, sport shops, ski rental and equipment service for winter and summer activities. These ancillary services (except dining) are provided under Tatry Motion brand, which provides marketing support and brings a synergic effect within the Company.

The portfolio of TMR in the Low Tatras includes resort Jasná Nízke Tatry, hotels Tri Studničky****, Wellness hotel Grand Jasná****, Chalets Jasná de Luxe**** and Hotel Srdiečko**. 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.

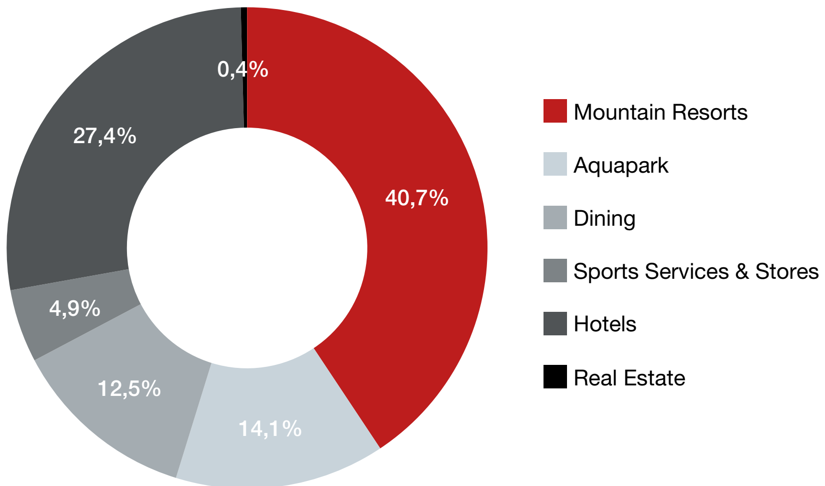
In the High Tatras TMR owns and runs resorts Vysoké Tatry - Tatranská Lomnica and Starý Smokovec and hotels Grandhotel Praha**** Tatranská Lomnica, Grandhotel**** Starý Smokovec, Hotel FIS*** at Štrbské pleso and owns and leases Hotel Slovakia*** to a third party. The Company is also co-managing mountain resort Vysoké Tatry - Štrbské Pleso.

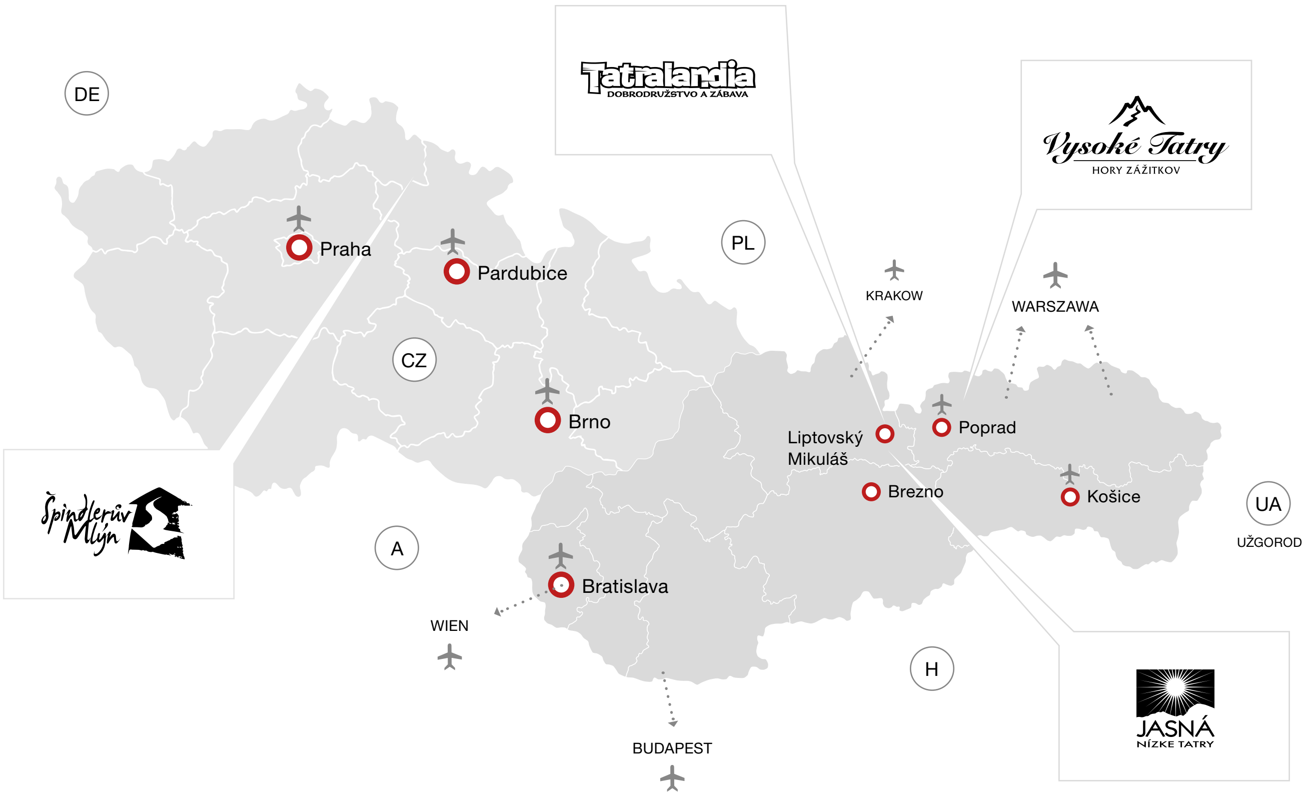
As for the business structure of TMR, as of May 1, 2013 TMR merged with its subsidiaries GRANDHOTEL PRAHA a.s., Interhouse Tatry s.r.o., and Tatry mountain resorts services, a.s. As of this date, TMR became the successor company and overtook all the legal, business, and other liabilities as well as the assets of its subsidiaries. All the subsidiaries were dissolved by merging with the parent company. Currently, TMR owns only a minority 19% interest in the Polish company, Korona Ziemi Sp. z o.o. and in the Czech company Melida, a.s.

Business Segments of TMR

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

Revenue Breakdown





Mountain Resort
VYSOKÉ TATRY

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

Mountain Resort
JASNÁ NÍZKE TATRY

- The biggest winter sports resort in Central Europe
- Ski areas - Chopok North and Chopok South
- Host of Junior Alpine FIS World Cup 2014
- 46 km of ski trails, 29 km of snowmaking
- 30 cableways and lifts
- Max. transportation capacity 32,704 persons/ hour
- Hotels - Hotel Tri Studničky****, Wellness hotel Grand Jasná****, Chalets Jasná de Luxe**** and Hotel Srdiečko**
- Real Estate - lease out of hotels Liptov**, Hotel SKI & FUN** and Kosodrevina Lodge

Mountain Resort
ŠPINDLERŮV MLÝN

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

Aquapark
TATRALANDIA

- The biggest aquapark with accommodation in Central Europe
- Unique indoor complex Tropical Paradise also with seawater and authentic corals
- 9 year-around swimming pools with thermal, sea and pure water, 5 summer swimming pools, complex of 19 saunas and procedures, wellness and massages
- 5 year-around waterslides, 23 summer waterslides and 300 different attractions
- Housing - Holiday Village Tatralandia
- 700 beds in 155 bungalows and apartments
- Congress center, 5D cinema, golf trainer, etc.
- Real Estate - sale of apartments in Holiday Village Tatralandia

I. MOUNTAINS AND LEISURE

The main segment Mountains and Leisure includes the ownership and operation of two mountain resorts Jasná Nízke Tatry - Chopok North and South and Vysoké Tatry - Tatranská Lomnica, Starý Smokovec and Štrbské Pleso, whilst TMR doesn't own but co-manages ski area Štrbské Pleso. The resorts currently offer 70 km of trails with transport capacity exceeding 54 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%. The main segment also includes a year-around aquapark Tatralandia with 14 swimming pools, 30 water slides and number of other indoor and outdoor activities. In order to cover complex client's needs, in the Mountain and Leisure segment TMR offers a wide range of ancillary services, such as ski schools, rental, service, sport shops and dining.

Mountain Resorts

VYSOKÉ TATRY (THE HIGH TATRAS)

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

TATRANSKÁ LOMNICA

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

Summer Season
Tatranská Lomnica turns in the summer months into an attractive leisure center for the whole family. It provides possibility of trips to the top of Lomnický štít in 2,634 m a.s.l. The resort is regularly extending its offer of services and today it offers a number of attractions, such as scooter rides, trampolines, archery 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.

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

Transport Facilities
In the resort there are three gondolas, and four chairlifts with total length of 10,272 m. The maximum transport capacity is 11,645 persons per hour. Two of the cableways are equipped with shields, so called bubbles, and one also with heated seats and better wind resistant system (RPD). At the beginning of the winter season 2013/14 a new 15-person gondola was completed starting at the Start location leading to Skalnate pleso with the transportation capacity of 2,400 persons/hour. It substituted the original old 4-seat gondola.The 15-person gondola is design-wise and struction-wise similar to the gondola at the Chopok Mountain South. 37 cabins by Doppelmayr transports skiers to Skalnaté pleso in seven minutes and exceeds the vertical drop of 599 m. The cableway resists winds up to 22-24 m/s. The start station of the gondola Štart - Skalnaté pleso starts at 1,170 m a.s.l., and the end station is located at 1,772 m a.s.l. The all-year most attractive is still the elevated cableway to Lomnický štít which can get visitors to the top of the second highest peak of the High Tatras just in 8 minutes. On the top there is a stylish café, elevated terrace and botanical garden. Visitors can also spend a night in the highest elevated apartment in the Central Europe.

STARÝ SMOKOVEC

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

Summer Season
In the summer the resort offers attractions like summer tubing, scooters, cars or trampolines. There is also a bike park with two trails in the resort - red one for more experienced and blue, touristic trail rather for families. Starý Smokovec and Hrebienok are also the perfect places for hiking trips. 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 a sledge trail.

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. For the youngest clients is available Mini Tatralandia park directly under the ski-jump as well as many other activities.

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 biggest 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 freeride zones and snowpark. Every evening there is an interesting après-ski program. In the fiscal year 2011/2012 new cableways to Chopok from the north and south side have been completed together with a skewed 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.

Summer Season
The resort in the summer offers a wide range of sports - paragliding courses, mountain scooters, 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 there is an educational fun trail with and entertainment program for families with children.

Ski Trails
Jasná Nízke Tatry as the largest ski resort in Slovakia is suitable for all categories of visitors. Wide range of different types of slopes lies on 91 ha of land. There are almost 46 km of ski trails. On 29.1 km of trails is built a fully automated high-pressure technical snowmaking system with 427 snow guns. The snowmaking systems was in the 2012/2013 season built from the north side up to Chopok and on the south side were in addition built also pumping stations for this system. There are eight easy blue trails in total length of 11,235 meters, 15 moderate red trails in total length of 17,910 meters and six black trails for experts in total length of 7,325 meters. In addition to these trails the resorts offer 11 ski roads in total length of 9,310 meters. In the resort there are also five free ride zones, two cross-country skiing trails and a snow park. Two trails in total of 2,580 meters are lit up and used for night skiing.

Transport Facilities
The resort operates 30 cableways and lifts with a total transport capacity of 32,704 persons per hour. There are three 6-seat cableways, four 4-seat cableways and one 2-seat cableway. There are also four cabin cableways - 24-seat Funitel, 15-seat and 8-seat gondolas and 50-seat 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 and 15-seat gondola is also unique worldwide. This type of cableways was used in the other parts of the world only with lower capacity.

ŠPINDLERŮV MLÝN

The ski resort Špindleruv Mlýn currently ranks the first among ski resorts on the south Czech side of the Krkonoše Mountains. The resort offers 25 km of ski trails with 16 lifts, a snowpark, a funtrack, and a halfpipe. The maximum transport capacity in

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

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

the resort consisting of four ski areas- Svatý Petr, Mědvedín & Horní Mísečky, Hromovka and Labská - is 20,500 persons/ hr. Within the vicinity of the resort there are 43 hotels, 134 inns, and 23 lodges.

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

Dining

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

VYSOKÉ TATRY:

Café Dedo - Lomnický štít 2,634 m a.s.l.
Stylish cafe with a panoramic terrace at the second highest peak in Slovakia is called Café Dedo. Its name is related to Lomnický štít which has always been called Dedo. Café is also a good place for private social events at the highest level.

Panorama 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 - Štart 1,145 m a.s.l.
At the mid-station Štart half way to Skalnaté pleso there hides a restaurant with Italian cuisine as well as with traditional meals. In the evening, this place offers an evening full of lovely experiences with a lot of interesting program for visitors.

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.

JASNÁ NÍZKE TATRY:

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

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

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

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

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

CHAMPAGNE BAR Happy End - Biela Púť 1,117m a.s.l.
- the only bar on the slopes that offers genuine champagne and the widest selection of wines and sparkling champagnes.

FUNIBAR - Priehyba 1,349 m a.s.l.
- new après-ski bar at Priehyba, at the entrance station of FUNITEL with opening glass roof and cupola. It is one of the first of its kind in Central Europe.

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

Rotunda, Jasná

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 Tropical Paradise.

Barbados Bar
A bar located among four pools with clear and sea water.

Zbojnícka koliba
Offers various traditional dishes in the surroundings inspired by a Liptovian village.

Marina Bar
A stylish marina bar next to a pirate ship in Tropical Paradise.

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 - Shop Grand, New Shop Lomnica and Exit Shop, one in Starý Smokovec in the building of railway station and two in Štrbské Pleso - Tatry Motion Shop and Café Fashion Industry Shop.

In Jasná Nízke Tatry Tatry Motion stores are located at Záhradky as Drive in shop and Intersport Záhradky and at Biela Púť it is Shop Biela Púť 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 Café Fashion, Board Shop - a store with clothing not only for snowboarders and Souvenir Shop. In the area of Hotel Grand is Shop Grand and in Chopok South area is Shop Srdiečko. Some of the stores also include ski rentals and service stations. Independent service operation next to Café Fashion is Ski service which offers a possibility

Current information on TMR mountain resorts at the end of fiscal year 2012/13

	Length of trails (m)	Capacity (persons/hour)	Trails with technical snowmaking (m)	Number of cableways/lifts
the Low Tatras	**45 780**	**32 704**	**29 095**	**30**
Jasná Nízke Tatry	45 780	32 704	29 095	30
the High Tatras	**23 975**	**21 365**	**20 385**	**20**
Tatranská Lomnica	11 780	11 645	10 540	9
Starý Smokovec	3 375	2 700	1 025	3
Štrbské Pleso	8 820	7 020	8 820	8
Krkonoše				
Špindlerův Mlýn	25 000	20 500	21 000	16

to repair skis with modern equipment on demand. In the Špindlerův Mlýn resort sports stores run under the Spindl Motion brand.

In the past year three stores were added to this subsegment also in Aquapark Tatralandia - Paradiso Shop, Surf Shop HVT, Shop U vchodu - selling mainly souvenirs and summer and sports merchandise.

AQUAPARK

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

Tropical Paradise

II. HOTELS

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

THE HIGH TATRAS

Grandhotel Praha**, Tatranská Lomnica**
125 rooms, 236 beds
It is situated in the center of Tatranská Lomnica, at the foot of Lomnický štít, in the heart of the High Tatras. Its history dates back more than 100 years, since the grand opening in 1905. The wellness center Grand Mountain Spa combines local spa tradition with healing effects of the Tatra's nature.

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

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

THE LOW TATRAS

Hotel Tri Studničky **, Demänovská Dolina**
36 rooms, 100 beds
Its architecture and layout of exteriors and interiors complements the surrounding mountain environment and the panorama of local mountains. It is located in a beautiful forest area near a mountain stream. In 2010 new conference rooms with attractive views of a mountain stream were added, as well as a renovated wellness center with the first beach in the Tatra Mountains. These services complete the gap in the offer of this authentic boutique hotel.

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

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

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

Holiday Village Tatralandia
155 rooms and apartments, 700 beds
It is a unique lodging complex 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.

Hotel Srdiečko

Chalets Jasná de Luxe ****

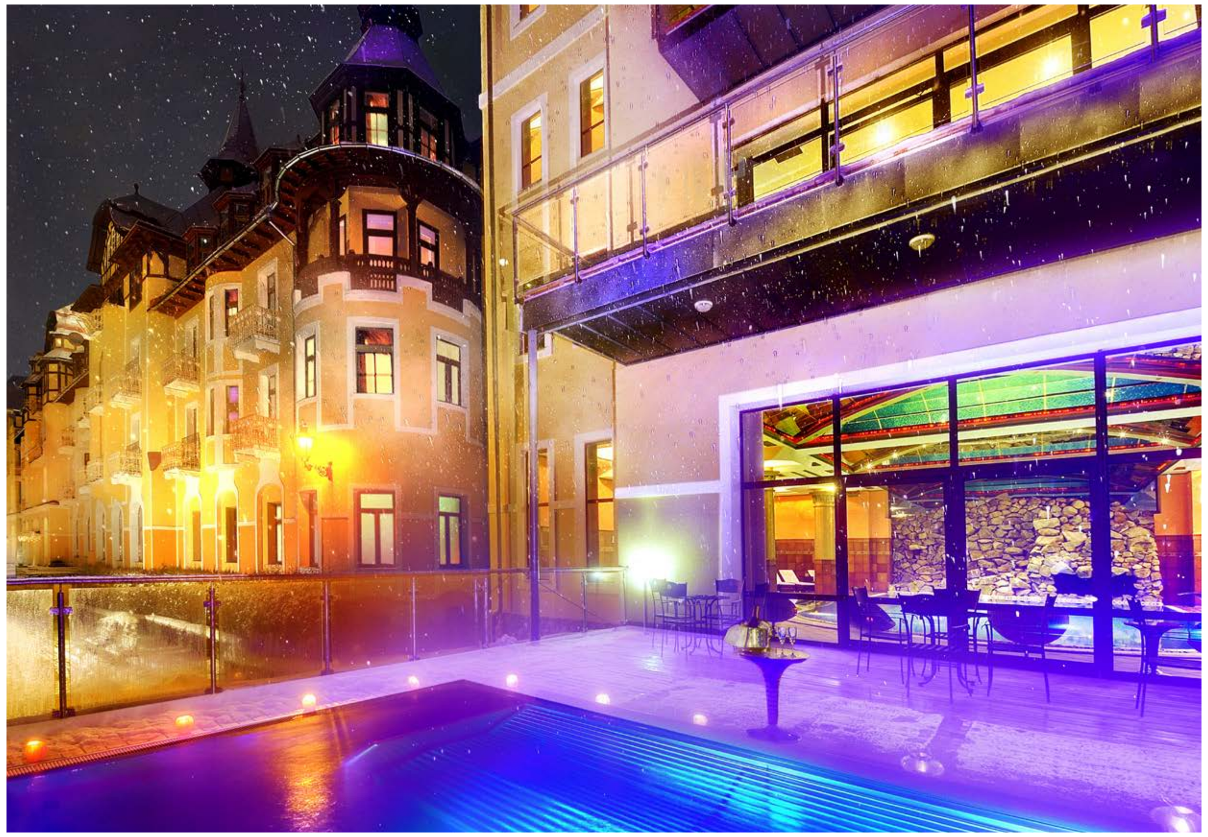
III. REAL ESTATE

The most recent activity of TMR is its real estate business. The goal is to develop infrastructure and construction activity in the mountain regions. In its realization the Company plans to capitalize on the unique location in the High and Low Tatras region. TMR's strategy in this segment is mostly development, construction, and sale of apartments and non-housing areas. The Grand Residences Tatranská Lomnica project has already been completed. Other three projects are in the planning phase (Tatranská Lomnica Center, Tatranská Lomnica Project, Jasná Center). Realization of other projects and the following sale or lease of the apartments and non-housing areas depends on the development in the real estate market. Alongside these projects necessary infrastructure is being built for the natural development of tourism in the following areas - cableways, infrastructure, trails, information signs, etc. TMR is not planning any green-field projects (on undeveloped land). It focuses solely on traditional, urban areas, where sport and tourism have been part of history for decades.

The Company within the Real Estate segment owns and leases out hotels Liptov**, SKI hotel** and Kosodrevina Lodge in Jasná and Hotel Slovakia in the High Tatras. So far revenues from the Real Estate segment have come mainly from the hotel leases.

Since May 2013 TMR has been offering apartments in Holiday Village Tatralandia for sale.

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



Grandhotel Praha, Tatranská Lomnica

Strategy

VISION

By capitalizing on our position of a natural monopoly due to unique position of the Tatras, to become a premier, internationally renowned tourism services provider striving to revive mountain resorts in the region of Central and Eastern Europe from the investment, sports, cultural, and social point of view.

MISSION

TMR's mission is to provide services in tourism at a constantly increasing level, in particular through business activities divided into three key segments - Mountains & Leisure, Hotels, and Real Estate, where the Mountain & Leisure segment covers operation of the mountain resorts, aquapark, and additional services throughout the year. The Company plans to 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 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 are the most important plus points against competition:

- 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.
- Poprad Airport ensures easy access by air from key European cities outside the mountainous area, e.g. London, Copenhagen, Amsterdam, Moscow, and Saint Petersburg, mostly by charter or private flights.
- To the east of the Tatras there are ski resorts with only limited comparable services.
- The high altitude provides a competitive advantage for TMR, comparing to other resorts in the region, since it significantly mitigates the risk of unfavorable weather as a result of global warming.
- TMR is able to capitalize on intra-segmental and intra-subsegmental synergies in sales, purchase, operations, and support areas of the Group.

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 2012/13, for the last seven years TMR has invested in its resorts and hotels over 190 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 seven 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; larger ski trail areas by 46% to 70 km in both, the High and the Low Tatras; or tens of après ski bars and restaurants on the slopes of the ski resorts. Other investments are 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 new Tropical Paradise in Aquapark Tatralandia.

The first investment cycle was completed by the end of 2012/13. In the following periods TMR plans to grow organically and capitalize on the completed investments.

PILLAR 2: STRATEGIC ACQUISITIONS AND CROSS-BORDER EXPANSION

After fulfillment of the primary vision of - New Era of the Tatras - TMR currently concentrates on strategic acquisitions of ski resorts and amusement parks on the local market, as well as on the international level, namely in the region of the Central and Eastern Europe. The most recent addition to the Company`s portfolio was 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 management of the Špindlerův Mlýn resort, by means of a consortium initiated in November 2012. In the first half of 2013 TMR founded a Polish company - Korona Ziemi Sp. z o.o. - together with the Polish town of Zawoja as part of establishing TMR's presence on the Polish market.

PILLAR 3: CONSTANT OPERATIONS & SERVICES ENHANCEMENT

Management wants to achieve intensive growth of the number of services 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 both 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 bring their customers to nearby resorts with easy access and a variety of attractions for children, adrenalin sports for the young (e.g. bike parks), and relaxation zones. 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. Within this pillar TMR fully utilizes synergic effects among its segments and subsegments, thus it is able to optimize constantly services it provides, as well as to keep expanding its variety of products and services, e.g. an option to use services of several mountain resorts and the aquapark with purchase of just one ticket.

THE NEW ERA OF THE TATRAS PROJECT

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

Increasing quality with investments	Strategic acquisitions and expansion of operation in CEE	Constant operations & services enhancement
■ EUR 190 million over 7 years (incl. EUR 45 million in 2013) ■ New modern cableways ■ Renovating hotels ■ Expanding resorts ■ Capitalizing on completed investments	■ Aquapark Tatralandia 2011 ■ Špindlerův Mlýn ski resort, Czech Republic ■ Korona Ziemi (JV in PL) ■ Potential acquisitions in Czech Republic, Poland	■ Enhancing customer experience through synergies ■ Focus on affluent clientele ■ Trendsetter in the region ■ Quality management

THE ACTION PLAN FOR 2012/13 INCLUDED THE FOLLOWING STRATEGIC STEPS:

- To continue in the set intensive investment strategy with investing into development of the Tatra region, TMR resorts, and hotel with the budget of EUR 45 million.
- Construction of new cableways in the resorts Jasná Nízke Tatry and Vysoké Tatry and finishing adjustments to new cableways from the prior year as part of the continuous improvement of quality of offered services in the resorts.
- To open a new gateway to the Jasná resort, which should improve efficiency and attractiveness of the resort.
- To continue in expansion of snowmaking on ski trails in Jasná Nízke Tatry and Vysoké Tatry and in technical enhancement of trails.
- To expand dining facilities and ancillary services in the mountain resorts
- To expand and improve lodging facilities in the resorts, as well as to expand conference space in the hotels.
- The subsidiary Melida, a.s. approved investments in the Špindlerův Mlýn resort in the amount of CZK 130 mil. Investments in this resort should flow to development of ancillary services, i.e. into opening of sports rentals, dining facilities, stores, and ski schools.
- To increase the visit rate and financial performance of the resorts by capitalizing on the completed investments from prior years, mainly the complex project of interconnecting the north and south side of the Chopok Mountain in the Jasná resort with modern cableways or the opening of Tropical Paradise in Aquapark Tatralandia.
- To launch a new loyalty program GOPASS, which should help to strengthen and expand the loyal client base.
- To strengthen online sales of ski passes and entries via the GOPASS program.
- To continue in utilizing synergies among segments and subsegments in sales, operations, purchase, and support services.
- To continue in cooperation with lodging providers and other business partners in the Tatra region, in form of marketing of the region, stay packages, and universal ski passes.
- Cross-border expansion of the Company's business activity, specifically on the Czech and Polish market, in form of acquisition of mountain resorts and their lease.

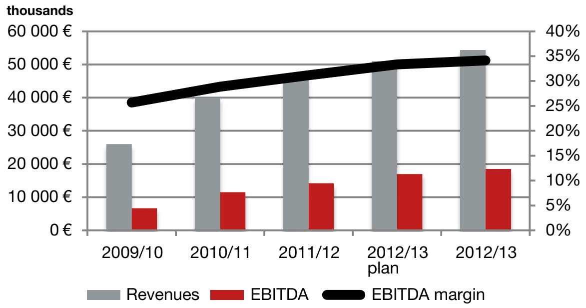
Management expects that the impact of these strategic steps will be gradually reflected in the Company's results, especially in years to come, once the operation of the mentioned new investments is reflected in profit and loss statements.

FINANCIAL GOALS

For the past fiscal year the Company again set goals of stable growth in operating revenues, operating income, and operating profitability, which management considers the basic criteria for investment appreciation of the Company's shareholders.

The short term goal for 2012/13 included a growth in operating revenues of 12% and a growth in EBITDA of 20%. That way planned EBITDA margin would improve to 33.3%. This financial plan was published at the General Shareholders' Meeting on April 27, 2013. The Company planned to achieve the described financial goals by utilizing investments and other strategic steps mainly from the previous period and years prior to that, when the intensive investment strategy initiated. The Company met the set financial goals, even exceeded them slightly. Operating revenues exceeded the plan by 6.6%, whereas EBITDA (earnings before interest, taxes, depreciation and amortization) exceeded the plan by 9.2%. The planned operating profitability (EBITDA margin) of 33.3% was met, even higher by 0.8%. The reason for the exceeding the plan slightly was the fact that the Mountain Resorts and ancillary services achieved above-expected results.

Plan vs. Actual Results



MARKETING STRATEGY

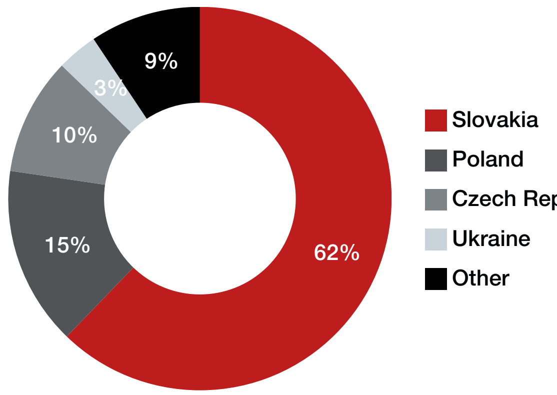
TMR's client base is, besides customers from Slovakia, based mostly on visitors from neighboring countries, such as Poland, the Czech Republic, Ukraine, and Russia.

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.

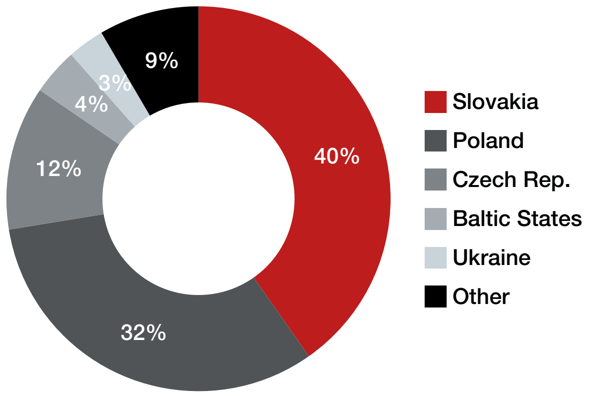
The Company also divided potential target groups into the following categories:

- affluent clients
- mainstream
- low-cost clients

Visitors in the High Tatras during Winter 2012/13



Visitors in the Low Tatras during Winter 2012/13



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.

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, Liptov, and the Krkonoše Mountains in the Czech Republic.

MARKETING ACTIVITIES

The Company is using a massive marketing communication in all basic types of media - Internet, television, radio and press, and also outdoor advertising in several forms - bigboards, atypical premium billboards placed on walls of buildings in big cities and on main roads, citylights, bus banners and the like.

A television campaign aired in Slovakia (TV JOJ and TA3) featuring six different spots advertising the Jasná (2) and Vysoké Tatry (2) mountain resorts, TMR hotels (1) and advance sale of ski-passes (1) was launched in November 2012. In June 2013, the campaign focused on promoting Tatralandia and several types of sponsoring references were aired in prime time; all together they accounted for several thousands of broadcasts. Advance sale and tourist resorts spots were broadcasted in radios (Rádio Expres). As for print media, the Company advertised in the daily Pravda, massively in weeklies of the 7PLUS publishing house, but mainly in the weekly Plus 7 dní. Other print media published PR articles and 400 thousand coupons for ski-passes for the Tatranská Lomnica 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 outside the main season. The same approach was used in the case of Tatralandia, namely 400 thousand coupons with the opportunity to experience Aquapark Tatralandia for a more advantageous price were inserted in magazines and weeklies Plus7dní, Šarm, Báječná žena and EMMA before the summer season. The Company's offer also has a very intensive presentation through a new not-for-sale image magazine called TATRY MAGAZÍN which is available in accommodation facilities and tourist facilities as the only lifestyle magazine about the life in the Tatras.

In addition to the above-mentioned advertising campaigns, TMR Marketing Department also performs other, no less important activities such as active participation in exhibitions and fairs, cooperation within the framework of destination management with the entities operating in the region such as, for instance, the active Liptov Cluster and several regional 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 regional tourism organizations, the origin of which was supported by the

Tourism Act and active subsidy policy of the state in relation to the creation and execution of marketing campaigns for regions and creation of regional products supporting tourism, is important for TMR.

USE OF INFORMATION TECHNOLOGY AND INNOVATIONS

TMR also keeps in mind the use of innovations and continually improves its communication also thanks to information technology. In the past financial year there were launched new web sites the mountain resorts www.jasna.sk, www.vt.sk, of Aquapark Tatralandia www.tatralandia.sk , and also the webs www.gotatry.sk, www.tmr.sk and the e-shop www.gopass.sk. The Company uses social networks for communicating with clients on a daily basis. In the Company's key markets (Slovakia, Poland and Czech Republic), Facebook is number one in social networks and, therefore, TMR puts emphasis on the development of a wide fan base. At present, there are administered three resort profiles (fan groups) - Jasná Nízke Tatry, Vysoké Tatry, Tatralandia and three smaller profiles of individual projects - Tatranská divočina, Happy End and Tatranec (www.gotatry.sk).

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

EVENT MANAGEMENT

The Tatras have become a place that never sleeps also thanks to the opening of new centres of après ski entertainment and night life. Music Club Happy End in Jasná with a daily offer of après ski programme is also an ideal place for organizing various events all year long. The most important events in Jasná include LOVE or RACE (musical-entertainment event mainly for young people), Big Test Days (ski testing together with skiing tournament for the public), BMW Ski League (skiing tournament for the public), Corporate Communication Games (Firemné hry komunikácie) (sports tournament of leading Slovak companies from various business areas). The High Tatras events include Snow Dogs (Snežné psy) (a grand winter event for families with children in Tatranská Lomnica), Beh na doraz (a mass ski race) in cooperation with Red Bull and the most visited event Bear Days (Medvedie dni) (a grand summer event for families with children taking place at Hrebienok).

MARKETING ACTIVITIES IN THE POLISH MARKET

The Polish market is the most important foreign market for TMR. And that is the reason why we pay Poland special attention also in terms of marketing strategy and communication. Also in the past year 2012/13, the key visual "Tak blisko, tak alpejsko!" and the Polish web site www.nartyslowacja.pl and also other web sites of single resorts were used for campaigns. As for Tatralandia, the focus was aimed at a varied offer during summer. The Company was also using Internet marketing tools such as YouTube, Facebook, Google Adwords campaigns which together with classic media such as exterior advertising space, TV, radio and PR sports reported 330 million views just in winter alone. Advertising was also aimed at print media and PR campaign. Communication with more distant markets is secured mainly through foreign tourist agencies. Smaller campaigns were already carried out also in Russian-speaking countries. In 2012/13, the total budget of EUR 4.1 million was used for the Company's marketing activities.

OUR MARKETING ACTIVITIES DURING 2012/13 FISCAL YEAR

December 2012
TMR kicked off the winter season on a grand scale both in Jasná and Vysoké Tatry - on 1 December with Winter Music Opening in Jasná and Tennis Tatras in Tatranská Lomnica. The season opening in both resorts was accompanied with a stellar music programme and celebrity guests.

January 2013
On 5 January, the all-day event Love or Race created unique programme on the ski slopes in Jasná. Contestants had an unconventional experience thanks to a bowl race. The mountain resorts gambled on good snow cover and treated slopes, as well as on an attractive programme. On 11 Janary, the indoor hall Tropical Pradise in Tatralandia was officially opened. Tropical Paradise with four new pools with salty, sea and clear water brought a piece of Caribbean to Liptov under the Tatras. Tropical Paradise with all-year plus climate was opened by showbusiness celebrities. On 26 and 27 January, Jasná was hosting Polish Weekend with the attendance of Polish celebrities. Also a downhill race for adrenaline lovers called Redbull Zjazd na Doraz - a mass downhill race on skies, snowboard or bicycles from the peak of Chopok mountain - took place in the resort. Along with the downhill race, the resort also hosted Polish Weekend - an event for families with children with Polish music guests.

February 2013
Tatry Ice Master 2013, a three-day festival of ice sculptures in cooperation with the regional tourist organization of the Vysoké Tatry region was a huge success. On 16 February, Štrbské Pleso was the venue of Snowboard Fest where elite domestic and foreign snowboarders introduced themselves. At the end of February, mainly families with children were pleased by the traditional Snow Dogs (Snežné psy) event that takes place in the High Tatras - Tatranská Lomnica resort and has popular programme. The event, which was held during the last weekend of February, offered many attractions for visitors, for instance, dogsleds - exhibitions of the fast drive of mushers (mushing), demonstrations of mountain rescue service actions, sculpting of ice sculptures and also competitions for children and adults.

March 2013
Jasná Adrenaline, a free ride race with international participation, was record-breaking in terms of numbers of visitors to the Jasná - Low Tatras resort. In the 1st freeride zone under Chopok, Slovak, Czech, and Polish contestants experienced the true adrenaline. On 8 March, an attractive alpine skiing sports contest was held. A mass night run with head lamps put to the test not only physical, but also psychological endurance of contestants. On 9 March, a mass downhill race in bikinis opened the spring skiing season in the Jasná Low Tatras resort. Almost 30 daredevils equipped themselves with skiing gear, sun cream and bikinis. That day opened the spring skiing season in the Low and High Tatras, supplemented with bathing in the aqua park.

April 2013
On 5 and 6 April, Štrbské Pleso hosted the Slovak Championship in grand slalom and demo rides of ski and snowboarding schools, trainers and instructors called Šlusovka 2013.

May 2013
Non-stop party was promising a tropical night under the palms in Tatralandia. The aqua park stayed open also during May and prepared rich night and day entertainment programme. On 3 to 5 May, it was hot in Tropical Paradise also thanks to a fire show and night aqua-gym.
The summer season was opened during the 31 May - 2 June sports weekend called Extreme Run & Hight Tatras Night Run. The successful event Bratislava Night Run was moved under the Tatras to Štrbské Pleso. The run had a magical atmosphere thanks to the beautiful surroundings of the High Tatras.

June 2013
Between 14 and 16 June, the Tatra June Ball (Tatranský juniáles) opened the summer season in the Tatras. During the opening of the summer tourist season, the Štrbské pleso mountain lake was opened and the programme climaxed with Rupicapra - traditional mountain run in Tatranská Lomnica. Tennis stars pit their wits at the tennis exhibition. On 15 and 16 June, celebrities from the Czech Republic, Poland and Slovakia met in Tatralandia in the so-called Water Battle. A huge dose of adventure was prepared for visitors to the largest entertainment aqua park, namely 28 water slides, 14 pools for warming up and cooling down, and many other attractions, including a Celtic sauna world for perfect relaxation. On 29 June, visitors to Jasná could throw their messages for the future into a Time Capsule and wish something for themselves, their loved ones or future generations. The unique project Time Capsule 2013- 2033 embodies continuation of the idea of indestructibility of the beautiful Tatras nature in time.

July 2013
On 6 and 7 July, Tatralandia celebrated its tenth birthday in a grand scale - under a white duvet at a Foam Party. A dance show in Latino Fiesta rhythms, record-breaking birthday Aqua-gym or the Grease Show also contributed to the amazing birthday atmosphere. During 17 and 18 July, Celtic tribes conquered Tatralandia during the second year of Long Celtic Days (Dlhých dní Keltov). Irish dances, welsh writing, combat art of old Celts, treasure hunt, or Celtic Olympics and other attractions complemented the themed summer days in the largest thermal aqua park.

August 2013
The sixth year of the non-traditional Tatry festival called Bear Days (Medvedie dni) attracted to Hrebienok several thousands of people. The Tatras not only reported the highest concentration of bears, but also of kids who brought their teddy bears to the event held from 2 to 4 August. Summer in Jasná was closed by the Dragon Demián Games. On 29 August, families with children were enjoying "Drakiáda" - flying kites and competitions in navigating kites with rich accompanying programme. Marmots on the Mountain Lake (Svište na Plese) held on 31 August and 1 September was the traditional closing event of the successful summer season in the High Tatras. The event had seven stations such as, for instance, marmot run, sight, hearing, jump, marmot tombola, face painting, goodies for children and adults and also inflatable attractions - just to name some of the disciplines for which every child could win a ski-pass.

Key performance indicators (KPIs)

TMR management uses operating and financial key performance indicators (KPIs) to evaluate operating performance. The Company's portfolio is divided into three segments and subsegments and for this reason the 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 resorts Vysoké Tatry and Jasná Nízke Tatry. The number of visitors of cableways in the summer season and visitors in Aqupark Tatralandia is measured in terms of sold entries.

Average Revenue per Visitor

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

Occupancy

In the 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.

FINANCIAL PERFORMANCE INDICATORS:

Revenues

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

EBITDA

To describe financial performance of TMR the 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 Company'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 the Company the 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 and positive trade balance. According to the Statistical Bureau of the Slovak Republic, in 2012 GDP increased by 2% year-over-year. Export trade, dependent mainly on Germany's economy, produces 80% of GDP in Slovakia. Due to a growing inflation (at 3.6% in 2012) and continuing high unemployment (at 14%) consumer expenditures decreased at a slow rate, especially in the first half of 2012.

The economic growth is expected to slow down in 2013 to 0.6%, to be followed by a faster growth of 2.3% in 2014 and 3.3% in 2015. Besides a weaker foreign demand the Slovak economic growth should be deterred by persisting uncertainty and consolidation of public finances. In case of absent demand factors, inflation should stay below 2% during this period.

The Czech Republic

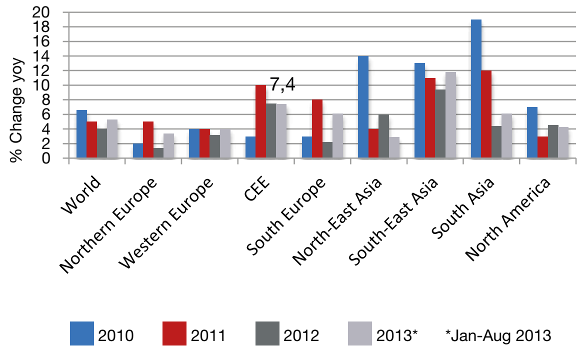
Following the slump of GDP in 2012, GDP continued decreasing also in 2013. According to Czech National Bank (ČNB), in the second quarter of 2013 Czech GDP decreased by 1.3%, even though it was up by 0.6% since the previous quarter.
As for future development, ČNB had predicted that the weak domestic demand impacted by the current fiscal consolidation and only a slightly improving foreign demand would cause a decrease in GDP by 1.5% in 2013. In 2014 thanks to the revival of foreign demand, ČNB predicts economy would grow at 2%.

Poland

Based on the data of Central Statistical Bureau of Poland, the GDP growth in this country reached 2.0% in 2012, which meant a decrease in comparing with 2011, when it reached 4.3%. The decrease was caused by a lower domestic consumption and lesser investments.

The National Bank of Poland (NBP) had predicted that thanks to a strengthening export the country's GDP would gradually grow in the following periods, although below its potential - at the level of 1.3% for 2013 and 2.6% for 2014.

International Tourist Arrivals



Travel & Tourism Competitiveness Index 2013 and 2011 comparison (Selected countries)[1]

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

[1] World Economic Forum. Travel & Tourism Competitiveness Index 2013

Ukraine

A decreasing industrial production and a weaker export recently caused the Ukrainian economy, focused on raw materials, to enter recession in the second quarter of 2012. According to International Monetary Fund (IMF), even though in 2012 GDP overall grew 2.5%, in the previous year the growth was 5.2%. For 2013 IMF predicted GDP to grow at 3.5%, a level still below the potential of the economy, which yet needs to adopt fast to changing external factors.

Russia

The GDP growth of Russian Federation at the level of 3.7% in 2012 was impacted by increased household expenditures and domestic demand. Although it greatly lagged behind the robust growth during 2007 and 2008, which was impacted in the pre-crisis period by high oil and gas prices, in Europe it was still one of the highest. Even based on predictions of IMF, the GDP growth projection of 4% in next years is one of the highest in Europe, also thanks to the fact that in recent years the Russian economy has been demonstrating ability to stand up to high volatility of financial and commodity markets.

Regional Tourism Industry

Eastern Europe has exhibited strong growth potential as international arrivals have been growing steep in the past three years to 112 million in 2012. In 2012 Central and Eastern Europe posted one of the highest growth rates in international tourist arrivals with 7.5% on the global scale and the highest one in Europe, which is the most visited region in the world. For the first eight months of 2013 the year-over-year growth of the region was 7.4%.[2]

Tourists in the region are also spending more; in 2012 international tourism receipts were up 5.2%. The large majority of international travel takes place within traveler's own regions, with about four out of five arrivals originating from the same region.

Russia marked the highest amount of tourism receipts (EUR 8.2 billion), followed by Poland (EUR 8.0 billion).[3]

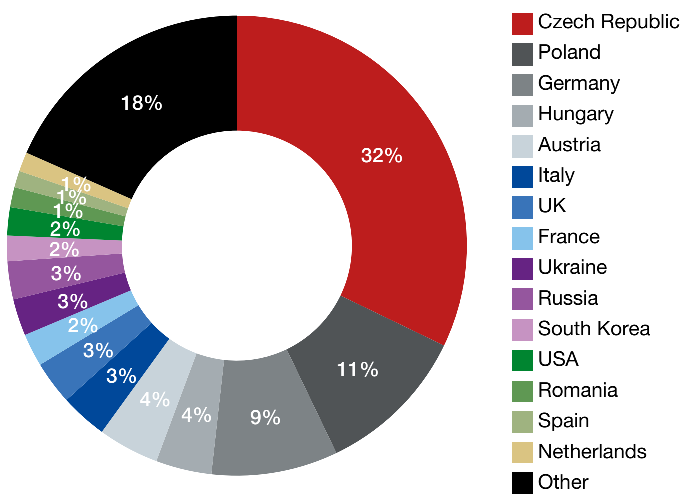
The Travel & Tourism Competitiveness Index (developed by the World Economic Forum) measures factors and policies that impact competitiveness of the Travel & Tourism sector in individual countries in context of regulatory, business, cultural, and natural environment. According to the Index, in 2013 CEE countries that are ranked higher than Slovakia are the Czech Republic (31), Poland (42), and Hungary (39), whereas Slovakia (54) is perceived more attractive than Russia (63) or Ukraine (76).

Slovak Tourism Industry

Slovakia is mostly visited by neighboring countries, with the most tourists coming from the Czech Republic (491 thousand) and Poland and then by German tourists. In 2012 international tourist arrivals here grew 4.6% to 3.8 million. The top category of tourists in Slovakia is domestic travelers, while the ratio of domestic to foreign travelers was 60/40 in 2012.[4] According to the Travel & Tourism Competitiveness Index in 2013, Slovakia is ranked 54th out of 140, the same place as in 2011.[5]

In 2012 the biggest percentage increase in tourist arrivals to Slovakia was among British tourists (+18.2 %%) and Russians (+16.2%) who tend to visit Slovakia in the winter time. The positive trend can be attributable to the development of mountain resorts, lodging package deals, universal ski passes, discount cards, and a speedier visa process. The majority of these factors can be observed in TMR's resorts. Arrivals from the Czech Republic were up 2.9%, the portion of Polish travelers decreased by 4.8%, and there were 10.8% more Ukrainians.[6]

Origin of Foreign Tourists in Slovakia in 2012



[2] UNWTO World Tourism Barometer. Volume 11, October 2013
[3] UNWTO Tourism Highlights. 2013 Edition
[4] SACR. Visitors to tourist accommodation facilities in Slovakia (2011 - 2012)
[5] World Economic Forum. Travel & Tourism Competitiveness Report 2013
[6] SACR. Visitors to tourist accommodation facilities in Slovakia (2011 - 2012)

In Slovakia direct contribution of the tourism industry to GDP was 2.3% (EUR 1.7 billion) in 2012. For 2013 it is forecasted to rise by 0.9%. The direct contribution to GDP is expected to grow by 3.3% p.a. to 2023. Travel and tourism directly generated 56,000 jobs or 2.4% of total jobs in 2012, and although this is expected to fall by 1.1% in 2013, by 2023 travel & tourism should directly generate 62,000 jobs (2.6% of total employment). In 2012 Slovakia generated EUR 1.7 billion in tourism receipts. In 2013 this income should fall by 1.5%. By 2023 tourist arrivals are forecast to reach 8.5 million, generating tourism spending of EUR 4.2 billion, an increase of 3.6% p.a.[7]

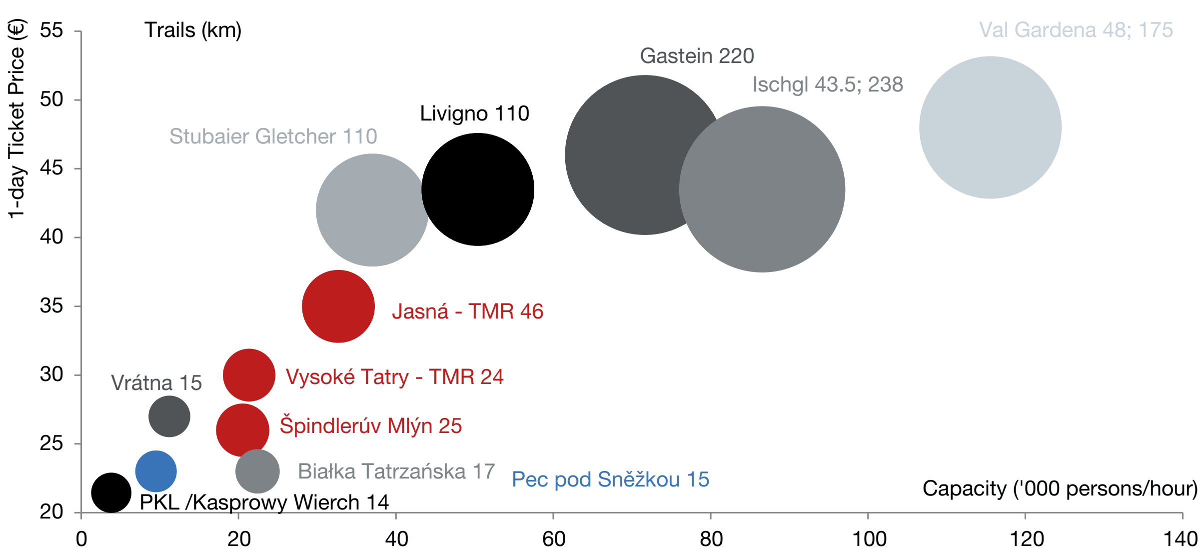
Slovak tourism industry is expected to benefit from the recently passed amendment of an act on tourism support (effective 1/12/2011) aimed at destination management and to boost Slovak tourism through organized cooperation of towns, business entities, and the state. The 2012 budget designated for organized tourism projects from towns and business entities came to EUR 3.2 million with matching EUR 3.2 million from the state. For 2013 the state's contribution is expected to be roughly the same.[8]

Since Slovakia is an EU member, business regulations comply to a certain degree with EU regulations. Slovak regulatory environment that TMR operates in is somewhat stricter than in neighboring countries, especially regarding environmental sustainability, because TMR conducts its business activities in natural environment, although TMR's assets are located in urbanized locations with a long history of tourism. As for tourism regulatory framework, Slovakia ranks 43rd out of 140 countries. The amended act on tourism support and the recently passed government strategy on development of tourism till 2020 somewhat improved government prioritization of tourism, and Slovakia is now ranked 107th out of 140 in this aspect, an improvement from 2011 (116).[9] Expectations are that positive effects of the above-mentioned act on tourism support and government strategy are still to come.[10]

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 50% of skier visits (skier days)*. The second most significant is North America with 22%. Central and Eastern Europe attracts only 6% of skiers, although this region produces 14% of skiers globally. This introduces an opportunity to grow in provision of ski resorts at least to match the regional demand. Among Alpine countries, France has the most major resorts (with over 1 million skier visits) - 14, and the highest number of skier visits per year - 55.6 million but Austria records the most domestic skier visits per inhabitants- 2.19, whereas Switzerland has the highest participation rate of nationals on the mountain tourism - 37%, with Germany having the highest total

Market Positioning in Europe



[7] World Travel & Tourism Council. Travel & Tourism Economic Impact 2013 Slovakia
[8] Trend Magazine Supplement 18/2013. May 9, 2013
[9] World Economic Forum. Travel & Tourism Competitiveness Report 2011
[10] Ministry of Transportation, Construction, and Regional Development. www.telecom.gov.sk
* The number of skier visits is measured in terms of skier days; which means one person visiting a ski area for any part of day or night for the purpose of skiing, snowboarding or other downhill slide. For example, a 4-day ticket means 4 skier visits.

number of domestic skiers- 15 million. Mountain industry in general is very capital intensive because of essential investments into cableways and other resort facilities, which represent great barriers of entry. Another essential entry criterion is e.g. location since skiing requires a mountainous area with a milder/ colder climate.

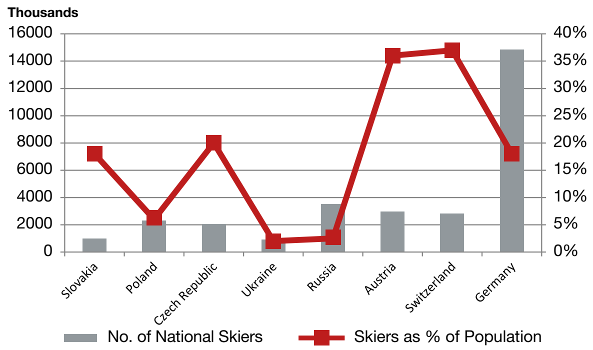
As for characteristics of ski resorts, they vary in size, ownership, and infrastructure. In some alpine countries, they are usually run by a large number of small private operators who join forces also with local municipalities and market the resort or the ski region as a whole, like in Italy, Switzerland or Austria. In France, on the contrary, operation of large ski resorts especially is concentrated with a major operator. German resorts are also fragmented but considerably smaller than in other alpine countries.[11] 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 4 lifts)- 70, even though the majority of the areas are up to 1300m above sea level, followed by Slovakia with around 47. The Czech Republic had on average for the past five years the highest number of skier visits in the winter season- 8.7 million, followed by Slovakia and Poland, both with 5 million. As for domestic skiers, Russia produces the highest absolute number of skiers in the region - 3.5 million, even though they make up only 3% of population. Poland produces only 6% skiers, which presents a great 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.[12]

In the regional mountain industry, observable trends include extending the variety of services in mountain resorts, such as ski schools, ski service, and shops, as well as non-skiing activities, such as après ski bars, nightlife, restaurants, family activities and

Skiers by Country



Mountain Tourism - Country Comparison[14]

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 inhabitants ****	Skier Visits per foreign visitors *****
Alpine countries								
Austria	254	12	52 962 000	36%	2 953 992	66%	2,19	1,63
France	325	14	55 646 000	19%	12 170 980	28%	0,63	0,21
Italy	349	4	28 260 000	8%	4 651 626	15%	0,41	0,10
Switzerland	240	7	27 200 186	37%	2 805 162	50%	1,79	1,64
Germany	510	0	14 322 000	18%	14 826 519	10%	0,16	0,06
United States	481	7	57 745 399	4%	13 064 460	6%	0,18	0,06
Eastern Europe								
Czech Republic	176	0	8 700 000	20%	2 044 182	35%	0,55	0,50
Hungary	34	0	500 000	5%	496 546	10%	0,05	0,01
Ukraine	41	0	800 000	2%	919 886	5%	0,02	0,00
Poland	182	0	5 000 000	6%	2 310 042	10%	0,12	0,04
Russia	170	0	3 000 000	3%	3 517 552	2%	0,02	0,00
Slovakia	91	0	5 000 000	18%	981 973	25%	0,69	0,96

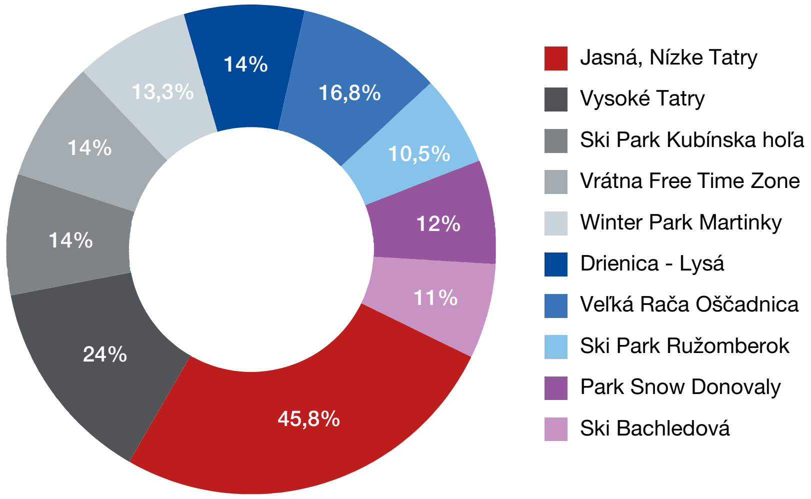
[11] Vanat, Laurent. 2013 International report on mountain tourism. May 2013. www.vanat.ch
[12] Vanat, Laurent. 2013 International report on mountain tourism. May 2013. www.vanat.ch
[14] Vanat, Laurent. 2013 International report on mountain tourism. May 2013. www.vanat.ch

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. The recent amendment of Slovak act on tourism support is supposed to help mountain resorts in destination management. One can observe these trends in all the locations operated by TMR. Slovak tourism agency (SACR) is cooperating with resort- and lodging operators to come up with attractive deals for foreign visitors. TMR is also cooperating with other mountain resort operators in marketing and in offering universal ski passes. Besides Polish skiers, a big potential for regional, especially Slovak, tourism is Ukrainian market because of its proximity and size. Romanian tourists also started coming to Slovakia in larger numbers also thanks to their new membership in the EU[13].

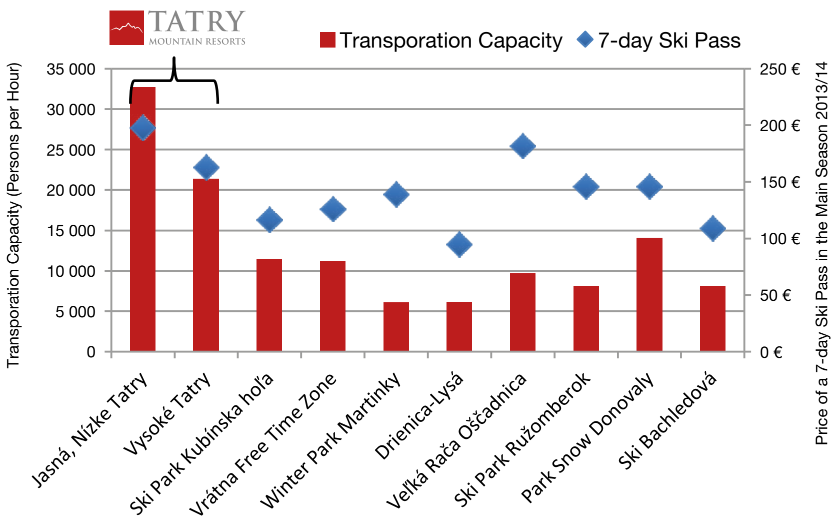
Slovak Mountain Tourism

On the Slovak mountain tourism market TMR is the clear leader in terms of the number of resorts, ski lifts, transportation capacity, km of ski trails, lifts elevation,

Km of Trails of Leading Ski Resorts in Slovakia



Transportation Capacity and Prices of Leading Ski Resorts in Slovakia



[13] Trend magazine supplement. 44/2011; Vanat, Laurent. 2013 International report on mountain tourism. May 2013. www.vanat.ch

and revenues with the market share of 69%. The second largest company on the market is Omnitrade a.s. (private) with a 15% market share and Pro Ski a.s. (private) with 5%. Altogether there are around 19 companies active in the mountain tourism, mostly private, and around 47 major ski resorts (3*, 4*, and 5* quality) in Slovakia. When comparing individual resorts and their km of ski trails, TMR's resorts Jasná Nízke Tatry (46km) and Vysoké Tatry - Tatranská Lomnica, Starý Smokovec a Štrbské pleso (24km) are the biggest ones in Slovakia, followed by Veľká Rača Oščadnica (16.8km), Vrátna free time zone (14km), Skipark Kubínska Hoľa (14km), and Winter Park Martinky (13.3km)[15].

Regional Hotel Industry

The hotel industry in Slovakia as a whole has been following an upward trend; for 2012 sector revenues increased by 5.6% year-over-year, and for the first half of 2013 they improved by 9.4%[16]. TMR's hotels are located in TMR's mountain resorts and aquapark and most of the clients utilize TMR hotels' services in addition to visiting the resorts. That's why TMR hotels compete for clients with other lodging facilities in the given resort. In the winter season, especially, performance of the hotels is closely linked to performance of the mountain resorts. In Aquapark Tatralandia there is only one lodging facility, thus TMR holds a monopoly here. In the mountain resorts there are other mostly private operators of resort hotels, inns, bed & breakfasts, apartments, and cottages. The region of Jasná Nízke Tatry and Tatralandia posted an increase in hotel revenues of 9.4% for the first half of 2013, whereas the region of Vysoké Tatry recorded an increase of 6.4% for the same period.[17] Categories of TMR hotels range from 2-star to 4-star. In the resorts there is a greater competition in the lower category lodging than in the upscale segment. The trend in the resorts lodging sector is to cooperate closely with the mountain resort operators in order to attract clients with affordable bundled stay packages. This trend was strong also in the 2012/13 winter season. The hotel market in TMR resorts is not saturated, since TMR invested a large amount of capital in recent years, and the resorts attract new investors.

Regional Trends in Aquaparks

In Slovakia there is around a dozen aquaparks and thermal spas. Tatralandia holds circa a 23% market share. 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. Operators of aquaparks tend to cooperate closely with local hotels and lodging operators, and they form or join local tourism organizations (OOCR).[18] Competition in the neighboring countries is present especially closer to the Slovak border-there are three aquaparks close to Slovakia in Poland, nine in the Czech Republic, and seven in Hungary.

Regional Trends on the Real Estate Market

Due to consequences of the global financial crisis, which also impacted the real estate market and due to the uncertain economic development in Europe, the situation on the real estate market remains unfavorable and hardly predictable. For most real estate markets in the CEE 2012 was a solid year in general, but without any major improvement year-over-year.

The first half of 2013 the CEE region recorded investment transactions in total of EUR 1.74 bn, a 38% increase from the first half of 2012. Poland holds its stable position with the 56% market share, followed by the Czech Republic (23%), Hungary (10%), Slovakia (6%), and Romania (4%).[19] The market situation within CEE remains fragile. The performance of the regional real estate markets 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.

[15] skiresort.info, resort websites
[16] Statistical Bureau of the Slovak Republic
[17] Statistical Bureau of the Slovak Republic
[18] Trend magazine supplement. 18/2013. May 9, 2013
[19] Jones Lang LaSalle. CEE Investment Market Pulse - H1 2013. July 2013

RISK FACTORS AND RISK MANAGEMENT

Risk Factors and Risk Management

Main risks that the Company faces can be divided into market, financial, and operating risks. Management has the complete responsibility for defining and controlling the Company'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

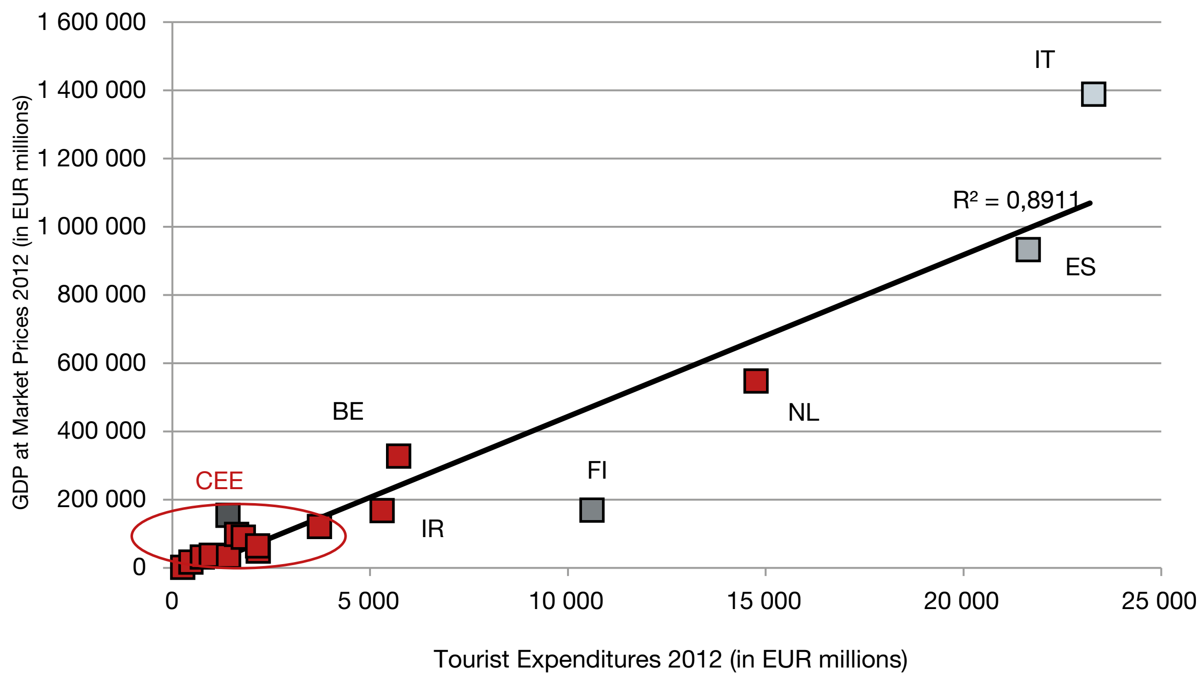
Business Cycle

Current operations of the Company are focused in the Slovak and Czech market, although majority of the Company's clients come from the whole CEE region (including Poland), and thus the Company's operations are 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 and the level of their discretionary income. Development of such macroeconomic factors is an external risk for TMR. Years 2008 and 2009 negatively impacted tourism worldwide due to the global crisis, specifically in Slovakia gross domestic product (GDP) fell in 2009 by 4.7%, whereas 2010 and 2011 showed signs of improvement in macroeconomic indicators- GDP of Slovakia rose 4% and 3.2%, respectively, and 2012's GDP grew another 1.8% . TMR's visitor numbers were consequently 8% weaker in 2009/10, but the visit rate picked up in 2010/11; up by 20.5% like-for-like and by 8.9% in 2011/12, and by 9.3% in 2012/13. 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 Corporate Strategy).

Seasonality

TMR's business model is primarily seasonal, although TMR's strategy involves building and promoting all-year vacation destinations. The busiest months are from January through March, especially in the number of skiers, and July and August in the aquapark and the Vysoké Tatry

GDP vs. Tourist Spending in EU Countries



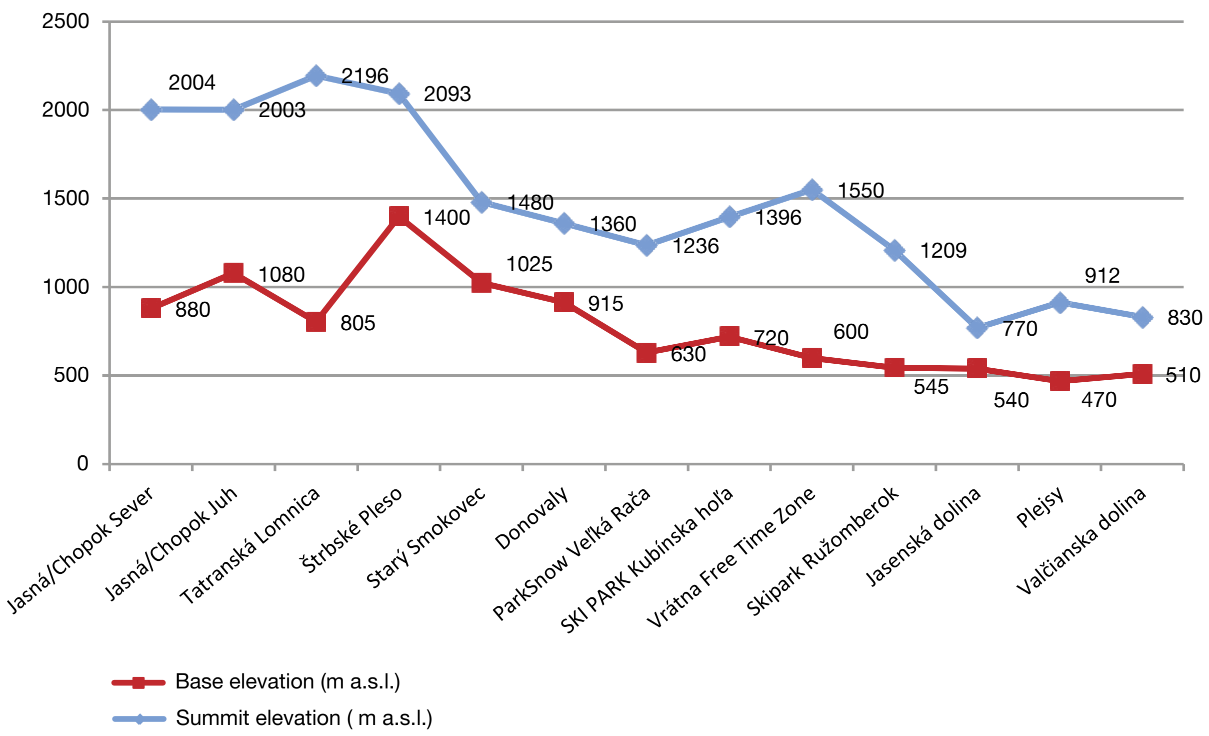
[1] Eurostat

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.

Weather

Even though historical data show that the number of skier days is not correlated with the level of snowfall, favorable weather conditions in terms of abundance of natural snow and temperatures below zero degrees Celsius have a positive impact on TMR's operations. TMR manages the risk of low snowfall with the already-mentioned snowmaking facilities. In the winter season 2012/13 the snow coverage by snowmaking facilities was 43.5 km, and snowmaking was expanded by 6 km during 2012/13, ready for the winter season 2013/14. The extensive scope of coverage by technical snowmaking gives TMR an absolute advantage among competitors in Slovakia in case of shortage of natural snow. Historically, the Low Tatras area has had an average of 80 cm of snow during the winter season and the High Tatras 85 cm. Drier winters may increase the cost of snowmaking. On the other hand, warmer weather may hinder the snowmaking, since freezing temperatures are needed, and it may reduce the scope of skiing area. At the same time, the resorts are located in a mountainous area with a generally colder climate. Also, in comparing with other Slovak mountain resorts, TMR's resorts have start and terminal cableway stations at the highest altitudes. Warm thermal water in Tatralandia partially offsets the cold weather effects, but the new Tropical Paradise eliminates dependence on warm weather completely. As for the summer season in the mountain resorts, favorable weather in the summer months is essential for hiking tourists.

Base & Summit Elevation of Slovak Ski Resorts



Competition

The Company's results also depend on how successfully the Company deals with competition. In the primary segment of Mountains and Leisure TMR competes for visitors on domestic oligopolistic markets in Slovakia and the Czech Republic, with the position of the leader in terms of the market share and the range of services. On the European market the Company faces monopolistic competition with a large number of competitors that provide a wide supply for visitors. TMR utilizes its high quality services, reasonable prices in comparing to alpine resorts, 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 in the highest mountain range in the region to the East and North. In the Aquapark subsegment TMR is also among the top two players in the local market, although visitation of aquaparks also depends on the travel distance for the given visitor. Partially, TMR manages this type of risk with marketing tools, by utilizing its tangible and intangible assets, such as its strategic position in the Tatras mountain range, and by a well-defined corporate strategy described in the Corporate Strategy section.

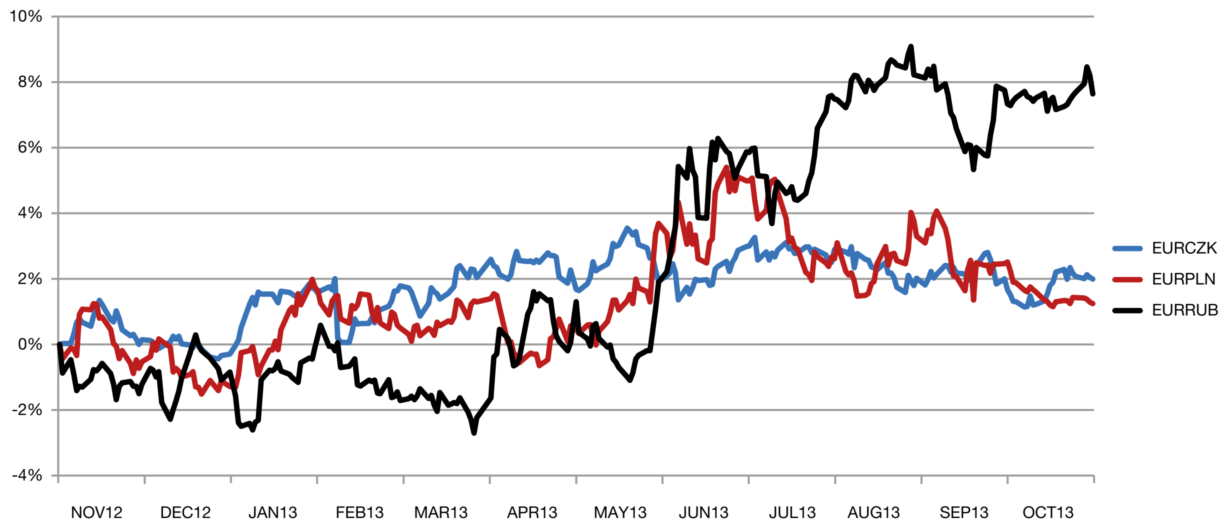
Occupancy and Average Daily Rate

The Company'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-peak season by marketing conference space to corporate clientele, offering special seasonal- or weekend lodging packages in conjunction with events in the hotels or resorts, e.g. live cooking show, romantic spa weekends, serving "brain food" for corporate clientele, etc.

Real Estate Market

One of the three operating segments of TMR is focused on real estate, as described in the Company Profile section. The revenues of this segment depend on sale and/or lease of land, residences and commercial space in the real estate projects. Even though the current performance of the Company does not depend on the success of this segment, its realization depends on the state of the real estate market, which is an external risk factor. The current situation in this industry is not favorable and hardly predictable, hoping for a recovery. In case of realization of all the projects, TMR can mitigate the risk of low apartment sales with revenues from lease of space, facility management, and operation. Also, TMR intends to capitalize on synergies from other segments,

One-year Performance of Selected Currencies vs. Euro*



* ECB

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 Company'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 2012/2013 Polish Zloty, Czech Crown and Russian Rubble did not show major volatility in respect to euro. Investments into the resorts in terms of technology, renovation, and procurement of inventory were settled in euros, thus the currency impact was eliminated. Income from the interest in Melida a.s., which operates the Špindlerův Mlýn resort, gets repatriated from the Czech Crown into euros.

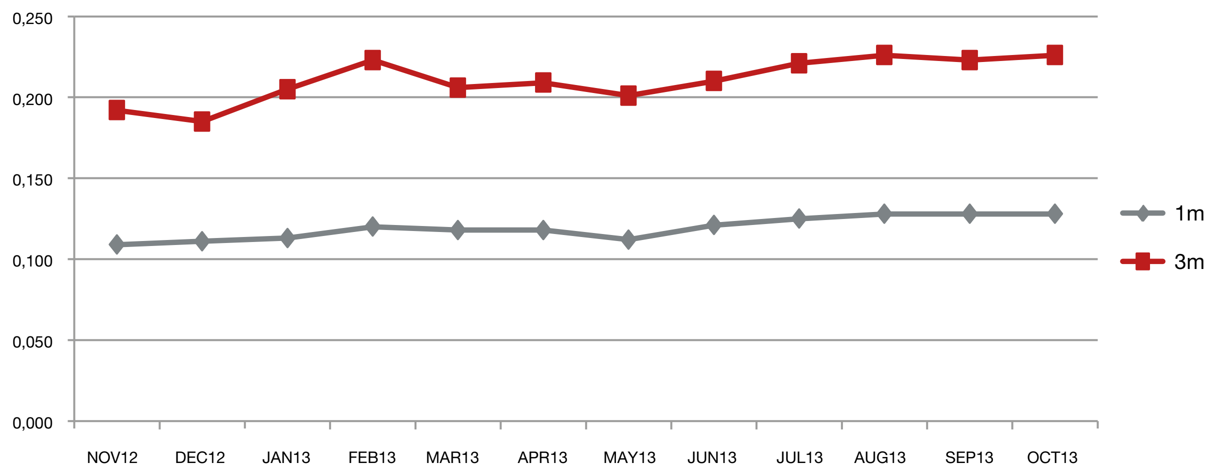
Interest Rates

Volatility of interest rates may have a direct impact on the value of the Company'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 Company's loan portfolio during 2012/13 consisted of short- and long-term bank debt based on 1-month or 3-month EURIBOR rates. The Company 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 company is more profitable. In case of economic recession, it is the exact opposite. Besides the borrowings, TMR holds its cash equivalents in J&T Private Equity promissory notes with a fixed interest rate of 7.5%, thus the Company mitigates the risk of interest rate fluctuations downward. Exposure to this risk is detailed in Consolidated Financial Statements, item 34.

Financial Investments and Credit Risk

The Company 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.

EURIBOR rates (%)*



* www.euribor-ebf.eu

TMR holds equity stock available for sale of Compagnie des Alpes (CDA) and Best hotel properties, a.s. (BHP), which are traded on the Paris Stock Exchange and Bratislava Stock Exchange. The investment in BHP shares is guaranteed compensation by J&T Finance Group in case of drop in the principle investment value, thus the risk is mitigated. However, the investment into CDA is not substantial, thus the equity price risk for the Company is not significant. The extent of the risk exposure is detailed in Consolidated Financial Statements, item 34.

Liquidity

Liquidity risk arises in the general financing of the Company'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 Company use different methods of managing liquidity risk. The Company'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 Company has the winter season representing 60% of the Company's income. According to the development in the first half-year, the Company 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.

On 22-10-2013 TMR's share capital was reduced by EUR 174 mil., which has not been paid out to shareholders yet and the reduction amount has been booked as a current liability, which TMR plans to repay by issuing bonds (described below). Thus, this liability with maturity within next 12 months adds to the liquidity risk. The extent of the risk exposure is detailed in Consolidated Financial Statements, item 34.

Bonds

TMR plans to issue bonds in 2013/14 up to EUR 180 mil. By issuing the bonds, TMR will have 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 will change 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 Company 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 Company.

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 Company and is faced by all segments within the Company. Operating risk also includes legal risk. The Company's goal is to manage the operating risk to avoid financial losses and protect the reputation of the Company while maintaining optimal costs and avoiding measures that would hinder initiatives and creativity. The Company'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 Company. The operational risk is managed by the system of directives, meeting minutes and control mechanisms. The Company has the controlling department where we try to eliminate all operating risks by regular checks.

Safety

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

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

IT Security

The Company'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 Company 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 seven year (including 2012/13) TMR had invested over EUR 190 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 Company's capital investments in protected outdoor areas may be subject to approvals of various governmental and environmental bodies. Since the Company 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 current resorts in Slovakia are located in already urbanized areas and comply with all environmental regulations.

FINANCIAL PERFORMANCE REVIEW FOR THE YEAR

Financial Performance Review for the Year

KEY RESULTS

- Total consolidated revenues increased to EUR 54.348 mil. (43.807)
- Consolidated operating profit before interest, tax, depreciation and amortization (EBITDA) increased to EUR 18.566 mil. (13.986)
- TMR operated with EBITDA margin of 34.2% (31.9).
- Net consolidated profit increased to EUR 6.604 mil. (10.186).
- Net consolidated earnings per share (EPS) reached EUR 0.98 (1.52).
- Total number of visitors increased to 2.249 mil. (2.007); in Mountain Resorts the number of visitors reached 1.616 mil. (1.478) and in Aquapark Tatralandia 633 thous. (529)

Selected Consolidated Results (IFRS)	For the Year Ended October 31				
in €'000	2012/13	2011/12	Change yoy (%)	2011/12 adjusted*	Change yoy adjusted (%)*
Sales	52 533	41 880	25,4%	43 603	20,5%
Other Operating Revenues	1 815	1 927	-5,8%	1 927	-5,8%
Total Revenues	**54 348**	**43 807**	**24,1%**	**45 530**	**19,4%**
Cost of Sales	-8 316	-6 272	32,6%	-6 721	23,7%
Gross Profit	**46 032**	**37 535**	**22,6%**	**38 809**	**18,6%**
Personnel and Operating Costs	-27 616	-23 498	17,5%	-24 559	12,4%
Other Gain/ Loss	150	-51	-394,1%	-51	-394,1%
EBITDA	**18 566**	**13 986**	**32,7%**	**14 198**	**30,8%**
EBITDA Margin	34,2%	31,9%	2,2%	31,2%	3,0%
Depreciation & Amortization	-10 550	-7 763	35,9%	-8 150	29,5%
One-off Items	-350	-173	102,3%	-173	102,3%
EBIT	**7 666**	**6 050**	**26,7%**	**5 876**	**30,5%**
Interest Income	1 599	3 433	-53,4%		
Interest Expense	-681	-538	26,6%		
Income from Financial Instruments, net	538	1 527	-64,8%		
Profits/(loss) of Associates	5 242	-1 418	-469,7%		
Profits/(loss) from Sale of companies	-3 390	0	NA		
Negative Goodwill	0	3 241	-100,0%		
Pre-tax Income	**10 974**	**12 295**	**-10,7%**		
Income Tax	-4 370	-2 109	107,2%		
Net Profit	**6 604**	**10 186**	**-35,2%**		
Net Profit Margin	12,2%	23,3%	-11,1%		
Revaluation of Assets to Fair Value	21	-17	-223,5%		
Total Comprehensive Income	**6 625**	**10 169**	**-34,9%**		
Attributable to:					
Owners of the Company	6 625	10 169	-34,9%		
EPS (€)	**0,98**	**1,52**	**-35,2%**		

* For better evaluation of the operating performance, the adjusted operating results for 2011/12 include results for the 100% share in Interhouse Tatry, a.s., which owned Grandhotel Starý Smokovec, although as of 31/10/2012, TMR owned a 50% share in the aforementioned company, and in accordance with IFRS, this share has been consolidated using the Equity method.

In the past financial year 2012/13 TMR again delivered a strong organic growth in revenues, earnings before interest, taxes, depreciation, and amortization (EBITDA), as well as in the number of visitors to Mountain Resorts and Aquapark. The positive results are direct consequence of the working corporate strategy focused mainly on intensive growth investments. Year 2012/13 was the last year of massive capital expenditures under the first investment cycle, during which EUR 190 mil. have been invested so far into Tatra resorts and hotels of TMR. These leap-sized investment projects justified an increase in prices of ski passes and entries, which is a fact that did not impact the visit rate negatively; quite the opposite - the visit rate in Mountain Resorts jumped 9.3%. Besides an increase in the average revenue per visitor in the resorts, TMR managed to boost customer spending also in ancillary services, such as Dining and Sports Services & Stores. This caused the share of these subsegments on total Company revenues to grow by almost 4% year-over-year. Operating profitability, measured with EBITDA margin, improved despite higher costs with launching of new equipment into operation.

TOTAL REVENUES AND INCOME

Total Revenues

In the prior year, the Company's total consolidated revenues reached EUR 54.348 mil. (43.807), an increase of 24.1%. Thereof, operating revenues amounted to EUR 52.533 mil. (41.880) and the rest, i.e. EUR 1.815 mil. (1.927) was other operating income, including mostly contractual fines from EBITDA contracts with former owners of two hotels (see Consolidated Financial Statements, Item 7). Revenues were positively influenced by higher visit rates in Mountain Resorts and in Aquapark, higher prices of entry tickets and ski passes, higher average revenue per visitor in all subsegments, as well as a rising average daily room rate and higher average occupancy in Hotels.

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

Another TMR's key financial performance indicator - EBITDA - reached EUR 18.566 mil. (13.986); which means a 32.7% improvement. Cost of sales increased by 32.6%, although personnel and operating costs were only 17.5% higher, as the Company operates with a relatively strong operating leverage and the bulk of operating costs is fixed, i.e., it does not grow in proportion with sales. The rise in fixed costs was impacted by the launch of new cableways and snowmaking equipment. Despite this fact, TMR's operating profitability ratio (EBITDA margin) improved to 34.2% (31.9).

Items with Impact on Comparability and Operating Performance

Comparability with prior period is influenced by the fact that, in accordance with IFRS, consolidated revenues for the prior period of 2011/12 did not include revenues of Grandhotel Starý Smokovec, which in that period was owned by Interhouse Tatry, a.s., in which TMR held a 50% share as of the end of FY 2011/12. This share was accounted for by the Equity method as per IFRS. Consolidated revenues of 2012/13 already include 100% of revenues of Grandhotel Starý Smokovec, whereas TMR acquired a 100% share in Interhouse Tatry, a.s. in February 2013.

Depreciation and Amortization

The depreciation and amortization increased by 35.9% to reach EUR 10.550 mil. (7.763). The increase in depreciation was caused by addition of new fixed assets on the balance sheet, specifically the launch of new cableways into operation in Jasná, new equipment in both resorts, and full consolidation of Grandhotel Starý Smokovec.

Financial Activity

Interest income, mainly from bill receivables, dropped to EUR 1.599 mil. (3.433) due to the majority having been repaid in order to finance capital expenditures in the past year. Interest expense rose to EUR 681 thous. (538) primarily due to the drawdown of a new bank loan from Tatra banka in the amount of EUR 22.8 mil. Income from financial instruments, net reached the amount of EUR 538 thous. (1.527) owing to revaluation of long-term advances and financial instruments.

Profit/Loss after Financial Activitiy

The Company recorded a profit of associates in the amount of EUR 5.242 mil. (-1.418), specifically a profit from its 19% share in Melida a.s. - the Czech operator of the Špindlerův Mlýn. The profit was recorded as a result of revaluation of related assets to fair value. At the same time a loss was realized from sale of a 31% share in Melida a.s. in the amount of EUR -3.390 mil. As a result of the before-mentioned factors, pre-tax income was reported in the amount of EUR 10.974 mil. (12.295).

Taxes

Payable income tax was EUR 0 (1.101 mil.). Deferred tax increased to EUR 4,370 mil. (1.108) due to a difference between tax and accounting depreciation of newly-acquired assets and mainly due to the increase of tax rate from 19% to 23%. Total income tax was recognized in the amount of EUR 4.370 mil. (2.109).

Net Income

The Company recognized a net consolidated profit in the amount of EUR 6.604 mil. (10.186), a decrease of 35.2%. Thus, EPS was EUR 0.98 (1.52). After revaluation of the available-for-sale securities to fair value and after revaluation of fixed assets from transfer to investments in real estate, total comprehensive income reached EUR 6.625 mil. (10.169).

KEY EVENTS OF THE YEAR

The positive financial results can be attributed to the corporate strategy, under which the Company took the following actions:

Capital Investments

During the year the Company completed the first cycle of the intensive investment strategy with the total budget of EUR 190 mil. and with last year's CAPEX budget being the largest so far - EUR 45 mil. In the course of the past year the following growth investments were started and completed:

- The Key investment project included the replacement of the cableway Štart - Skalnaté pleso in the resort Vysoké Tatry - Tatranská Lomnica. The old cableway was replaced with a 15-person gondola by Doppelmayr, similar to the one at Chopok Mountain South in the Jasná resort. The gondola's route traces the terrain with minimal elevation, which maximizes wind resistance. It significantly improves safety also with the wind power of up to 22 m/s. The cableway reaches a vertical drop of 597 m; there are 37 cabins; the ride takes 7 minutes; and the transportation capacity is 2400 persons/hr.
- Safety barricades were posted on the trails Esíčka, Buková hora, and Generál II, and snowmaking was expanded.
- In Jasná Nízke Tatry trails were enhanced; a new 6-seat cableway was added on the north side of Chopok at Lúčky. As a result, a new full service gateway to the resort was created from the parking lot Lúčky. The new cableway reaches a vertical drop of 343 m; the ride takes 6 minutes; and the transportation capacity is 2460 persons/hr.
- The start and exit stations of the new cableways at Chopok got shielded.
- At the peak of Chopok Mountain the iconic viewpoint restaurant Rotunda got renovated with apartments, Rum Bar, and a sun terrace.
- A 350-person multifunctional conference hall was added in Wellness hotel Grand Jasná.
- Six new chalets were built at Záhradky in Jasná.
- Dining options at Skalnate pleso in Vysoké Tatry were expanded.
- Hotel Srdiečko in Nízke Tatry had the entrance lobby, lobby bar, and wellness spa renovated.

In the Špindlerův Mlýn resort TMR's subsidiary Melida has approved CAPEX in the amount of CZK 130 mil. The resort investments flowed mainly to growth of ancillary services, i.e. construction of rentals, dining joints, stores, and ski schools.

Investments of 2011/12 Having Impact on FY2012/13 Results

The High Tatras	The Low Tatras
1. A new building for cash desks and Tatry Motion store in Tatranská Lomnica.	1. Link between Chopok North and Chopok South - 3 new lifts and extension of snowmaking up to the Chopok peak from both north and south side.
	■ Completion of the Funitel cableway at the North side of Chopok Mountain. The 14th lift of this type in the world: Priehyba - Chopok location. A 24-person cableway lift.
	■ Cableway construction - a steep lift Twinliner at Biela púť - Priehyba loction. The ski lift is a part of the North-South interconnection. This lift links Biela púť - Koliesko location with Funitel's start station. A 50-seat train.
	■ A cableway at Chopok South, Kosodrevina - Chopok location. A 15-person cableway.
	■ Completion of the snowmaking facility from North and South side, covering more than 5 kilometres up to 2 004 m a.s.l.; altogether almost 27 km in the resort.
2. Enhancement of ski trails in the Tatranská Lomnica resort.	2. Two new après ski bars - in Priehyba at Funitel's start station - Funibar and at Chopok South - Zadné Dereše.
3. Replacement of seats of a chair lift at Lomnicke Sedlo	3. Enhancement of ski trails at the north side of the resort - expansion, levelling of uneven trails.
4. Burger Restaurant patio seats added to Pizza&Pasta Štart at 1 145 m a.s.l.).	4. A new ski lift at the south side of Chopok Mountain - KRUPOVÁ II; the lift was moved from the north side to strengthen the transport capacity from the lowest point of the south side (Krupova).
5. The largest après-ski bar in the Tatra Mountains and in Slovakia with 156 persons at the base cableway station in Tatranska Lomnica at 850 m a.s.l.	5. Tropical Paradise - construction of an indoor hall in Aquapark Tatralandia with tropical climate, live palm trees, pools with fresh and salt water and a special roof foil allowing sunlight to pass through and sunbathing.
6. Hotel FIS*** Štrbské Pleso - renovation of the hall, café and the lobby bar	6. Wellness Hotel Grand Jasná - renovation of rooms.

The Loyalty Program

During the year a new loyalty program GOPASS was successfully launched. It enables TMR clients to earn loyalty points with a GOPASS chip card within TMR resorts, services, and hotels and that way they can apply loyalty discounts or redeem other benefits. Ahead of the winter season 2013/14 online sale of ski passes and entries to TMR resorts was launched, also enabled via the GOPASS system for special prices. For TMR GOPASS means an opportunity to grow its loyal client base and to use synergies among its segments.[1]

Acquisitions and Expansion

In terms of the second pillar of its corporate strategy to grow through acquisitions and expansions of its operations in the region, on 13 November 2012, ahead of the winter season 2012/13 TMR entered a lease contract with ČSTV (Czech Physical Education Union) through TMR's associated company Melida a.s., in which it currently holds a 19% share, to lease and operate the most popular 5-star mountain resort in the Czech Republic - Špindlerův Mlýn. The lease contract was set for 20 years. The annual lease fee for the ski resort is CZK 43.8 mil. Moreover, the lessees committed to invest CZK 800 mil. in the resort during the 20-year lease term.

On 16 February 2013 TMR purchased the remaining 50% share in Interhouse Tatry, s.r.o., the owner of Grandhotel Starý Smokovec, and thus, TMR became the sole owner and operator of the hotel.

In March 2013 the Board of Directors decided to merge TMR's subsidiaries - Tatry mountain resorts services, a.s., GRANDHOTEL PRAHA a.s., and Interhouse Tatry, s.r.o. - with the parent company as the successor company, effective on 1 May 2013. The main reasons for the merger were to simplify operating intra-group relations, greater use of synergies, and reduction of administrative work and costs.

During the given period TMR established a Polish company, Korona Ziemi s.r.o. together with the Polish municipality Zawoja as part of TMR's business expansion in Poland. As of the end of FY 2012/13 TMR holds 19% in Korona Ziemi s.r.o. with share capital of PLN 495 ths.

In January 2013 TMR took part in a tender offer for privatization of Polish Cableways (Polskie Koleje Linowe S.A. - PKL) from Polish State Railways (Polskie Koleje Państwowe Spólka Akcyjna) with the purpose to develop PKL mountain resorts strategically through significant investments into infrastructure and equipment. TMR placed an offer for 100% of PKL through a consortium with several Polish municipalities. TMR with the consortium did not succeed into next round of the process without having received a reason from the seller.

Decrease of Share Capital

At the Extraordinary General Meeting on 22 August 2013 shareholders adopted a resolution of the Board of Directors to decrease share capital from EUR 221.338 mil. to EUR 46.950 mil., i.e. by EUR 174.387 mil. As a result, the nominal share value decreased from EUR 33 to EUR 7. The decrease was effective as of 22 October 2013 - the day of entry into the relevant commercial register. The record date to determine the shareholder right to the pay-out from the share capital decrease was set for 22 October 2013. The funds raised from a bond issuance of EUR 180 mil. will be used for the pay-out to shareholders.

[1] In the 2012/13 winter season the loyalty program was launched under the name TATRYPASS, which got unified under the name GOPASS.

Investments of 2012/13

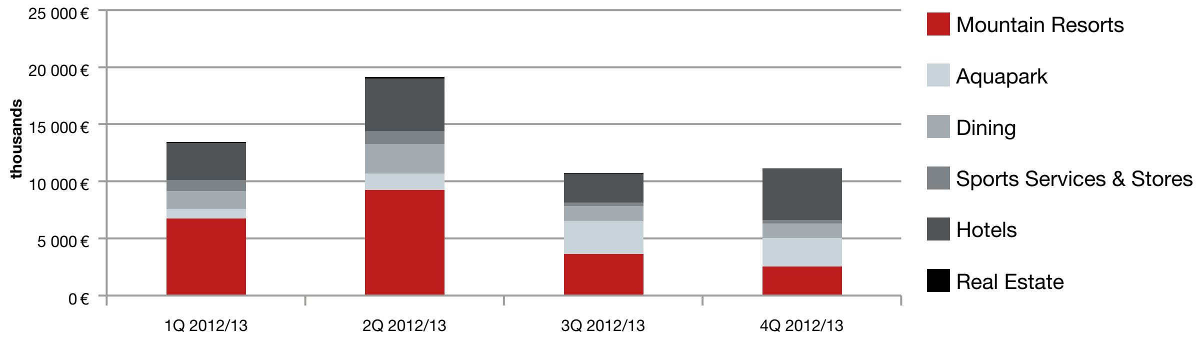
The Highe Tatras	The Low Tatras
1. Modern 15-person gondola Štart-Skalnaté pleso in the ski area of Tatranská Lomnica	1. New 6-person cableway in the location of Lúčky
2. Expansion of snowmaking on the trails Esíčka, Buková hora, and Generál II and posting of safety barricades	2. Trail enhancement
3. Expansion of dining facilities at Skalnaté pleso	3. Shielding of start and exit stations of new cableways at Chopok Mountain
	4. Renovation of the iconic viewpoint restaurant with apartments - Rotunda - at the peak of Chopok Mountain
	5. A 350-person conference hall adjacent to Wellness hotel Grand Jasná
	6. Six new chalets at Záhradky, Jasná
	7. Renovation of Hotel Srdiečko - reception, lobby bar and wellness

RESULTS BY SEGMENTS AND SUBSEGMENTS

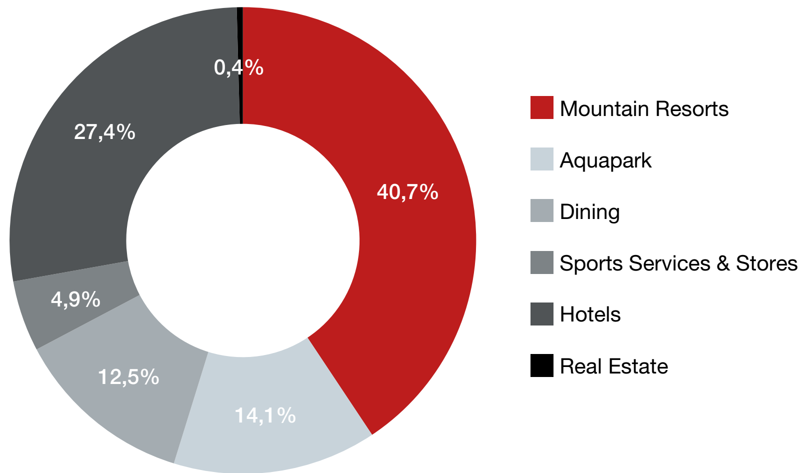
Key Operating Results*	Revenues			EBITDA			EBITDA Margin		
in €'000	2012/13	2011/12	Change yoy (%)	2012/13	2011/12	Change yoy (%)	2012/13	2011/12	Change yoy (p.p.)
Mountains & Leisure	**39 230**	**31 836**	**23.2%**	**14 994**	**10 879**	**37.8%**	**38.2%**	**34.2%**	**4.0%**
Mountain Resorts	22 096	18 600	18.8%	8 838	6 382	38.5%	40.0%	34.3%	5.7%
Aquapark	7 677	7 028	9.2%	3 642	3 169	14.9%	47.4%	45.1%	2.3%
Dining	6 786	4 299	57.9%	1 938	995	94.9%	28.6%	23.1%	5.4%
Sports Services & Stores	2 671	1 910	39.8%	576	333	72.7%	21.6%	17.5%	4.1%
Hotels	**14 888**	**13 404**	**11.1%**	**3 449**	**3 224**	**7.0%**	**23.2%**	**24.1%**	**-0.9%**
Real Estate	**229**	**289**	**-20.9%**	**123**	**96**	**28.6%**	**53.8%**	**33.1%**	**20.7%**
Total	**54 347**	**45 530**	**19.4%**	**18 566**	**14 198**	**30.8%**	**34.2%**	**31.2%**	**3.0%**

* For better evaluation of the operating performance, the adjusted operating results for FY 2011/12 included results for the 100% share in Interhouse Tatry, a.s., which owned Grandhotel Starý Smokovec during that period, although as of 31/10/2012, TMR owned a 50% share in the aforementioned company. In accordance with IFRS, this share was consolidated using the Equity method.

Quarterly Operating Revenues



Revenue Breakdown



KEY PERFORMANCE INDICATORS (KPIS)

Mountains and Leisure

The upward trend of the core segment's results from the previous periods continued also in the past year as a result of improved operating key performance indicators (KPIs). During the reported period, all observed indicators improved at the level of individual subsegments.

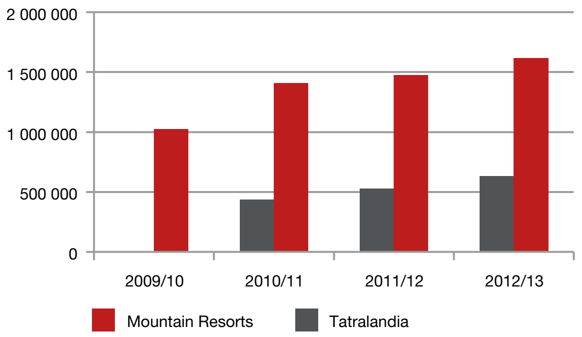
In Mountain Resorts and Aquapark, the visit rate improved by 12.1%; the total number of visitors reached 2.249 million. Mountain Resorts, including Štrbské Pleso, reported 1.616 mil. visitors/ skier days[2], which means a 9.3% growth. In terms of visit rate, the winter season 2012/13 was successful, mainly thanks to the project of interconnection of both sides of Chopok Mountain by three new cableways at the beginning of the season. This was also the reason why the visit rate in the Jasná resort improved by 26.3%. Visitors got attracted also by completed investments of prior periods, such as snowmaking up to the peak of Chopok Mountain in Jasna; new 8-seat cableway in Tatranska Lomnica from 2011; expanded snowmaking on ski trails; a number of après-ski activities, such as Happy End Disco&Restaurant in Jasná and a wide offer of other supplementary services, such as Maxiland - ski schools for children. Management sees the past summer season in Mountain Resorts as positive, especially in Jasna, where the number of visitors for the second half-year increased by 33.6%. The increases got also impacted by efficient cooperation with district tourism organizations (DTO) in the High and Low Tatras and Liptov.

[2] The number of persons 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.

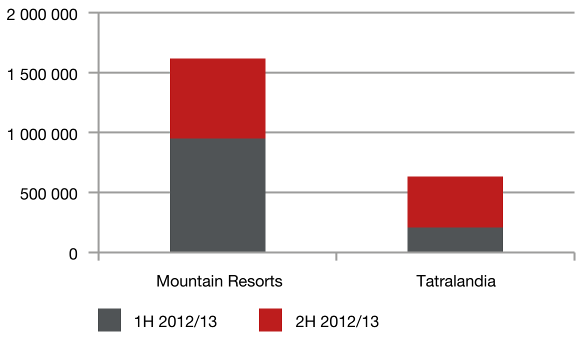
Aquapark Tatralandia recorded 633 thousand visitors - 19.8% more compared to the prior year's 529 thousand. Tatralandia observed a higher visit rate in the winter season (+22.5%) mainly thanks to the newly opened Tropical Paradise. In the summer Tropical Paradise stretched the season till the end of the financial year, and the visit rate for the second half-year increased by 18.5%. A number of events and new attractions, such as Gold Splash or Superfly - a freefall simulator also contributed to the improved visitor numbers.

The growth in revenues was also caused by higher average revenues per visitor for individual sub-segments. In Mountain Resorts, average revenue reached EUR 15.82 (13.88) and for Aquapark it was EUR 14.08 (12.11). Also this past year TMR observed the persistent trend of growing demand for supplementary services and après ski activities since the average revenue in Dining increased to EUR 3.26 (2.34) and in Tatry Motion Sports Services & Stores located in the mountain resorts, the average revenue increased to EUR 1.48 (1.29), whilst in Tatralandia three new stores with summer merchandize were opened.

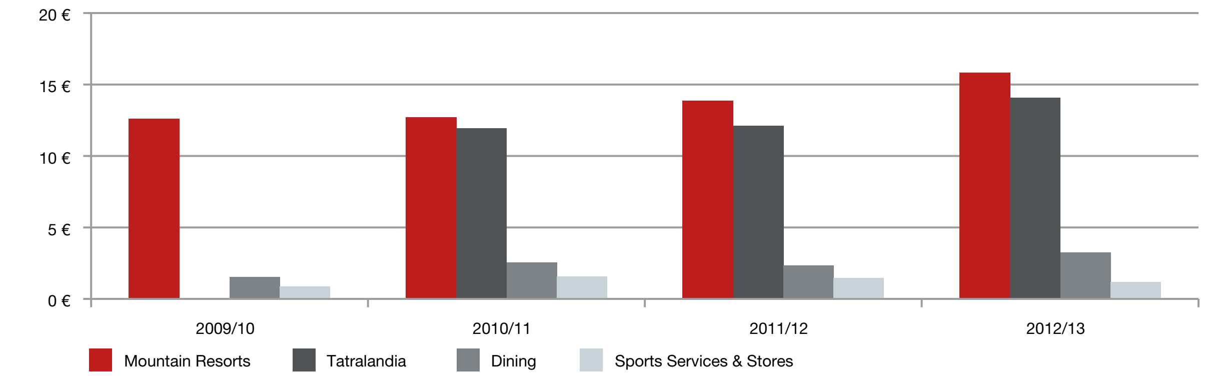
Visit Rate in Mountains and Leisure



Visit Rate in 2012/13



Average Revenues per Visitor



Hotels

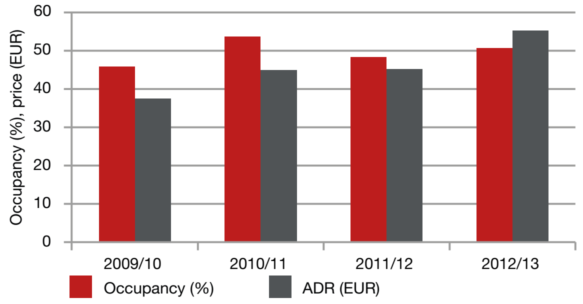
The revenue increase of over 11% in Hotels was caused mainly by a higher average daily rate (ADR) per room, which, in the weighted average at the portfolio level reached EUR 55.21 (45.20) for the year, i.e. a 22.2% growth. The increase in ADR was reported by almost all TMR hotels, with the highest increase in Hotel Srdiečko - by 88.6% thanks to last year's renovation. The increased ADR can be explained with capital investments in the hotels but also with the fact that the number of rooms decreased since Hotel Slovakia got leased to a third party during the year[3].

[3] Hotel Slovakia has been leased by a third party since June 2013. The hotel's KPIs were not included in the weighted average of the hotel portfolio.

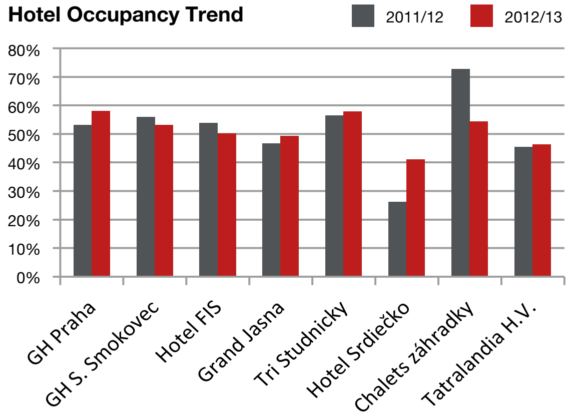
Financial Performance Review for the Year

The weighted average occupancy of the hotel portfolio increased to 50.7% (48.4) with having a lower number of rooms - 677 (710). The highest occupancy was recorded in Grandhotel Praha - 58.0% and Tri Studničky Hotel - 57.9%.

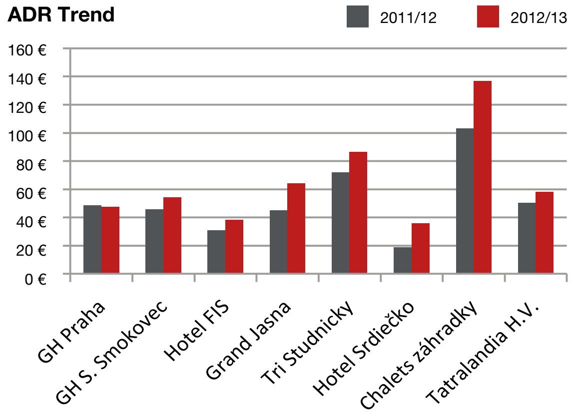
KPIs of Hotel Portfolio



Hotel Occupancy Trend



ADR Trend

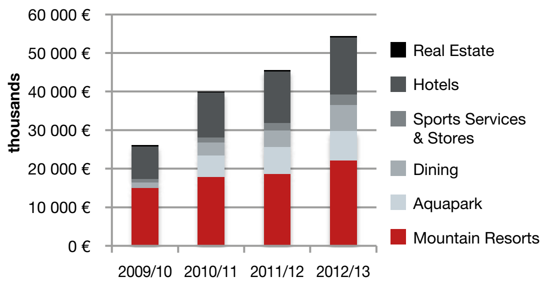


FINANCIAL OPERATING RESULTS

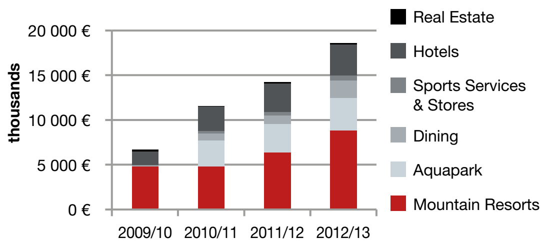
Mountains and Leisure

The main segment Mountains and Leisure again recorded strong double-digit growth in operating revenues and in operating profit EBITDA . Total revenues reached EUR 39.230 mil. (31.836), which means growth of 23.2% compared to prior financial year. The revenues of the main segment make up 72.2% of total operating revenues. The stable growth in revenues was reported by all subsegments. The main segment's strongest quarter in terms of revenues, was the second quarter (February - April) thanks to very favorable snow conditions in the second half of the winter season and thanks to the opening of Tropical Paradise. The next most successful quarter was the first quarter, i.e. the beginning of the winter season (November - January). Operating profit before interest, tax and depreciation (EBITDA) increased by 37.8% to EUR 14.994 mil. (10.879), which means that operating profitability measured by EBITDA margin improved by 4 percentage points to 38.2%. EBITDA also increased in all subsegments of the Mountains and Leisure segment. The positive results of the main segment can be attributed to improvement of the observed key performance indicators. Total visit rate improved by 12.1% to reach 2.249 mil. and average revenue per visitor improved in all subsegments.

Operating Revenues*



EBITDA*



* For better evaluation of the operating performance, the adjusted operating results for FY 2011/12 included results for the 100% share in Interhouse Tatry, a.s., which owned Grandhotel Starý Smokovec during that period, although as of 31/10/2012, TMR owned a 50% share in the aforementioned company, and in accordance with IFRS, this share has been consolidated using the Equity method. Aquapark results for 2010/11 show only the period from April to October 2011.

[4] For better evaluation of the operating performance, the adjusted operating results for FY 2011/12 included results for the 100% share in Interhouse Tatry, a.s., which owned Grandhotel Starý Smokovec during that period, although as of 31/10/2012, TMR owned a 50% share in the aforementioned company, and in accordance with IFRS, this share has been consolidated using the Equity method.

[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.

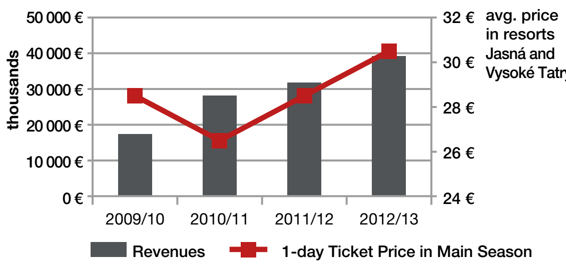
Mountain Resorts

Within the main segment of Mountains and Leisure, Mountain Resorts is the strongest subsegment in terms of revenues, with a 40.7% (40.9) share in total revenues. Its revenues come mainly from sale of ski passes in Jasná Nízke Tatry and Vysoké Tatry resorts. 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. Total revenues reached EUR 22.096 mil. (18.600), an increase of 18.8%. The best quarterly revenues in Mountain Resorts were reported in the second quarter (February - April), i.e. in the period covering the Main Season and the last month of Spring Skiing with discounted ski pass sales. In the winter season, the highest sales were generated from sale of 1-day ski passes, while number of sold 1-day ski passes increased by 21.6% compared to prior year. The second highest sales in Mountain Resorts were generated by sale of 6-day ski passes; the number of sold 6-day ski passes increased by 27%. The highest percentage leap was observed in sale of season passes; the number of sold season passes increased by 803% compared to prior year.

Mountain Resorts' EBITDA improved by 38.5% to EUR 8.838 mil. (6.382), and, consequently Mountain Resorts reached operating profitability of 40%, i.e., improvement by as much as 5.7 percentage points. The significant improvement of EBITDA can be explained by the fact that the bulk of Mountain Resorts' operating costs (costs of operation of cableways and ski trails, snowmaking) is fixed, and therefore the costs do not grow in proportion to sales.

The stable growth in this subsegment can be attributed to a higher visit rate in the resorts, mainly in Jasná, and by higher ski pass prices (e.g. 1-day ticket in Main Season increased by EUR 2.00), and, consequently, by higher average revenue per visitor. The number of visitors/ skier days in the resorts increased by 9.3% to reach 1.616 mil. Setting ski pass prices higher did not hurt the visit rate in

Pricing vs. Revenues Mountains and Leisure



the resorts. 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 resorts, or additional parking capacities.

Aquapark

The past year of 2012/13 was the second year of Aquapark Tatralandia's year-long operation under TMR's management. Revenues from sale of the aquapark's entry tickets make up 14.1% (15.4) of total revenues. The revenues reached EUR 7.677 mil. (7.027), which is an increase of 9.2%. The strongest revenues were reported for the third (May - July) and fourth quarter (August - October), eventhough the all-year concept of the Aquapark brings revenues throughout the whole year. Besides the higher number of visitors thanks to new attractions including Tropical Paradise, the Aquapark's results are attributable to synergic activities within the Company in sales, purchase, human resources and marketing.

Aquapark's EBITDA improved by 14.9% to EUR 3.642 mil. (3.169). Aquapark is the Company's most efficient operation, as it reports the highest operating profitability of 47.4%, which even improved in the prior year by 2.3 percentage points. The reason was the fact that fixed costs were higher than variable costs.

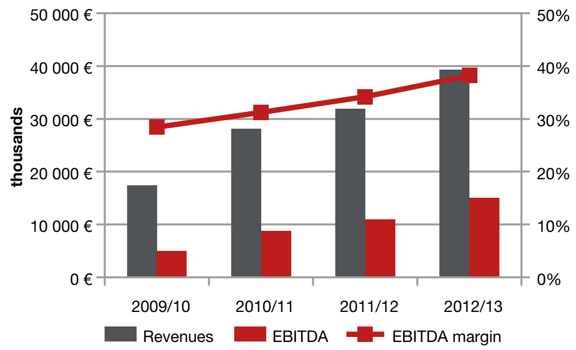
Dining

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 12.5% (9.4) of total revenues, which means a share higher by 3.1 p.p. than the year before. This increasing share is evidence of the persisting trend of growing client demand for ancillary services in the resorts, and therefore, TMR sees further growth potential in this subsegment. The subsegment's strongest revenue quarter was the second quarter (February - April), the same as in Mountain Resorts. Total revenues of this subsegment reached EUR 6.786 mil. (4.299), which means a double-digit percentage increase of 57.9% - the greatest one within the Company. Operating profitability of this subsegment reached 28.6%, with EBITDA increasing by 94.9% to EUR 1.938 mil. (0.995). This subsegment's success is directly dependent on success of the resorts, as Dining provides supplementary services in the mountain resorts. The growth was boosted by opening of new operations in the resorts Vysoké Tatry, Jasná and Tatralandia Tropical Paradise; by greater average revenues per visitor (+25.1%); and by numerous marketing events during the year.

Sports Services & Stores

Revenues from sports stores, ski schools, ski rent and service in the mountain resorts under the Tatry Motion brand also follow the upward trend, as their share in total revenues increased to 4.9% (4.2). Revenues from this subsegment increased by 39.8% to EUR 2.671 mil. (1.910). As these supplementary services are used mainly in the winter season, the strongest quarter was the second one (February - April), followed by the first quarter (November -January). Although operating profitability is the lowest of the subsegments - 21.6%, EBITDA margin increased by 4.1 p.p. EBITDA recorded a growth of 72.7% to EUR 576 thous. (333). The results are, inter alia, attributable to opening of a new Tatry Motion store in the resort Vysoké Tatry - Tatranská Lomnica and of three new stores in Aquapark Tatralandia.

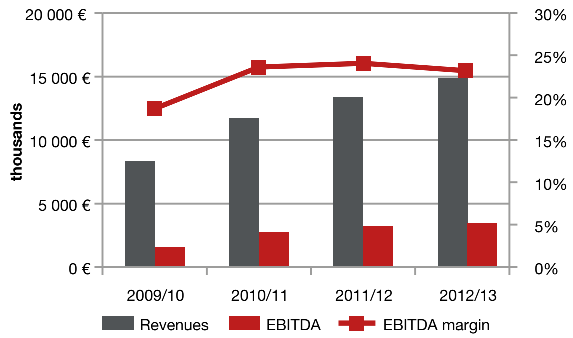
Operating Results Mountains and Leisure



Hotels

The Company's second largest segment is Hotels, revenues of which make up a 27.4% (29.4) share in total revenues. Hotels ended the financial year with revenues amounting to EUR 14.888 mil. (13.404) and a 11.1% growth[6]. The strongest quarter of this segment was the second one (February - April), following Mountain Resorts, closely followed by the fourth quarter (August - October) thanks to the successful summer season of the Tatra hotel sector, mainly in the High Tatras. The rising hotel revenues are also attributable to a higher average daily rate per room (ADR) of the hotel portfolio, synergic effects with Mountain Resorts and Aquapark, supported by active marketing and the effect of the completed capital investments in the hotels made in 2011/12 and prior periods. The investments of 2011/12 included renovation of hotels FIS and Wellness Hotel Grand Jasná with strategic focus on affluent clientele. These factors contributed to improvement of operating profit before interest, tax and depreciation of 7.0% to EUR 3.449 mil. (3.224), which means EBITDA margin of 23.2% with a slight decrease of 0.9 p.p. Neither the acquisition of the additional 50% share in Grandhotel Starý Smokovec in February 2013, nor the lease of Hotel Slovakia to third party since June 2013 did have any significant impact on the results. In the prior compared period adjusted operating management results had already included 100% of operating results of Grandhotel Starý Smokovec.

Operating Results Hotels



Real Estate

The last year's revenues of the Real Estate segment come solely from lease of Hotel Ski &Fun, Hotel Liptov, Kosodrevina Lodge, and Hotel Slovakia since June 2013 to third parties; therefore the share of this segment in total revenues is negligible. Lease income was reported in the amount of EUR 229 thousand (289); EBITDA amounted to EUR 123 thous. (96) with EBITDA margin of 53.8%. In last period Management did not expect any positive change in the situation on the real estate market in the Tatras region. As for the completed real estate project Grand Residences Tatranská Lomnica, sales of two apartments were closed with a EUR 63 thous. profit. This project is being used as hotel suites of Grandhotel Praha Tatranská Lomnica. During last year sale of bungalows of Holiday Village Tatralandia was initiated, although in the given period no sale was closed.

Explanations
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

[6] For better evaluation of the operating performance, the adjusted operating results for FY 2011/12 included results for the 100% share in Interhouse Tatry, a.s., which owned Grandhotel Starý Smokovec during that period, although as of 31/10/2012, TMR owned a 50% share in the aforementioned company, and in accordance with IFRS, this share has been consolidated using the Equity method.

COMPANY'S POSITION AT THE END OF THE YEAR

Company's Position at the End of the Year

FINANCIAL POSITION

Liquidity

As of the end of 2011/12 the Company operated with liquid funds in the amount of EUR 15.641 mil. (32.278). Thereof, cash and cash equivalents amounted to EUR 4.280 mil. (3.113) and current bill of exchange receivables, redeemable at sight, were valued at EUR 11.361 mil. (29.165) (See Consolidated Financial Statements, Item 23). The value of liquid funds decreased due to repayment of a part of bills of exchange used for financing of capital expenditures in the given period.

Borrowings

The total value of the Company's borrowings increased year-over-year to EUR 38.728 mil. (16.153) since in June 2013 the Company began to draw a new loan from Tatra banka with the total credit line of EUR 30 mil. for financing of investment projects. As of the end of the period, the amount of funds drawn from the new bank loan was EUR 22.809 mil. The loan's maturity is five years with an option of extension by five more years. The Company draws all of its bank borrowings from Tatra banka. The value of borrowings with maturity within 12 months was EUR 9.846 mil. (3.263). During 2012/13 none of the loans matured. The average interest rate on the borrowings for the year came to 2.93% (2.18). Interest coverage ratio notably improved to 11.3x (11.2). Total debt amounts to EUR 213.115 mil. (16.153) since the decrease of share capital from 22 October 2013 resulted in a non-interest bearing liability towards the Company's shareholders in the amount of EUR 174.387 mil., recorded as other current liabilities payable within 12 months. The Company plans to repay these liabilities from two tranches of a EUR 180 mil. bonds issue. As a result of the above-mentioned factors, the level of the Company's debt as of the period end increased to 67.7% (5.5) (total debt-to-capital ratio). Total debt-to-EBITDA ratio increased to 11.48 (1.16).

Total Assets

The book value of total assets increased to EUR 345.504 mil. (319.912). The value of current assets slightly rose to EUR 56.582 mil. (55.505), whilst financial investments fell by EUR 10.838 mil. due to a decrease of the Company's position in the stock of Best Hotel Properties a.s. From the proceeds of the Best Hotel Properties a.s. stock sale the Company granted loans of EUR 9.169 mil. (See Consolidated Financial Statements, Item 21). On the other hand, non-current assets rose to EUR 288.922 mil. (264.407) due to a higher value of fixed assets in the amount of EUR 261.456 mil. (222.117) caused by completion of extensive capital investments that include new cableways Funitel, Twinliner and a 15-person gondola in the Jasná resort, the second phase of the project Tropical Paradise in Aquapark Tatralandia, dining facilities in both mountain resorts, renovated sections of Wellness Hotel Grand, and due to the acquisition of a 100% share in Grandhotel Starý Smokovec.

Equity

The book value of shareholders' equity decreased to EUR 101.477 mil. (276.416) as a result of a decrease in share capital by EUR 174.387 mil. to EUR 46.950 (221.338). Return on equity as of the period end, accounting for the share capital decrease of EUR 174.387 mil., came to 6.5%.

Financial Position in €'000	October 31	
	2012/13	2011/12
Total Assets	345 504	319 912
Non-current Assets	288 922	264 407
Fixed Assets	261 456	222 117
Other Non-current	27 466	42 290
Current Assets	56 582	55 505
Liquid Assets	15 641	32 278
Equity	101 477	276 416
Liabilities	244 027	43 496
Non-current Liabillities	48 021	26 063
Current Liabilities	196 006	17 433
Total Debt	213 115	16 153

[1] As of 31/10/2013 the Company's bonds had not been issued yet. Bonds TMR I 4.50%/2018 a TMR II 6.00%/2021 were issued after the end of FY 2012/13.

CASH FLOW

Cash flow generated from operating activities reached EUR 13.706 mil. (10.674). Cash flows assigned for investment activity reached EUR -31.190 mil. (-42.821), whilst EUR -36.710 mil. (-48.207) covered CAPEX. Management-adjusted CAPEX of EUR 45 mil. differ from CAPEX as per IFRS as they are reconciled two months later. The inflows from the investing activities came from sale of financial investments - equity stock of Best Hotel Properties, a.s. - in the amount of EUR 12.822 mil. (6.856). The Company recorded cash flows generated from financing activities in the amount of EUR 18.651 mil. (28.869). The decrease was caused by a lesser amount of repaid J&T Private Equity bills of exchange (See Consolidated Financial Statements, Item 23) and by loans granted.

Cash Flows in €'000	November 1 - October 31	
	2012/13	2011/12
Net Cash from Operating Activities	13 706	10 674
Net Cash from Investing Activities	-31 190	-42 821
Net Cash from Financing Activities	18 651	28 869
Net Increase in Cash and Cash Equivalents	1 167	-3 278

OUTLOOK

Based on the finalization of the first phase of the investment cycle in the past year, management expects continuing positive effects from capital investments of prior periods on the following financial year and periods to come, in terms of growing number of visitors, visitor spending in the resorts, and rising occupancy in the hotels during off-season. Following the lasting trend of demand for ancillary services (described in Market Analysis and Trends), management expects growth in the subsegments of Dining and Sports Services & Stores similar to last year. The outlook for real estate projects of TMR is optimistic as realization of the planned projects might start in the following periods, as well as sale of the completed real estate projects - sale of bungalows of Holiday Village Tatralandia. All these factors are supposed to contribute to ongoing organic growth of revenues and operating profitability of the Company. In the next periods TMR will be focusing on quality management, increasing of quality of services offered and its human capital, and on growing its loyal customer base through its GOPASS program.

As per further activities in the region of Central and Eastern Europe, management will continue to analyze acquisition targets on the Polish market in mountain tourism and explore other opportunities on the Czech market, as well.

The bond issue of EUR 180 mil. will bring increased interest expenses in the following periods and thus will have a major impact on net income and consequently on TMR's ability to pay dividends.

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
Return on Equity (ROE) - a profitability indicator versus equity, calculated as net income for the reported period divided by equity for the previous period. ROE as of the period end uses equity at the end of the period as the denominator.


LEKI
LEKI
HEAD
HEAD

Corporate Social Responsibility

ENVIRONMENT AND COMMUNITY

TMR owns and operates significant centers of tourism in Slovakia. A big portion takes place in the area of national parks - TANAP and NAPANT. The Company concentrates solely on traditional, already urbanized areas, where sport and tourism have been a tradition for decades.

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

Impact of Business Activities on Environment

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

The goal of TMR is to conduct business activities with a minimum energy and fuel consumption. With this goal in mind the Company also adapts its capital investments into new cableways. These new cableways are built with the latest energy efficient technologies from top world producers, like Doppelmayr and Leitner. In every segment the Company aims to utilize efficient management of operations at an optimal level of energy consumption, and moreover, the Company consistently works on improving operational efficiency. In addition to the selection of energy efficient cableways TMR also cares for the correct choice of trail-grooming vehicles that have lower emissions and thus decrease the impact on the environment.

Projects of 2012/2013

TMR's projects of 2012/2013 refer to activities of prior periods, when TMR made an active contribution to restoration of the areas, in which TMR's business activities are performed. The company was also proactive in preparation of educational activities focused on various age groups of the population.

TMR was very active in entering into the process of establishing and development of cooperation with district tourist organisations (DTOs). TMR is a member of five DTOs covering the whole region of the Company's operation. It includes the following DTOs:

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

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

The High Tatras **DTO, High Tatras Region** made s contribution to the common projects in the amount of EUR 450 thousand (membership fees + grant). The key events included - Tatry Ice Master, Bear Days at Hrebienok, Marmots at the Mountain Lake and construction of a new attraction at Hrebienok - Tatry Ice Dome, which was available to visitors from December to March. Common promotion materials were made, such as maps, guides, accommodation catalogue, newspapers. The High Tatras DTO sponsored the entire TATRY Card project. Infotours were organised for media and for tour operators from Poland, Czech Republic, Hungary, Russia, Ukraine and Belorussia. The DTO attended fairs and exhibitions in the following cities: Warsaw, Krakow, Rzesow, Prague, Budapest, Kiev, Yekaterinburg and London. High Tatras Region had its own exhibition stand at ITF Slovakiatour. Besides other use, the common funds were spent for media campaigns focused on traditional target markets - Slovakia, Poland and the Czech Republic plus new markets: Baltic countries and the Ukraine. High Tatras Region DTO, with a strong tradition of cross-country skiing spent common funds for treatment of cross-country ski courses and tracks at Štrbské Pleso, Tatranská Lomnica and in the surroundings of Starý Smokovec. The DTO's environmental projects included landscaping of common open spaces and frequently visited parks at Starý Smokovec, Tatranská Lomnica and Štrbské Pleso. The DTO provided a comprehensive sponsorship to free aqua-ski bus transportation for all visitors during the winter season. During summer months, bike routes were mapped, route markings were renovated and all resulting information was included in the web site and promotion materials.

In 2013, total budget available to **DTO Jasná** amounted to EUR 630 thousand (membership fees + grant)

The major project was the international (global) campaign through commercials presented at Eurosport (54 countries), of which the first part was financed in 2013. Further activities included participation in fairs and exhibitions in Jelenia Gora,

Kiev and Budapest, and arranging informative trips for media and tour operators from major markets. DTO's key activities also include various events: e.g. summer kite-flying Drakiáda and Winter Music Opening, which is the largest event of this type in Slovakia attended by a number of prominent people and celebrities. Capital investment projects completion of relax and recreational area Biela Púť. Pending is a project of a single navigation system in this destination and the project of tourist information office. Similarly to last year, the funds from the grant were spent on operation of the summer Jasná bus and the winter ski-bus. Another financed projects were the Liptov Region Discount Card, and preparation of common promotional materials. The DTO developed a map with the most popular tourist routes and a Free-Ride Guide. Latest trends require use of mobile and web applications; therefore an interactive ski map was developed for webs and mobile phones. The common funds were also used for photographs and video records.

In 2013, total budget available to **DTO Liptovský Ján Turizmus** was around EUR 160 thousand (membership fees + grant). The DTO's activities included mainly support to and preparation of events such as St. John's Eve festivities and Ski Opening. Major efforts were focused on preparation of promotional materials on Liptovský Ján and promotion of the destination through advertising and spots presented on LED screens in the most popular locations of the region. The funds were spent for a photobank. The DTO also participated in the Liptov Region Bike-Bus project. This was the second year that skibus was operated during winter and this year a new line was added to the Aquapark. A view tower was completed this year to make a new attraction.

DTO REGION LIPTOV operated with a budget exceeding EUR 714 thousand. Major common activities include: Liptov Region Discount Card, marketing support to Liptov registered mark. The TDO implemented a number of projects to improve attractiveness of services and products in the region - operation of SKI & AQUA BUS and CYKLO & AQUA BUS, Adventure Trip project in Liptov region, Liptov Star. The DTO implemented an extensive project of bike routes around Liptov - mapping of the existing condition, marking, preparation of a new bike map, with a themed bike route across Liptov and promotion of the bike routes and the presentation of Liptov region as a "bike region". DTO supported preparation and organisation of NATURE EURO MEET´S event, which was held in October 2013. The promotion of the region included a marketing campaign comprised of internet, TV and radio campaigns, print outputs and a market research. The DTO's activities also included preparation of promotional materials, attendance at various fairs and exhibitions and workshops and attractive events in the region.

The connection between Chopok North and Chopok South resorts, new territories became available at Horehronie region, i.e. from the south side of Chopok. A common **DTO Low Tatras**, was established to share common funds in development and promotion of even more attractive destination connecting the two tourist regions through the peak of the Chopok mountain.

All TDOs supported their common image magazine for visitors of Tatras named TATRY MAGAZÍN. The magazine provides a lifestyle communication of attractions, events,

We are saving forests! This Annual Report is printed on a recycled paper prominent people and news in broad Tatry 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 Teasure of Demian, the Dragon, Tatry Wild, Snow Dogs and Bear Days.

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

Before the end of 2012 TMR and "Tatranský okrášľovací spolok" (TOS) civic association signed a contract regarding the building named Encián, which is a part of the Slovak national cultural heritage - a station of Wiesner aerial cableway from Tatranska Lomnica to Skalnaté Pleso. TOS has the building leased with the aim of gradual renovation of the premises of the former Encián Hotel. During 2013, the premises were turned into a gallery of art named Encián. Encián Art Gallery (1 761 AMSL) as the gallery placed at the highest altitude presents modern art and visitors can enter the premises free of charge.

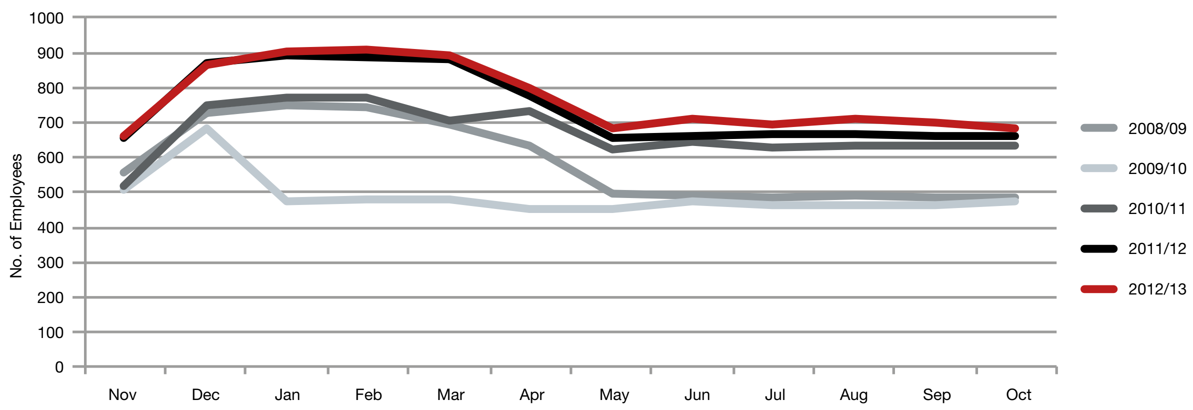
The company proactively supports sport events in its resorts, either as a partner or as a sponsor. In the last period, TMR actively participated in the following sports races :

- Jozef Krasula Memorial
- Ski Races of East-Slovakian Ski League
- Valentine Races at Štrbske Pleso
- 2013 Giant Slalom - Cup of the Major of Vysoke Tatry
- Sony Ericsson Snowboard Fest 2013
- Students'Winter Games
- Slávik Cup in Cross-Country Skiing at Štrbske Pleso
- XI. Championship in Downhill Skiing
- BMW xDrive Ski League 2013
- Venerovsky Memorial
- Dominik Tatarka CUP
- Slovak Deaf Skiing Races
- Championship of the Slovak Republic in Cross-Country Skiing
- Šlusovka - Slovak Championship of ski instructors and trainers
- Snow Golf Cup 2013
- Ski & Golf Slovakia
- Sporting weekend in Tatry mountains with TV JOJ, incl. Extreme Run a Rajec Hight Tatras Night Run
- Zumba weekend in Tatralandia
- Coqui Beach Volleyball Cup
- Race from Tatry mountains to Danube river

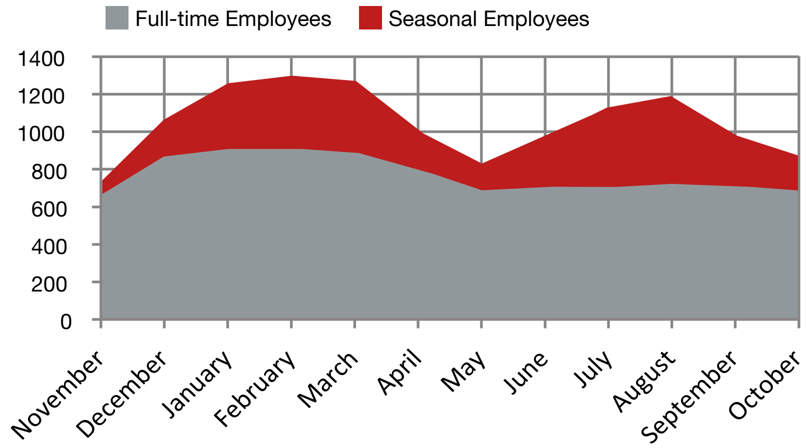
HUMAN RESOURCES

TMR ranks among the largest employers providing tourist services in the High Tatra and Low Tatra regions. Considering the trends existing in the labor market in FY 2012/13, activities of the Human Resources (HR) department were focused on the stabilization of jobs, reduction of employee turnover and improvement of human resources management processes.

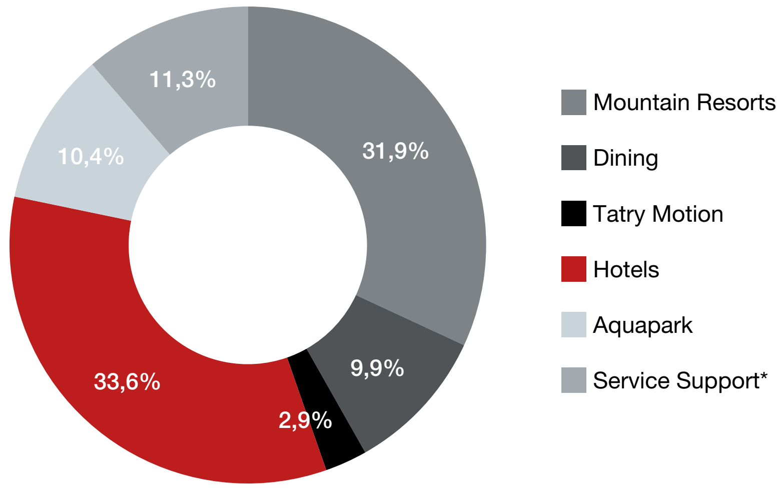
Employment Trend during 2008-2013



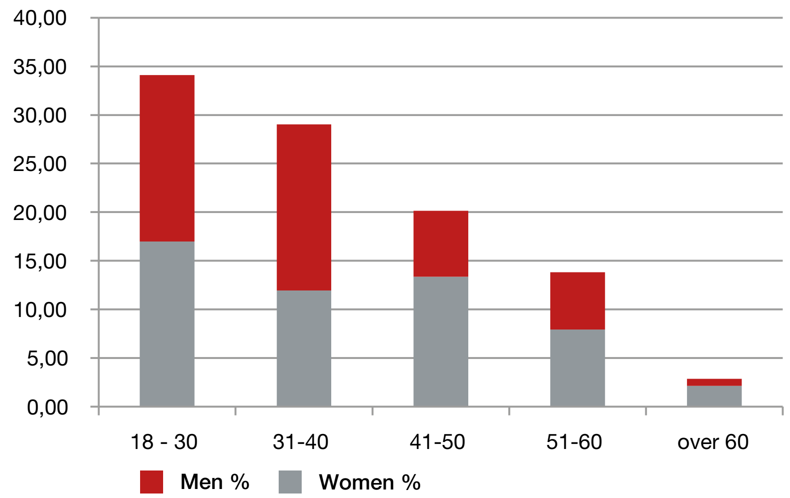
Employment at TMR in 2012/13



Permanent Employees by Category



Employees' Age Structure



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

TMR's Values

During the past year the Company's HR focused on the defined corporate values and their continuing implementation.

Passion: TMR is a dynamic and innovative company that takes on opportunities with confidence, energy, and the right motivation. Passion is the source of energy, perseverance, and willing to overcome obstacles and to achieve goals; it is emphasized with affection and an open heart, which it offers to its clients and employees. Passion enables to discover the new, unknown, and unique.

Perception: TMR is willing and ready to listen. To listen not only with ears but also with the heart, which means to understand, comprehend, support, but also to foresee and satisfy the expectations and wishes of its clients. It strives to be empathic and tolerant; it wants to perceive and respect not only people, but also nature, tradition, and history.

Family: Within TMR relations with employees and clients are based on openness, trust, true effort to help, and on compassion. The TMR family is open, hospitable, and tolerant at the same time.

Uniqueness: TMR is a place, where employees and clients can experience unusual pleasures; something "different", unique and interesting. TMR tries to have a unique and original attitude; it is not afraid of change and new things; it is a trendsetter in its segment.

Developments in Human Resources in 2012/13

As of the end of 2012/13, the average number of employees increased to 1,334 (1,232) year-over-year. This proves that the Company is regarded as a major and reliable employer in this region. The Company's business segment is influenced by seasonality in jobs. It is mainly the period before the winter season that the Company hires hundreds of full-time employees and employees working under agreements on work performed outside employment. The increase in headcount during December 2011 - March 2012 by 574 persons was due to heavy seasonality.

In order to optimize efficiency in the HR department and also because of the development of the job market, Management decided to employ a great portion of seasonal employees through HR agencies. This method has proved efficient, and TMR will be utilizing it more in the future.

In 2012/13 the Company disclosed 63 vacancies (65 in 2011/12) and 3,834 job applicants (4,123 in 2011/12). Management observes reduction in employee turnover; since 49% of seasonal employees come back for the peak season. Thus, TMR can focus on improving the quality of staff and staff training to retain the quality of services provided. Human resources management aims to further develop itself as a modern company, which cares for the personal growth of its employees and therefore, when given a choice, internal employees are preferred.

TMR successfully manages to maintain equal opportunity, which is shown in the chart above. Of the Company's employees, 476% are men and 52.4% are women. The average age is 39 years, thereof the average age of women is 39 years and the average age of men is 39 years.

TMR gives a chance to young people who have not yet had the opportunity to gain professional experience. This statement is proven by the fact that 34% of our employees fall into the age category of 18-30 years and 29% are employees into the age category of 31-40 years. Altogether, 63% of our employees are younger than 40. Another 20% and 17% are employees aged 41-50 years and 51- 62 years, respectively.

HR Projects

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

The program of ongoing employee education directly follows the third pillar of the Corporate Strategy - the constant service enhancement. Trainings are provided at each level; directly taking into account the specific needs of each position. The broad scale of internal trainings results from internal cooperation between segments and the Human Resources Division.

TMR runs an adaptation project for new hires, including internal employees which are transferred to a new job based on the results of a competitive hiring procedure. The adaptation process aims to ensure, in real time, as good performance as possible and employee self-activity. Therefore, Management launched another supporting project - kick-off meetings, aimed at the maximum elimination of the lack of information on products, corporate principles, corporate strategy, new investments and novelties prepared for the period in each category. The kick-off meetings were organized twice a year in early summer and early winter. The meetings were mandatory in all centers not only for the permanent staff, but also for seasonal employees.

One of the key goals of the Human Resources Division is development of the workforce. Therefore, the division prepared the Talent Management and the Internal Academy projects and employee evaluation projects, which form the basis for preparing an effective wage and bonus scheme.

Cooperation with Schools and Universities

TMR lays great emphasis on developing relations with high schools and universities so that the Company proactively seeks access to this source of skilled and highly professional employees. Based on the aforementioned strategy, we developed a project of cooperation with schools, outlining the detailed steps of the cooperation.

TMR maintains an intense cooperation with the Vocational High School in Horný Smokovec, High Tatras. Grandhotel Praha in Tatranská Lomnica and Grandhotel Starý Smokovec cooperate with the aforementioned school. Under the existing contract, during the whole school year the school undertakes to provide the two hotels with 50 students who will carry out their practical activities evenly over the whole school year in monthly intervals. The hotels Wellness Grand Jasná in Jasná and Tri Studničky in Demänovská Dolina cooperate with the Liptovský Mikuláš Hotel Academy in the Low Tatras.

During the year Management launched another key corporate-wide project Analysis of innovation, corporate culture, and identity potential. The project was executed among 125 managers. It primarily focuses on analysis of the internal environment - corporate culture, analysis of the Company's innovation potential, and corporate identity among employees. The main findings include indices that transparently enable monitoring of key processes in the Company. Total corporate identity index measures the level of employees' identification with the existing corporate culture. Total satisfaction index reflects the total climate in the Company with focus on emotional attitude of the respondents. The last one is Total innovation index, which reflects the Company's total potential to develop itself and innovate its products.

Based on the results of this project, next year Management will be launching educational projects, such as "Project change management" and "Chance for everyone".

Social Program and Benefits

TMR's sophisticated social program includes a number of activities aimed at the maximum consolidation of TMR staff to make them respect each other's work, understand each other and identify themselves with TMR's objectives in order to develop the corporate culture and create an atmosphere of corporate fellowship.

As for the team-building program for our employees, there are strong measures to meet the objectives. Employees can use a wide offer of employee benefits, such as year-long tickets to cableways in all TMR resorts, aqua passes to wellness centers in TMR hotels and to Tatralandia, employee stays, physiotherapeutic stays, and discounts on supplementary services or purchases in the Tatry Motion stores. Through the aforementioned benefits, TMR aims to provide its employees with access to all services in TMR's portfolio, thus improving their awareness of TMR's products and, last but not least, spreading the word-of-mouth.

CORPORATE GOVERNANCE

Corporate Governance

CORPORATE GOVERNANCE PRINCIPLES

TMR's corporate governance is regulated by the principles and methods outlined in the Company Articles, TMR's Ethics Code, 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 2013, 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

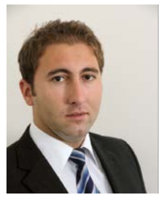
In June 2009, Ing. Hlavatý was elected as a member of the Board of Directors and then as the Chairman of TMR's Board of Directors. Since 2009, Mr Hlavatý also holds the office of TMR's Chief Executive Officer. Under his leadership, TMR underwent a successful revitalization and started making use of synergies 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)
- **BOBI Slovakia (since 1997 Kimberley Clark)** - Director (1994 - 1995)

Since November 2006 Ing. Hlavatý has been a partner in BAKK s.r.o.

Number of shares held as of 31 October 2013: 710

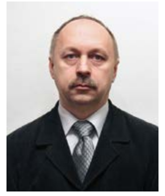
Jozef Hodek - member of the Board of Directors and CFO since 29/06/2009



Mr. Hodek was elected as a member of the Board of Directors in June 2009. He joined TMR as the Chief Financial Officer in 2007; later he was engaged in the financial consolidation of the companies which now are members of TMR . From 2008 to 2009, he held the position of Chief Financial Officer of Tatry mountain resort services, a.s., which merged with TMR. He was engaged in TMR efficiency improvement processes, the issue of new shares and listing on the Bratislava Stock Exchange. Previously, in 2006 to 2007, he worked in the audit department of Pricewaterhouse Cooper Slovakia. He graduated from the University of Economics, Faculty of Business Informatics in Bratislava.

Number of shares held as of 31 October 2013: 431

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



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

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

Number of shares held as of 31 October 2013: 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.

Number of shares held as of 31 October 2013: 500

Dušan Slavkovský - member of the Board of Directors since 1/5/2010 and Director of TMR's mountain resorts

Mr. Slavkovský was elected as a member of the Board of Directors in May 2010. Additionally, he holds the position of Director of Mountain Resorts at TMR. Previously he held the position of Director of Tatranské lanové dráhy, a.s. Under his leadership the resorts, which were primarily focused on the year-long operation of cableways, were turned into tourist resorts 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 dopravné družstvo.

Number of shares held as of 31 October 2013: 105

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

Mr. Krolák was elected as a member of the Board of Directors in February 2011. He joined the Company in March 2006, and since then has participated in the development and operation of the network of restaurants and dining facilities in the High Tatras and Low Tatras. Since 2010 he has also been responsible for the coordination and development of hotels in TMR . He actively cooperates with a number of Alpine resorts and hotels; this allows him to apply innovative methods for the development of the segment in the Tatras, and the resulting effect is the growth of sales. Previously, he held the positions of Hotel Manager at Grandhotel Starý Smokovec and the position of F&B Manager at Hotel Slovan in Košice. During his university studies, he participated in the start-up and development of a travel agency and ski school at 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 at ESPERANZA Travel, s.r.o. and HT Service s.r.o.

Number of shares held as of 31 October 2013: 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 2013, the total remuneration was EUR 160 thousand. Thereof, no bonuses were awarded.

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 2013, the Supervisory Board was comprised of nine members:

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

Changes during the year:

27 April 2013 - the Annual General Meeting acknowledged and discussed the resignation of Jan Marian Komornicki from his post of a member of the Supervisory Board. His term ended as of 27 April 2013. He had served on the Board since January 2011.

27 April 2013 - Pavol Mikušiak was elected by the General Meeting as a new member of the Supervisory Board.

Members of the Supervisory Board

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

  Mr. Rattaj has held the office of the Chairman of the Supervisory Board since June 2009, when he was elected by the General Meeting as a member of the Supervisory Board. He has extensive experience in financing. Additionally, he is a member of Supervisory Boards and an Executive in a number of companies. He worked as Director for Trading with Securities in J&T Securities. Previously, he held the position of Vice-Chairman of the Board of Directors and Director for Private Banking at "Podnikatelská banka" in Prague. He graduated from the Slovak University of Technology, Faculty of Electrical Engineering in Bratislava.

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

  Number of shares held as of 31 October 2013: 3,300

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

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

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

  Number of shares held as of 31 October 2013: 0

- **Jiří Uvíra** - member of the Supervisory Board since 18/01/2011

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

  Number of shares held as of 31 October 2013: 0

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

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

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

  Number of shares held as of 31 October 2013: 0

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

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

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

  Number of shares held as of 31 October 2013: 0

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

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

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

  Number of shares held as of 31 October 2013: 0

- **Ján Štetka** - 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 TMR. Since 1998 he has been working for TMR as Cableways Operation Manager. 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 2013: 15

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

Mr Kubeňa was elected as a member of the Supervisory Board by employees of TMR 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 2013: 0

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

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

Number of shares held as of 31 October 2013: 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.

The remuneration paid for the year ending 31 October 2013 totaled EUR 41 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 2013, the Audit Committee comprised two members:

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

Changes during the Year:
On 27/04/2013 the General Meeting reelected Mr. Hodek and Mrs. Prokopová as members of the Audit Committee, effective as of 28/06/2013.

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.

No remuneration was paid for the year ending 31 October 2013.

TOP MANAGEMENT

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

As of 31 October 2013, the top management comprised eight members:

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

- **Bohuš Hlavatý** - CEO of TMR and Chairman of the Board of Directors

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 TMR

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

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

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

- **Michal Krolák** - Director of Mountain Resorts and member of the Board of Directors of TMR

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

- **Matej Hulej** - Director for Sports Services and Shops of TMR

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

Number of shares held as of 31 October 2013: 104

- **Vladimír Čukan** - Investments Director

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

Number of shares held as of 31 October 2013: 0

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

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

Number of shares held as of 31 October 2013: 107

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

Mr. Mráz was integrated to TMR in April 2011 as director of Aquapark Tatralandia. He held an executive role in Aquapark Tatralandia since its establishment (2003). Since then he served on positions of a project manager and an investments director. From 2009 to 2012 he also served as a member of the Board of Directors at Tatralandia a.s. Under his leadership the successful project, Tropical Paradise, was launched. Before coming to work at Aquapark Tatralandia, he worked at a private architectural firm. He graduated from Technical University in Košice, Faculty of Civil Engineering majoring in Civil Engineering.

Number of shares held as of 31 October 2013: 0

Remuneration of the Top Management

The remuneration of members is approved by the Board of Directors. The remuneration is comprised of two components: a basic salary and an extra bonus derived from the Company's achievements (based on EBITDA).

The remuneration paid for the year ending 31 October 2013 totaled EUR 331 thousand. Thereof extraordinary bonuses amounted to EUR 57 thousand.

Remuneration of TMR Leadership 2012/13 in €'000	Basic Remuneration	Extraordinary Bonuses	Total
Board of Directors	160	0	160
Supervisory Board	41	0	41
Top Management	274	57	331
Audit Committee	0	0	0
Total	**475**	**57**	**532**

Remuneration of TMR Leadership 2011/12 in €'000	Basic Remuneration	Extraordinary Bonuses	Total
Board of Directors	159	77	236
Supervisory Board	36	0	36
Top Management	140	41	181
Audit Committee	1	0	1
Total	**336**	**118**	**454**

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 2012 - 31 October 2013 was held on 27 April 2013. Two Extraordinary General Meetings were held: on 22 August 2013 and 15 October 2013.

Annual General Meeting Held on 27 April 2013

At the Annual General Meeting held on 27 April 2013, 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 and the Annual Report as of 31 October 2011
3. Approval of the payout of dividends in the amount of EUR 7.110 mil., i.e. EUR 1.06 per share;
4. Determining the record date for the dividend payout as 3 May 2013, with a 60-day payout period
5. Approval of the engagement of the auditor - KPMG Slovensko spol. s.r.o. to audit the financial statements for the year ending 31 October 2013
6. Re-election of Jozef Hodek and Viera Prokopová as members of the Audit Committee
7. Election of the new member of the Supervisory Board - Pavol Mikušiak.

Extraordinary General Meeting Held on 22 August 2013

At the Extraordinary General Meeting held on 22 August 2013, the shareholders adopted the following key resolutions:

1. Approval of the Company's share capital decrease from EUR 221.338 mil. to EUR 46.950 mil., and thus a decrease of the nominal value per share to EUR 7.00. The funds raised by the share capital decrease in the amount of EUR 174.387 mil. will be paid out to the shareholders.
2. Approval of the date the share capital decrease would be entered into a relevant commercial register as 22 October 2013.
3. Approval of a bond issue up to the amount of EUR 110 mil. for the purpose of paying out the shareholders from the share capital decrease. The issue will consist of senior secured bonds and junior unsecured bonds with a EUR 1,000 nominal value. The bonds will be traded on the Bratislava Stock Exchange.

Extraordinary General Meeting Held on 15 October 2013

At the Extraordinary General Meeting held on 15 October 2013, the shareholders adopted the following key resolutions:

1. Change of the Articles of Association
2. Approval of a bond issue up to the amount of EUR 70 mil. for the purpose of paying out the shareholders from the share capital decrease. The issue will consist of senior secured bonds and junior unsecured bonds with a EUR 1,000 nominal value. The bonds will be traded on the Bratislava Stock Exchange.

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 2012 to 31 October 2013, the Company's Supervisory Board carried out the Company monitoring activities consisting of nine members. In April 2013, the Annual General Meeting discussed the resignation of Jan Komornicki as of 27/04/2013, and at the same time Pavol Mikušiak was elected a new member of the Supervisory Board. In the period from 1 November 2012 to 31 October 2013, the Supervisory Board held four sessions:

On 07/11/2012 present were seven members of the Supervisory Board.

On 21/03/2013 present were seven members of the Supervisory Board.

On 10/07/2013 present were seven members of the Supervisory Board.

On 12/09/2013, present were seven members of the Supervisory Board.

In the monitored period, the Supervisory Board monitored the activities of the Board of Directors and the Company's business activities. 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

TMR 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. The Declaration contains complete information on management methods in the Company and information on deviations from the Corporate Governance Code. Moreover, on 8 October 2012 the Company declared adherence to the Corporate Governance Code principles for companies listed on the Warsaw Stock Exchange. Information on adherence to the codes is available on the Company's website www.tmr.sk/investor-relations/corporate-governance.

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

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

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

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

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

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

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

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

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

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

  Partly met. The existing deadlines allow responses of both local and foreign shareholders. The Company so far does not allow the use of state-of-the-art technology (e.g. electronic voting) for voting at General Meeting.

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

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

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

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

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

  - f) Information on preliminary works and the decision-making process regarding the remuneration strategy:

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

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

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

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

  Partly met. Corporate Governance is based on the Corporate Governance Code in Slovakia, the Ethics Code of TMR , the Articles and the Company's internal guidelines/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 is one independent member in the Supervisory Board. The Chairman of the Supervisory Board has a shareholder stake.

- **V.E.4.A.** Nomination Committee can be comprised of members of the Supervisory Board, and members of the Board of Directors, and/or management, however, most of its members should be independent members of the Supervisory Board. The key role of the Nomination Committee is to give recommendations regarding the election and removal of members of the Company's bodies and to evaluate the overall structures of the bodies and individual members of the bodies:

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

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

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

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

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

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

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

  Presently, there are no women either in top management or in the Supervisory Board. The Audit Committee has only one woman member. However, the Company supports equality of chances for men and women in the Company and for 2012/13 the percentage share of all employees of the Company is in favor of women. The Company does not exclude the possibility that recommendations to appoint women to the Company's bodies and the Company's management would be implemented in the future.

- **Rule II.1.9a):** A company should operate a corporate website and publish on it a record of the General Meeting in audio or video format.

  So far the Company has not been publishing a video or audio format of its General Meeting regularly. Instead it regularly publishes General Meeting minutes. Going forward it will strive to adopt this practice.

- **Rule III.6:** At least two members of the Supervisory Board should be independent.

  Presently, there is only one independent member of the Supervisory Board. However, the Company does not exclude the possibility that in the future the number of independent members of the Supervisory Board would increase, depending on the General Meeting's decision.

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

  Presence of third parties is usually allowed based on the proposal by the Board of Directors at Annual General Meetings. At Extraordinary General Meetings in 2013 no proposal was presented by the Board of Directors or by the shareholders to allow presence of third parties at the General Meeting. The Company does not exclude a possibility that it will implement this practice at all the General Meetings, although such decision would have to be preceded by the approval of the shareholders at a General Meeting in the form of change in Articles of Association.

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

  The Company so far has not made General Meetings available via real-life broadcast, nor has it enabled shareholders to participate in bilateral communication of the General Meeting from other location than the venue of the General Meeting. However, the Company does not exclude that it will implement this practice going forward.

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: SK1120010287
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

TMR, a.s. as of 31/10/2013 has not issued any bonds, 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 31/10/2013 TMR, a.s. has no knowledge of any shareholder agreements that might lead to limitations on transferability of the securities and to limitations on voting rights.

TMR incurred no research and development costs in FY 2012/13.

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.

CONTRACTS WITH EXTERNAL ADVISORS AND RELATED PARTIES

Lease of the Špindlerův Mlýn Resort

Melida, a.s., TMR's subsidiary, 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.

EBITDA Contracts

An EBITDA contract results from contracts on the purchase of shares in GRANDHOTEL PRAHA a.s. and Interhouse Tatry s.r.o. By acquisition of the companies on 28 December 2009, the Company obtained a guarantee from the sellers that assets in the companies would generate the agreed EBITDA during the following four years. If the agreed EBITDA is not reached, the former owners are bound to cover the difference to reach the agreed EBITDA during the following five years. The pay-ups are intended mainly for the renovation of the assets to which they refer.

Financial audit

As of the date of this Annual Report, KPMG Slovensko spol. s.r.o., seated at Dvořákovo nábrežie 10, 811 02 Bratislava, is responsible for the audit of individual and consolidated financial statements. KPMG Slovensko spol. s.r.o. has been engaged to perform the audit of the financial statements for FY 2012/13 based on the decision of the General Meeting held on 27 April 2013.

Advisors

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

PROPOSAL ON DISTRIBUTION OF PROFIT

For the year ending 31 October 2013, TMR's net consolidated profit amounted to EUR 6.604 mil. The Board of Directors proposes the following distribution of profit:

1. The allocation to the Reserve Fund will be 10% of the profit in the amount of EUR 660 thousand.

2. The rest in the amount of EUR 5.944 mil. will be transferred to retained earnings.

SHARES

Shares

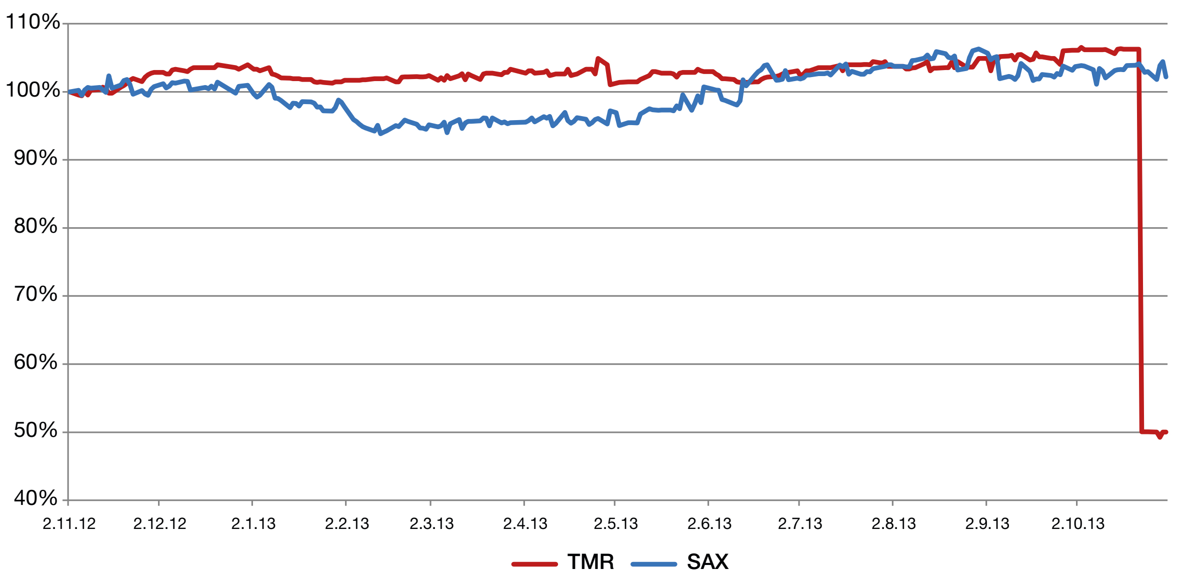
Shareholder Club

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	1 000
40	2 000
80	4 000
130	7 000
250	14 000
500 VIP	20 000
750 VIP GOLD	30 000

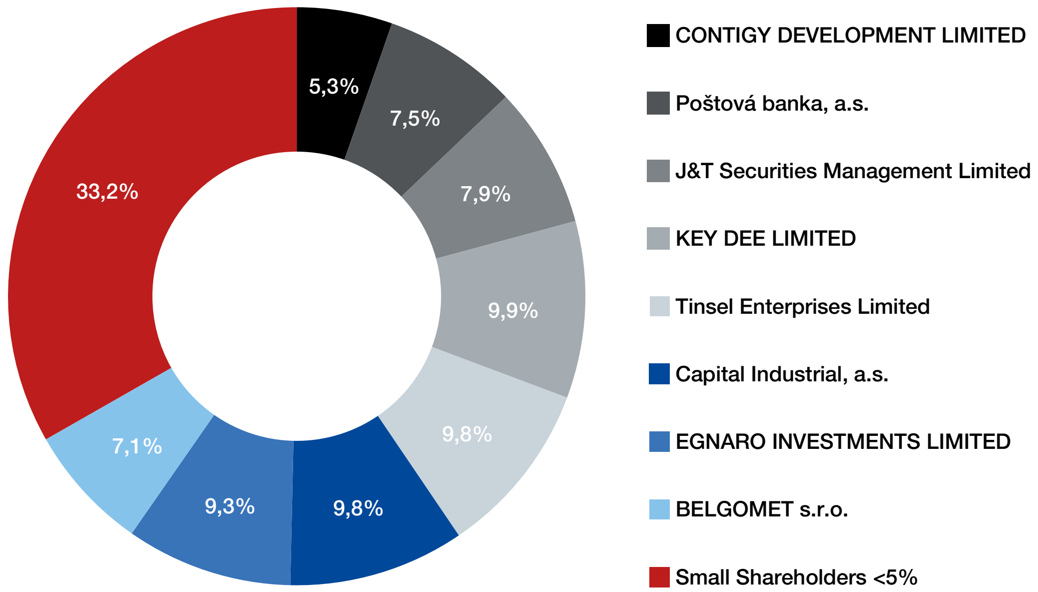
TMR Stock Performance on the BSSE



Closing Price	BCPB (EUR)	WSE (PLN)	BCPP (CZK)
31.10.2013	21,94	92,5	548
31.10.2012	43,5	180	1085

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

Shareholder Structure
as of 31/10/2013



To the best of the Company's knowledge the following entities held the following direct or indirect interest in the share capital and the Company voting rights as of 31/10/2013:

	No. of Shares	Interest in Share Capital		Voting Rights
Company/ Name		in EUR thousands	%	%
CONTIGY DEVELOPMENT LIMITED	358 681	2 511	5,3%	5,3%
Poštová banka, a.s.	505 782	3 540	7,5%	7,5%
J&T Securities Management Limited	531 029	3 717	7,9%	7,9%
KEY DEE LIMITED	664 058	4 648	9,9%	9,9%
Tinsel Enterprises Limited	657 894	4 605	9,8%	9,8%
Capital Industrial, a.s.	660 000	4 620	9,8%	9,8%
EGNARO INVESTMENTS LIMITED	625 413	4 378	9,3%	9,3%
BELGOMET s.r.o.	474 373	3 321	7,1%	7,1%
Small Shareholders <5%	2 229 968	15 610	33,2%	33,2%
Total	6 707 198	46 950	100,0%	100,0%


HOTEL

Consolidated Financial Statements

Tatry mountain resorts, a.s.
and Subsidiary Companies

Consolidated Financial Statements
for the period from 1 November 2012 to 31 October 2013

prepared in accordance
with the International Financial Reporting Standards ("IFRS") in the wording adopted by the EU

Consolidated statement of comprehensive income

In thousands of EUR	**Note**	**1.11.2012 – 31.10.2013**	**1.11.2011 – 31.10.2012**
Revenues	6	52,533	41,880
Other operating income	7	1,815	1,927
Total income		**54,348**	**43,807**
Consumption of material and goods	8	-8,316	-6,272
Purchased services	9	-13,682	-12,561
Personnel expenses	10	-13,215	-10,412
Other operating expenses	11	-719	-525
Gain on disposal of assets		73	102
Loss from revaluation of investment property	17	-24	-
Reversal (creation) of value adjustments to receivables	22	101	-154
Profit before interest, tax, depreciation and amortisation (EBITDA)*		**18,566**	**13,985**
Depreciation and amortisation	15,16	-10,550	-7,763
Goodwill impairment losses	16	-350	-173
Profit before interest, tax (EBIT)		**7,666**	**6,049**
Interest income	12	1,599	3,433
Interest expenses	12	-681	-538
Gain on financial instruments, net	13	538	1,527
Gain/(loss) from associates	18	5,242	-1,418
Gain/(loss) on disposal of companies	5,18	-3,390	1
Negative goodwill		-	3,241
Profit before tax		**10,974**	**12,295**
Income tax	14	-4,370	-2,109
Profit		**6,604**	**10,186**
Attributable to:			
- Holders of interest in the parent company's equity		**6,604**	**10,186**
- Non-controlling interest		**-**	**-**

Consolidated statement of comprehensive income (continued)

In thousands of EUR	Note	1.11.2012 – 31.10.2013	1.11.2011 – 31.10.2012
Profit		**6,604**	**10,186**
Other comprehensive income, after tax			
Items with subsequent reclassification to profit or loss:			
Revaluation of available-for-sale securities to fair value	14	6	-17
Revaluation of tangible assets upon transfer to investment property	17	15	-
Total comprehensive income		**6,625**	**10,169**
Attributable to :			
- Holders of interest in the parent company's equity		**6,625**	**10,169**
- Non-controlling interest		**-**	**-**
Earnings per share (in EUR)	27	**0.985**	**1.519**

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

The notes presented on pages 97 through 146 form an integral part of the consolidated financial statements.
An overview of the comprehensive income statement by individual segment is provided in Note 4 – Information about operating segments.

Consolidated statement of financial position

In thousands of EUR	Note	31.10.2013	31.10.2012
Assets			
Goodwill and other intangible assets	16	7,774	3,848
Property, plant and equipment	15	255,605	217,923
Investment property	17	5,851	4,194
Trade receivables	22	-	-
Loans granted	21	16,071	10,050
Other receivables	23	3,621	24,529
Other assets	24	-	-
Investments in associates	18	-	3,802
Deferred tax assets	19	-	61
Total non-current assets		**288,922**	**264,407**
Inventories	20	2,115	1,567
Trade receivables	22	2,724	3,194
Loans granted	21	9,586	171
Other receivables	23	31,843	32,037
Financial investments	25	2,369	13,207
Cash and cash equivalents	26	4,280	3,113
Other assets	24	3,665	2,216
Total current assets		**56,582**	**55,505**
Total assets		**345,504**	**319,912**
Equity	28		
Share capital		46,950	221,338
Share premium		30,430	30,430
Retained earnings and other funds		24,097	24,648
Total equity attributable to holders of interest in the parent company's equity		**101,477**	**276,416**
Non-controlling interest		-	-
Total equity		**101,477**	**276,416**
Liabilities			
Loans and borrowings	29	28,882	12,890
Trade payables	30	-	-
Provisions	31	25	20
Other long-term liabilities	32	215	104
Deferred tax liability	19	18,899	13,049
Total non-current liabilities		**48,021**	**26,063**
Loans and borrowings	29	9,846	3,263
Trade payables	30	7,599	10,985
Provisions	31	217	101
Other short-term liabilities	32	178,344	3,084
Total current liabilities		**196,006**	**17,433**
Total liabilities		**244,027**	**43,496**
Total equity and liabilities		**345,504**	**319,912**

The notes presented on pages 97 through 146 form an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

In thousands of EUR	Share capital	Share premium	Legal reserve fund	Funds from revaluation	Retained earnings	Equity attributable to holders of interest in the parent company's equity	Non-controlling interest
Balance as at 1 November 2011	**221,338**	**30,430**	**2,401**	**136**	**18,381**	**272,686**	**-**
Total comprehensive income for the period							
Profit for the current accounting period	-	-	-	-	10,186	**10,186**	-
Other comprehensive income, after tax							
Revaluation of available-for-sale securities to fair value	-	-	-	-17	-	**-17**	-
Total other comprehensive income	**-**	**-**	**-**	**-17**	**-**	**-17**	**-**
Total comprehensive income for the period	**-**	**-**	**-**	**-17**	**10,186**	**10,169**	**-**
Transactions with owners, recognised directly in equity							
Contributions to the fund	-	-	886	-	-886	**-**	-
Dividends paid	-	-	-	-	-6,439	**-6,439**	-
Total transactions with owners	**-**	**-**	**886**	**-**	**-7,325**	**-6,439**	**-**
Balance as at 31 October 2012	**221,338**	**30,430**	**3,287**	**119**	**21,242**	**276,416**	**-**

Consolidated statement of changes in equity (continued)

In thousands of EUR	Share capital	Share premium	Legal reserve fund	Funds from revaluation	Retained earnings	Equity attributable to holders of interest in the parent company's equity	Non-controlling interest
Balance as at 1 November 2012	**221,338**	**30,430**	**3,287**	**119**	**21,242**	**276,416**	**-**
Total comprehensive income for the period							
Profit for the current accounting period	-	-	-	-	6,604	**6,604**	-
Other comprehensive income, after tax							
Revaluation of available-for-sale securities to fair value	-	-	-	6	-	**6**	-
Revaluation of tangible assets upon transfer into investment property	-	-	-	15	-	**15**	-
Total other comprehensive income	**-**	**-**	**-**	**21**	**-**	**21**	**-**
Total comprehensive income for the period	**-**	**-**	**-**	**21**	**6,604**	**6,625**	**-**
Transactions with owners, recognised directly in equity							
Decrease in share capital	-174,388	-	-	-	-	**-174,388**	-
Contributions to the fund	-	-	637	-	-637	**-**	-
Changes due to mergers	-	-	-47	-	-19	**-66**	-
Dividends paid	-	-	-	-	-7,110	**-7,110**	-
Total transactions with owners	**-174,388**	**-**	**590**	**-**	**-7,766**	**-181,564**	**-**
Balance as at 31 October 2013	**46,950**	**30,430**	**3,877**	**140**	**20,080**	**101,477**	**-**

The notes presented on pages 97 through 146 form an integral part of the consolidated financial statements.

Consolidated cash flow statement

In thousands of EUR	Note	1.11.2012 – 31.10.2013	1.11.2011 – 31.10.2012
OPERATING ACTIVITIES			
Profit		**6,604**	**10,186**
Adjustments relating to:			
Gain on disposal of property, plant and equipment and intangible assets		-73	-108
Depreciation and amortisation	15,16	10,550	7,763
(Reversal)/Creation of value adjustments to receivables	22	-101	154
Goodwill impairment losses	16	350	173
(Gain)/loss from associates	18	-5,242	1,418
Gain on financial instruments, net	13	-538	-1,527
Loss/(Gain) on disposal of subsidiaries and associates	18	3,390	-1
Loss from revaluation of investment property	17	-24	-
Interest income, net	12	-918	-2,895
Negative goodwill	3	-	-3,241
Change in provisions		121	-
Income tax	14	4,370	2,109
Change in trade receivables, other receivables and other assets		200	673
Change in inventories		-472	-582
Change in trade payables and other liabilities		-3,570	-1,090
Cash flow from operating activities before income tax		**14,647**	**13,032**
Income tax paid		-941	-2,358
Cash flow from operating activities		**13,706**	**10,674**
INVESTMENT ACTIVITIES			
Acquisition of property, plant and equipment and intangible assets		-36,710	-48,207
Proceeds from disposal of property, plant and equipment and intangible assets		73	432
Cost of business combinations, net of cash acquired	5	-7,346	-243
Proceeds from disposal of companies or part thereof	5	24	1
Procurement of financial investments	25	-119	-1,961
Proceeds from disposal of financial investments	25	12,822	6,856
Interest received		66	1
Dividends received		-	300
Cash flow from investment activities		**-31,190**	**-42,821**
FINANCIAL ACTIVITIES			
Proceeds from paid bills of exchange		18,405	40,642
Loans granted		-14,654	-1,965
Instalments of granted loans		-	84
Instalments of liabilities under financial leasing		-670	-212
Instalments of received loans and borrowings		-2,582	-2,707
New loans and borrowings		25,576	-
Interest paid		-681	-534
Dividends paid		-6,743	-6,439
Cash flow from financial activities		**18,651**	**28,869**

Consolidated cash flow statement (continued)

In thousands of EUR	Note	1.11.2012 – 31.10.2013	1.11.2011 – 31.10.2012
Net increase/(decrease) of cash and cash equivalents		1,167	-3,278
Cash and cash equivalents at the beginning of the year	26	3,113	6,391
Cash and cash equivalents at end of the year	**26**	**4,280**	**3,113**

The notes presented on pages 97 through 146 form an integral part of the consolidated financial statements.

Notes to the consolidated financial statements

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

1. Information about the Company

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

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

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

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

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

The structure of the Company's shareholders as at 31 October 2013 and 31 October 2012 was as follows:

31 October 2013	**Share in share capital**		**Voting rights**
	in thousands of EUR	%	%
KEY DEE LIMITED	4,648	9.9%	9.9%
Capital Industrial, a.s.	4,620	9.8%	9.8%
Tinsel Enterprises Limited	4,605	9.8%	9.8%
EGNARO INVESTMENT LIMITED	4,378	9.3%	9.3%
J&T Securities Management Limited	3,717	7.9%	7.9%
Poštová banka, a.s.	3,540	7.5%	7.5%
BELGOMET, s.r.o.	3,321	7.1%	7.1%
CONTIGY DEVELOPMENT LIMITED	2,511	5.3%	5.3%
Minor shareholders	15,610	33.4%	33.4%
Total	**46,950**	**100%**	**100%**

31 October 2012	**Share in share capital**		**Voting rights**
	in thousands of EUR	%	%
J & T BANKA, a.s.	21,912	9.9%	9.9%
CLEARSTREAM BANKING S.A.	21,890	9.9%	9.9%
KEY DEE LIMITED	20,031	9.0%	9.0%
EGNARO INVESTMENTS LIMITED	19,876	9.0%	9.0%
Poštová banka, a.s.	16,691	7.5%	7.5%
Patria Finance, a.s.	14,055	6.4%	6.4%
Privatbanka, a.s.	10,956	5.0%	5.0%
TATRY INVESTMENT LIMITED	9,562	4.3%	4.3%
Minor shareholders	86,365	39.0%	39.0%
Total	**221,338**	**100%**	**100%**

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

The Company's consolidated financial statements for the period ended 31 October 2013 comprise of the financial statements of the parent company and its subsidiaries since the day of their dissolution (hereinafter jointly referred to as "the Group") and the Group's interest in associates.

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

The average headcount of the Group in the period from 1 November 2012 to 31 October 2013 was 1,334, of that 26 people in management (from 1 November 2011 to 31 October 2012: 1,232 employees, of that 24 in management).

During the year, the Group used the services of personnel agencies for the short-term leasing of employees. In 2013, the Group leased 283 employees of the total headcount of 1,334. The Group did not use the services of personnel agencies in 2012.

The Company's bodies are:

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

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

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

2. Significant accounting policies

(a) Statement of compliance
The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") in the wording adopted by the EU and in accordance with Act No. 431/2002 Coll. of the National Council of the Slovak Republic on Accounting. The consolidated financial statements are prepared for the period from 1 November 2012 to 31 October 2013.

The financial statements were approved by the Board of Directors on 17 February 2014.

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

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

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

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

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

The following International Financial Reporting Standards, amendments to the standards and interpretations in the wording adopted by the EU are effective for the accounting period starting 1 November 2012. They have been applied by the Group in the preparation of the consolidated financial statements:

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

Amendments to **IAS 1 Presentation of Financial Statements**, effective for annual periods beginning on or after 1 July 2012, retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

International Financial Reporting Standards in issue but not yet effective
The following International Financial Reporting Standards, amendments to standards and interpretations were issued and thereafter adopted by the EU as at 31 October 2013, however, they are not yet effective and thus have not been applied by the Group in preparing these financial statements.

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

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

2. Significant accounting policies (continued)

That is the only case when the presumption can be rebutted. It is not expected that these changes will have any significant impact on the Group's financial position and performance.

Amendments to **IAS 19 Employee Benefits**, effective for annual periods beginning on or after 1 January 2013, change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. These amendments are not expected to have any significant impact on the Group's financial position or performance.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine, effective for annual periods beginning on or after 1 January 2013, clarifies the requirements for accounting for stripping costs associated with waste removal in surface mining, including when production stripping costs should be recognised as an asset, how the asset is initially recognised, and subsequent measurement. The interpretation is not applicable to the Group.

Amendments to **IFRS 7 Financial Instruments: Disclosures**, effective for annual periods beginning on or after 1 January 2013, require an entity to disclose information about rights of set-off and related arrangements (e.g., collateral agreements). The disclosures will provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreements, irrespective of whether they are set off in accordance with IAS 32. The Group is currently evaluating the impact of the amendments on its financial statements, but does not expect any significant impact.

IFRS 10 Consolidated Financial Statements, effective for annual periods beginning on or after 1 January 2014, replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the disclosures in consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 introduces new requirements for the assessment of control and according to the new uniform model of control an investor has power over the investee if and when all the following conditions are met: (1) has power over the investee; (2) has exposure, or rights, to variable returns from its involvement with the investee; and (3) is able to use its power over the investee to affect the amount of the investor's return. IFRS 10 also provides a number of clarifications on applying this new definition of control. The Group is currently evaluating the impact of these standards on its financial statements.

IFRS 11 Joint Arrangements, effective for annual periods beginning on or after 1 January 2014, replaces IAS 31 Interests in Joint Ventures. IFRS 11 defines two categories of joint arrangements: joint operation and joint venture. Joint operation – an arrangement in which the parties with joint control have rights to the assets and obligations for the liabilities relating to that arrangement. In respect of its interest in a joint operation, a joint operator must recognise all of its assets, liabilities, revenues and expenses, including its relative share of jointly controlled assets, liabilities, revenue and expenses.
Joint venture – an arrangement in which the parties with joint control have rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method. The option in IAS 31 to account for joint ventures (as defined in IFRS 11) using proportionate consolidation has been removed from IFRS 11.
Under these new categories, the legal form of the joint arrangement is not the only factor considered when classifying the joint arrangement as either a joint operation or a joint venture, which is a change from IAS 31. Under IFRS 11, parties are required to consider whether a separate vehicle exists and, if so, the legal form of the separate vehicle, the contractual terms and conditions, and other facts and circumstances. The Group is currently evaluating the impact of these standards on its financial statements, but does not expect any significant impact.

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

2. Significant accounting policies (continued)

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

Amendments to **IAS 27 Separate Financial Statements** (2011) are effective for annual periods beginning on or after 1 January 2014. IAS 27 (2011) now addresses only the requirements for separate financial statements (preserving the original requirements). The requirements for consolidated financial statements are now addressed in IFRS 10 Consolidated Financial Statements. The Group is currently evaluating the impact of these standards on its financial statements, but does not expect any significant impact.

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, especially in terms of the current and planned structures of the Group.

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

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

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

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 Group is currently evaluating the impact of these standards on its financial statements.

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

2. Significant accounting policies (continued)

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 Group is currently evaluating the impact of these standards on its 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.

(c) Basis of consolidation

i. Subsidiaries

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

ii. Associates

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

iii. Consolidation scope

The consolidation as at 31 October 2013 includes 6 companies (as at 31 October 2012: 5 companies). Three subsidiaries referred to in Note 1 – Information about the Company have prepared their extraordinary financial statements as at 30 April 2013 and were included in the consolidation since that date, i.e. as the date prior to their merger with the parent company. Other companies prepared their financial statements as at 31 October 2013. The list of all companies included in the consolidation is provided in Note 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 IFRS3 are recognised at their fair value at the acquisition date.

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

2. Significant accounting policies (continued)

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.

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 agree with the principles applied by the parent company.

(d) Foreign currency

Foreign currency transactions

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

Foreign exchange differences arising from such translations are recognised in 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.

Financial liabilities are recognised by the Group on the trade date.

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.

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

2. Significant accounting policies (continued)

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

iv. Fair value measurement principles

The fair value of financial instruments is based on their quoted market price at the 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.

vi. Derecognition

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

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

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

(h) Offsetting

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

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

2. Significant accounting policies (continued)

(i) Impairment

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

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

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

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

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed or reduced through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed or decreased. The reversal or cancellation is recognised in profit or loss.

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

An impairment loss in respect of receivables carried at amortised cost is reversed if the increase in the recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

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

In respect of other assets, an impairment loss is reversed or decreased when there is an indication that the impairment loss no longer exists and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss can only be reversed or decreased to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Property, plant and equipment

i. Owned assets

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

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

2. Significant accounting policies (continued)

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 expenditure

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 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. For some items of property, plant and equipment (cableways, snowmaking system), progressive depreciation is used as more wear and tear occurs in the last years of the useful lives. 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 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 recorded 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 less impairment loss. Intangible assets with a definite useful life are amortized over the useful life and are stated at costs less accumulated amortisation and impairment losses.

ii. Software and other intangible assets

Software and other intangible assets acquired by the Group are stated at cost less accumulated amortisation (see below) and impairment losses (refer to the accounting policy under letter i)). Useful life of these assets is reassessed regularly.

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

2. Significant accounting policies (continued)

iii. Amortisation

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

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

(l) Investment property

Investment property represents assets that are held by the Group to generate rental income or to realise a long-term increase in value, or for both of these purposes.

Investment property is stated at fair value, which is determined by an independent registered expert or by the management. Fair value is based on current prices of similar assets in an active market in the same location and the same conditions, or where such conditions are not available, by applying the generally applicable valuation models such as the yield method. Any gain or loss arising from a change in fair value is recognised in profit or loss.

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

Details on the valuation of investment property are specified in Note 3(b) - Critical accounting estimates and assumptions, Valuation of investment property.

Rental income from investment property is accounted for as described in the accounting policy under letter (o).

(m) Provisions

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

(n) Interest income and expense

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

(o) Rental income

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

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

2. Significant accounting policies (continued)

(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 temporary differences 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) Operating and financial leasing payments
Payments made under operating 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.

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.

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

2. Significant accounting policies (continued)

(s) Revenues from services rendered
The Group recognises six types of basic revenues from services rendered:

- Revenues from cableways and ski lifts (hereinafter also referred to as "mountain resorts")
- Revenues from the aqua park
- Revenues from sport services and shops
- Revenues from hotel services (hereinafter also referred to as "hotels")
- Revenues from restaurant facilities
- Revenues from real estate projects

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).

(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 classification 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.

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

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

2. Significant accounting policies (continued)

(w) Estimates of fair values
The following notes summarise the main methods and assumptions used in estimating the fair values of financial assets and liabilities referred to in Note 31 – Fair value information:

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

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

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

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

3. Critical accounting estimates and assumptions

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

(a) Business combinations and purchase price allocation

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

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

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

In connection with the Group's acquisition of an additional 50% interest in the company Interhouse Tatry, s.r.o. during the year 2013 (refer to Note 5 – Increment and decrement of interests in companies), the Group's management performed a revaluation of the acquired assets and liabilities. The fair value of acquired assets and liabilities did not differ significantly from their carrying amounts according to the IFRS. Adjustment of values of these assets and liabilities was therefore not necessary.

On 6 November 2012, the associate MELIDA, a.s., which was acquired in 2012, entered into a lease contract with the company SKIAREÁL Špindlerův Mlýn, a.s. The subject matter of the contract is the operation of the company under the terms and conditions stipulated in that contract, i.e. the long-term lease of all assets of the Špindlerův Mlýn ski resort for the period of 20 years.

The Company's management evaluated that contract as business combination. Consequently, all acquired assets and liabilities of the company SKIAREÁL Špindlerův Mlýn, a.s. were revaluated to market value.

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

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

A fair value adjustment resulting from business combination carried out as at 23 October 2012 (purchase of cableway at Lomnické sedlo) were presented in the consolidated financial statements as at 31 October 2012. Structures (cableway) were revaluated. The purchase price of all assets was EUR 243,000 and the fair value after revaluation was EUR 3,484,000. The result of this business combination was negative goodwill of EUR 3,241,000. Acquisition of the cableway was executed as a

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

purchase of property, not the whole company or its part. Since it meets the criteria of business combination, it was thus assessed by the management.

Fair value adjustments resulting from business combinations in the accounting period from 1 November 2011 to 31 October 2012 are listed below:

In thousands of EUR	**Property, plant and equipment**	**Deferred tax liability**	**Total net balance sheet effect**
Acquired assets			
Cableway at Lomnické sedlo	3,241	- 616	2,625

(b) Valuation of investment property

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

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

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

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

If the fair value of that part of investment property which was determined on the basis of the management's estimates differed from the management's estimates by 10%, the carrying amount of investment property would be higher or lower by EUR 585,000 compared to the amount reported as at 31 October 2013 (as at 31 October 2012: EUR 419,000).

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

3. Critical accounting estimates and assumptions (continued)

(c) Goodwill and impairment testing

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

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

In the accounting period from 1 November 2009 to 31 October 2010, the goodwill resulted from the acquisition of GRANDHOTEL PRAHA a.s. (the company operating Grandhotel in Tatranska Lomnica) in the amount of EUR 3,473,000 and from the acquisition of a 50% interest in Interhouse Tatry s.r.o. (the company operating Grandhotel Starý Smokovec) in the amount of EUR 1,108,000. As at 31 October 2012, the goodwill was tested for impairment. The results of the test indicated impairment of the goodwill and, consequently, the goodwill in GRANDHOTEL PRAHA a.s., was written off in the amount of EUR 173,000 and, consequently, the total goodwill reported by the Group as at 31 October 2012 was zero.

In the accounting period from 1 November 2012 to 31 October 2013, the goodwill resulted from acquisition of an additional 50% interest in the company Interhouse Tatry s.r.o. (the company operating Grandhotel Starý Smokovec) in the amount of EUR 3,740,000. Thereafter, the goodwill was tested for impairment as at 31 October 2013. The results of the test indicated impairment of the goodwill by EUR 350,000 to the value of EUR 3,390,000.
Impairment is determined based on the assessment of the recoverable amount for the CGU relevant to the goodwill, using the value-in-use principle. This value is derived from future cash flows estimated by the management. The discount rate used for estimating the fair value was 7.02% for the year 2013 and 9.2% for the year 2012 (net of the income tax).

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

Cash flow projections used for determining the fair value cover a mid-term period of 5 years with further extrapolation for the following period. Such normalised cash flow then serves as the basis for the calculation of the terminal value with the assumption of 2.3% annual growth in cash flows (2012: 2.2%). The discount rates used in the cash flow projection were calculated as the weighted average cost of capital.

If as at 31 October 2013 the projected EBITDA, which is part of the projected cash flows, was 5% lower compared to the management's estimates, the value-in-use would be EUR 1,138,000 less in the case of Grandhotel Starý Smokovec (Interhouse Tatry s.r.o.). If the discounted rate was increased by 10% compared to the management's estimate, i.e. it if was 7.72%, the value-in-use would be EUR 2,032,000 less in the case of Grandhotel Starý Smokovec. In both cases, the goodwill would be impaired by EUR 1,138,000 and EUR 2,032,000, respectively, and consequently, the consolidated impairment losses would increase by the above-mentioned amounts. In 2012, since goodwill was zero, any tightening of inputs used in the impairment test would result in a change of the consolidated profit or loss.

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

(d) Asset impairment testing

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

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

As at 31 October 2013, based on the Group's management assessment, no indicator of potential impairment of the Group's assets was identified. Therefore, no asset impairment testing was carried out.

The assessment as at 31 October 2012 revealed certain indications of impairment of the Group's assets and therefore the assets were tested for impairment. Three separate basic cash-generating units were tested, namely: the High Tatras resort, JASNÁ Low Tatras resort and Tatralandia aqua park. The test resulted in the recognition of a loss from a decrease of the carrying amount of Grandhotel Starý Smokovec in the amount of EUR 1,659,000. The main reason behind the loss was lower performance of the hotel compared to the plans used for its valuation. The Group's share in the loss is recognised under Investments in associates.

Potential impairment is determined by comparing the recoverable amount and the carrying amount of the cash-generating unit. The recoverable amount was determined on the basis of the value-in-use. The fair value was derived from the value of future cash flows discounted to present value. The discount rate used for the asset impairment testing was 9.2% in 2012 (net of income tax). The discount rate was calculated using the weighted average cost of capital.

The fair value of each cash-generating unit was determined based on the projected cash flows resulting from the long-term financial plan prepared by the management. The financial plans were prepared for the period of the next five years. Projected cash flows for the period following after the five years were derived from the aforementioned financial plans. In the following period, the Company is expected to reach such operating and financial performance regarded by the management as sustainable. Such a normalised level of cash flow served as the basis for the calculation of the terminal value with the assumption of 2.2% annual growth of cash flows in the test performed as at 31 October 2012.

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

If, as at 31 October 2012, the projected EBITDA, which is part of the projected cash flows, was 5% lower compared to the management's estimate, the value-in-use for Grandhotel Starý Smokovec would be EUR 302,000 less. If, as at 31 October 2012, the projected EBITDA, which is part of the projected cash flows, was 5% lower compared to the management's estimate, the value-in-use of the independent cash-generating unit in the Jasná (Low Tatras) resort would be EUR 6,335,000 less, in the High Tatras resort it would drop by EUR 3,646,000 and in Liptovský Mikuláš (Tatralandia) it would drop by EUR 3,217,000. In that case, the consolidated impairment loss would increase by EUR 9,981,000. In the case of Tatralandia, it won't be necessary to recognise the impairment even if the attained EBIDTA was lower.

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

3. Critical accounting estimates and assumptions (continued)

(e) Financial instruments at fair value

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities,
Level 2: inputs other than quoted prices included in Level 1 that are comparable for the asset or liability, either directly (i.e. as prices of similar instruments) or indirectly (i.e. derived from such prices),
Level 3: inputs for the asset or liability that are not based on comparable market data (incomparable inputs).

If the market for a financial instrument is not active, fair value is estimated by using valuation techniques. In applying valuation techniques, management uses estimates and assumptions that are consistent with the available information about estimates and assumptions that market participants would use in setting a price for the financial instrument.

	31.10.2013				**31.10.2012**			
In thousands of EUR	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Available-for-sale securities	59	-	-	**59**	53	-	-	**53**
Financial instruments at fair value through profit or loss	289	-	1,869	**2,158**	13,121	-	-	**13,121**

Within Level 3, the Group reports the financial investment in the company MELIDA, a.s. As at 31 October 2012, that company was reported as associate and the interest in the company was measured using the equity method. On 6 November 2012, the company MELIDA, a.s. entered into a contract for lease of undertaking with the company SKIAREÁL Špindlerův Mlýn, a.s. That arrangement was evaluated by the Group's management as business combination. Therefore, all the acquired assets and liabilities of the company SKIAREÁL Špindlerův Mlýn, a.s. were revaluated to fair value as at that date (refer to Note 3(a) – Business combinations and purchase price allocation).

The fair value of the above-mentioned financial assets was estimated by the Group's management by using the discounted cash flows method, with the use of inputs from the business plan and cash flow estimates. Before their use, the business place and cash flow estimates were thoroughly re-assessed by the Group's management. The discount rate used for the measurement of these financial assets was 7.02%. The main assumptions used for the measurement were the expected cash flows and discount rate. The value of the company as a whole was thereafter allocated to single items of assets and liabilities. As at the date of sale of 31% control, namely 1 October 2013, the fair value of the investment was re-assessed again and the Group's management concluded that the value of the company MELIDA a.s. did not change significantly since the day of the business combination mentioned above and, therefore, the same values were used as at the date of reclassification to financial investments and thereafter as at 31 October 2013.

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

In thousands of EUR	**Balance as at 31.10. 2012**	**Revaluation through profit or loss**	**Revaluation through other comprehensive income**	**Decrem ents**	**Transfer from other asset categories**	**Balance as at 31.10. 2013**
Available-for-sale securities	53	-	6	-	-	59
Financial instruments at fair value through profit or loss	13,121	681	-	-13,513	1,869	2,158

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

4. Information about operating segments

Information about operating segments – Consolidated statement of comprehensive income

	Mountain resorts		Aqua park		Hotels		Restaurant facilities		Sport services and shops		Real estate projects		Other		TOTAL	
In thousands of EUR	31.10.2013	31.10.2012	31.10.2013	31.10.2012	31.10.2013	31.10.2012	31.10.2013	31.10.2012	31.10.2013	31.10.2012	31.10.2013	31.10.2012	31.10.2013	31.10.2012	31.10.2013	31.10.2012
	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*
Revenues	21,835	18,278	7,652	7,015	13,435	10,189	6,715	4,211	2,668	1,897	228	290	-	-	**52,533**	**41,880**
Other operating income	262	321	25	12	1,453	1,493	71	88	4	13	-	-	-	-	**1,815**	**1,927**
Consumption of material and goods	-1,432	-1,149	-367	-474	-3,250	-2,485	-2,327	-1,504	-940	-659	-	-1	-	-	**-8,316**	**-6,272**
Purchased services	-7,115	-7,051	-1,578	-1,670	-3,865	-3,063	-760	-481	-322	-287	-42	-9	-	-	**-13,682**	**-12,561**
Personnel expenses	-4,452	-3,885	-1,968	-1,680	-4,300	-2,943	-1,687	-1,291	-808	-613	-	-	-	-	**-13,215**	**-10,412**
Other operating expenses	-333	-236	-122	-35	-125	-24	-73	-28	-27	-18	-41	-184	-	-	**-719**	**-525**
Gain on sale of assets	73	102	-	-	-	-	-	-	-	-		-	-	-	**73**	**102**
Gain on revaluation of investment property	-	-	-	-	-	-	-	-	-	-	-24	-	-	-	**-24**	**-**
Reversal of value adjustments to receivables	-	-	-	-	101	-154	-	-	-	-	-	-	-	-	**101**	**-154**
Depreciation and amortisation	-6,093	-4,632	-985	-718	-2,526	-1,777	-495	-314	-298	-181	-152	-141	-	-	**-10,550**	**-7,763**
Reversal of impairment loss on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Goodwill impairment loss	-	-	-	-	-350	-173	-	-	-	-	-	-	-	-	**-350**	**-173**
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	1,599	3,433	**1,599**	**3,433**
Interest expenses	-	-	-	-	-	-	-	-	-	-	-	-	-681	-538	**-681**	**-538**
Profit on financial instruments, net	-	941	-	-	-	-	-	-	-	-	-	-	538	586	**538**	**1,527**
Profit/(loss) from associate	5,242	-	-	-	-	-1,418	-	-	-	-	-	-	-	-	**5,242**	**-1,418**
Profit/(loss) from sale of company	-3,390	1	-	-	-	-	-	-	-	-	-	-	-	-	**-3,390**	**1**
Negative goodwill	-	3,241	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**3,241**
Profit/(loss) of the segment before tax	**4,597**	**5,930**	**2,657**	**2,450**	**573**	**-355**	**1,444**	**681**	**277**	**152**	**-29**	**-45**	**1,456**	**3,481**	**10,974**	**12,295**
Income tax															**-4,370**	**-2,109**
Consolidated profit															**6,604**	**10,186**

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

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

4. Information about operating segments (continued)

Information about operating segments – Consolidated statement of financial position

	Mountain Resorts		Aquapark		Hotels		Dining		Sport Services and Stores		Real Estate		Other		TOTAL	
In thousands of EUR	31.10.2013	31.10.2012	31.10.2013	31.10.2012	31.10.2013	31.10.2012	31.10.2013	31.10.2012	31.10.2013	31.10.2012	31.10.2013	31.10.2012	31.10.2013	31.10.2012	31.10.2013	31.10.2012
Goodwill and other intangible assets	577	278	2,668	2,673	4,443	830	33	17	53	50	-	-	-	-	**7,774**	**3,848**
Property, plant and equipment	142,805	116,774	27,614	29,101	72,183	60,629	5,259	4,578	2,310	2,046	5,434	4,795	-	-	**255,605**	**217,923**
Investment property	-	-	-	-	-	-	-	-	-	-	5,851	4,194	-	-	**5,851**	**4,194**
Inventories	401	424	67	80	145	99	201	97	1,301	867	-	-	-	-	**2,115**	**1,567**
Trade receivables	171	1,349	218	52	1,844	1,739	381	35	110	19	-	-	-	-	**2,724**	**3,194**
Investments in associates	-	-	-	-	-	3,802	-	-		-	-	-	-	-	**-**	**3,802**
Other receivables	24,103	26,495	-	-	-	906	-	-	-	-	-	-	11,361	29,165	**35,464**	**56,566**
Financial investments	1,869	-	-	-	-	-	-	-	119	-	-	-	381	13,207	**2,369**	**13,207**
Other assets	967	1,844	-	89	359	137	-	109	-	37	-	-	2,339	-	**3,665**	**2,216**
Loans granted	14,233	8,374	-	-	1,939	1,847	-	-	-	-	122	-	9,363	-	**25,657**	**10,221**
Cash and cash equivalents	2,397	1,239	342	890	770	543	599	321	172	93	-	27	-	-	**4,280**	**3,113**
Deferred tax asset	-	-	-	-	-	61	-	-	-	-	-	-	-	-	**-**	**61**
Total assets	**187,523**	**156,777**	**30,909**	**32,885**	**81,683**	**70,593**	**6,473**	**5,157**	**4,065**	**3,112**	**11,407**	**9,016**	**23,444**	**42,372**	**345,504**	**319,912**
Long-term loans and borrowings	27,434	11,673	430	-	549	698	245	289	224	230	-	-	-	-	**28,882**	**12,890**
Long-term trade payables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Other long-term liabilities	215	104	-	-	-	-	-	-	-	-	-	-	-	-	**215**	**104**
Short-term loans and borrowings	9,846	3,263	-	-	-	-	-	-	-	-	-	-	-	-	**9,846**	**3,263**
Short-term trade payables	4,255	9,061	608	829	1,368	659	1,064	238	304	198	-	-	-	-	**7,599**	**10,985**
Other short-term liabilities	2,216	1,949	317	137	712	867	554	97	158	34	-	-	174,387	-	**178,344**	**3,084**
Provisions	136	45	19	15	44	34	34	18	9	9	-	-	-	-	**242**	**121**
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	18,899	13,049	**18,899**	**13,049**
Total liabilities	**44,102**	**26,095**	**1,374**	**981**	**2,673**	**2,258**	**1,897**	**642**	**695**	**471**	**-**	**-**	**193,286**	**13,049**	**244,027**	**43,496**

Inter-segment eliminations are included in the amounts reported for individual periods. Inter-segment prices are determined on the basis of market rates for similar services and financing.

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

5. Increment and decrement of interests in companies

On 16 February 2013, the Group acquired an additional 50% business interest in the company Interhouse Tatry s.r.o., whereupon the Group became the exclusive owner of Grandhotel Starý Smokovec, High Tatras. The Group acquired full control over the company Interhouse Tatry s.r.o. on 1 November 2012 on the basis of an agreement on managerial control over the company made with the owner of the 50% interest; since that date, the Group has included the company in its consolidated statements by using the full consolidation method. As at 31 October 2012, the company Interhouse Tatry s.r.o. was consolidated using the equity method (associate) and the Group's interest in the company was 50%.

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

In thousands of EUR	**Date of acquisition (acquisition of control)**	**Cost**	**Cash outflow**	**Group's share after the acquisition %**
Purchase of subsidiary				
Interhouse Tatry s.r.o.	1.11.2012	7,500	-7,500	100%
	Date of establishment	**Cost**	**Cash outflow**	**Group's share %**
Establishment of associate				
Korona Ziemi Sp. z o.o.	26.11.2012	96	-96	50%

Impact of the acquisition

The acquisition of the subsidiary had the following impact on the Group's assets and liabilities.

In thousands of EUR	**Interhouse Tatry s.r.o.**
Intangible assets	1
Property, plant and equipment	9,854
Inventories	76
Trade receivables	74
Other assets	50
Cash and cash equivalents	154
Loans and borrowings	-401
Trade payables	-288
Other liabilities	-468
Deferred tax liability	-1,531
Net identifiable assets and liabilities (100% share)	**7,521**
Net identifiable assets and liabilities (50% - object of purchase)	3,760
Cost of the acquisition	-7,500
Goodwill from the acquisition	**-3,740**
Paid consideration , settled in cash	-7,500
Acquired cash	154
Net cash outflow	**-7,346**
Loss since the acquisition date	-360

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

5. Increment and decrement of interests in companies (continued)

On 8 November 2011, the Group established its subsidiary Tatry mountain resorts operations, a.s., which was subsequently sold on 25 April 2012.

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

In thousands of EUR	**Date of establishment**	**Cost**	**Cash outflow**	**Grou interest**
Origin of subsidiary				
Tatry mountain resorts operations, a.s.	8.11.2011	28	-28	100%

In thousands of EUR	**Date of acquisition**	**Cost**	**Cash outflow**	**Group's interest %**
Purchase of subsidiary				
MELIDA, a.s.	28.8.2012	82	-82	100%

In thousands of EUR	**Date of sale**	**Selling price**	**Cash inflow**	**Gain/(loss) on disposal**
Sale of subsidiaries and associates				
Tatry mountain resorts operations, a.s.	25.4.2012	29	29	1
MELIDA, a.s. (50%)	17.9.2012	41	41	-
MELIDA, a.s. (31%)	1.10.2013	24	24	- 3,390

Effect from the sale

By selling the company Tatry mountain resorts operations, a.s., whose net assets as at the date of the sale (25 April 2012) represented only cash and cash equivalents in the amount of EUR 28,000, the Group achieved a net cash inflow of EUR 1,000. The acquired remuneration was settled in cash, amounting to EUR 29,000.

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

6. Revenues

In thousands of EUR	**1.11.2012 – 31.10.2013**	**1.11.2011 – 31.10.2012**
Mountain resorts	21,835	18,279
Hotels	13,435	10,189
Sports services and shops	2,668	1,897
Restaurant facilities	6,715	4,211
Aqua park	7,652	7,015
Real estate projects	228	289
Total	**52,533**	**41,880**

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

7. Other operating income

In thousands of EUR	1.11.2012 – 31.10.2013	1.11.2011 – 31.10.2012
Contractual penalties	1,381	1,451
Compensation from insurance companies	25	72
Other operating income	409	404
Total	**1,815**	**1,927**

The contractual penalties refer mainly to revenues from EBITDA contracts, namely in the amount of EUR 1,354,000 as at 31 October 2013 and in the amount of EUR 1,427,000 as at 31 October 2012. EBITDA contracts result from contracts on purchase of interests in the companies GRANDHOTEL PRAHA a.s. and Interhouse Tatry s.r.o. By acquisition of these companies on 28 December 2009, the Group obtained a guarantee from the sellers that assets in these companies would generate the agreed EBITDA in the next four years. If the agreed EBITDA is not reached, the former owners are obliged to cover the difference to reach the agreed EBITDA in the next four years. These additional payments are intended to be used mainly for the reconstruction of the assets to which they relate. The contracts were completed in 2013.

8. Consumption of material and goods

In thousands of EUR	1.11.2012 – 31.10.2013	1.11.2011 – 31.10.2012
Material in hotels and restaurant facilities	-3,390	-2,370
Goods	-1,963	-1,512
Fuels	-753	-645
Material for repair and maintenance	-582	-605
Other material and goods	-1,628	-1,140
Total	**-8,316**	**-6,272**

9. Purchased services

In thousands of EUR	1.11.2012 – 31.10.2013	1.11.2011 – 31.10.2012
Energy	-3,957	-3,315
Advertising expenses	-3,514	-3,871
Other purchased services	-1,852	-1,573
Rent expenses (premises) and other	-1,584	-1,267
Repairs and maintenance expenses	-836	-587
Other administration costs	-638	-496
Communication expenses	-549	-207
Cost of legal consultancy	-307	-484
Cost of services related to owned premises	-232	-201
Transport, accommodation and travel	-173	-477
Trainings	-40	-83
Total	**-13,682**	**-12,561**

Other purchased services include expenses for bookkeeping, auditing, marketing and other expenses relating to the administrative operation of the Group. The Group's consolidated financial statements are being audited by KPMG Slovensko spol. s.r.o. Based on the decision of the General Meeting, the Company has also engaged the services of KPMG Slovensko spol. s.r.o. to audit the individual financial statements of all subsidiaries in the Group, namely with effect from the beginning of the financial year 2011. Expenses for those items in the period from

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

9. Purchased services (continued)

1 November 2012 to 31 October 2013 were in the amount of EUR 178,000 (for the period ending 31 October 2012: EUR 151,000). During the year, KPMG Slovensko Advisory, k.s. also provided services related to tax consultancy, namely in the amount of EUR 4,000 (for the period ending 31 October 2012: EUR 4,000).

10. Personnel expenses

In thousands of EUR	1.11.2012 – 31.10.2013	1.11.2011 – 31.10.2012
Wage costs	-7,171	-7,707
Cost of personnel lease	-3,203	-
Cost of social security contributions (compulsory)	-2,559	-2,088
Rewards for members of statutory bodies and top management	-265	-297
Other social expenses	-17	-320
Total	**-13,215**	**-10,412**

The average headcount of the Group in the period from 1 November 2012 to 31 October 2013 was 1,334, of that 26 people were in management (from 1 November 2011 to 31 October 2012: 1,232, of that 24 people in management). During the year, the Group used the services of personnel agencies for the short-term lease of personnel. In 2013, 283 employees of the total number of 1,334 were leased. In 2012, the Group did not use the services of personnel agencies.

11. Other operating expenses

In thousands of EUR	1.11.2012 – 31.10.2013	1.11.2011 – 31.10.2012
Insurance (property, cars, travel insurance)	-275	-206
Fees and commissions	-198	-182
Shortages and damages	-100	-81
Other operating expenses	-146	-56
Total	**-719**	**-525**

12. Interest income and expenses

In thousands of EUR	1.11.2012 – 31.10.2013	1.11.2011 – 31.10.2012
Interest income	1,599	3,433
Interest expenses	-681	-538
Total	**918**	**2,895**

The Group's assets include a receivable resulting from a bill of exchange payable on demand and bearing a fixed rate of 7.5% (refer to Note 23 – Other receivables).

The Group is drawing loans granted by Tatra banka, a.s. with fixed and variable interest rates, granted by MELIDA, a.s. with a fixed interest rate and by Tatra-Leasing, s.r.o. and Slovenská sporiteľňa, a.s. with a variable interest rate; in the last case the loan was settled prematurely during the year. The loans were granted for the financing of investments and the refinancing of a loan granted by another bank. The Group has also signed leasing contracts for the financing of cars, snowcats, snowmobiles and the like.

At present, the Group has no capitalised borrowing costs.

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

13. Gain on financial instruments, net

In thousands of EUR	**1.11.2012 – 31.10.2013**	**1.11.2011 – 31.10.2012**
Revaluation of an advance for future acquisition	1,559	941
Revaluation of financial instruments at fair value through profit and loss	-681	766
Revaluation of a receivable from EBIDTA contract	-906	-437
Cost on the administration of financial instruments	-100	-398
Gain on the sale of financial instruments at fair value through profit and loss	671	16
Other, net	-5	639
Total	**538**	**1,527**

Advances granted for assets are connected with unfinished investment activity and future acquisitions. The future acquisition is a company operating cableways which the Group plans to acquire in the future. A contract has been signed with the company WEBIS, s.r.o., originally for the period of 6 years. In 2013, the maturity period of the advance was reduced, namely the maturity date was set as at 31 October 2014 instead of the originally set 31 March 2017. Due to the originally long-term nature of the advance, the amount of the advance was discounted to fair value as at 31 October 2012. The applied discount rate was 2.11%. Revaluation of the advance resulted in a gain in the amount of EUR 941,000 in the year 2012. As at 31 October 2013, the Group cancelled the discounting of the advance since it is a short-term receivable; that transaction resulted in a gain in the amount of EUR 1,559,000.

14. Income tax and deferred tax

In thousands of EUR	**1.11.2012 – 31.10.2013**	**1.11.2011 – 31.10.2012**
Current tax:		
Tax for the current accounting period	-	-871
Adjustments relating to previous periods	-	-129
Withholding tax on interest	-	-1
	-	**-1,001**
Deferred tax:		
Recognition and settlement of temporary differences	-4,370	-1,108
Total income tax	**-4,370**	**-2,109**

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

Reconciliation of the effective tax rate

In thousands of EUR	**1.11.2012 – 31.10.2013**		**1.11.2011 – 31.10.2012**	
	%		**%**	
Profit/(loss) before tax		**10,974**		**12,295**
23% tax rate (2012: 19%)	23.00%	2,524	19.00%	2,336
Non-deductible expenses	144.06%	15,809	16.22%	1,995
Non-taxable income	-64.22%	-7,048	-19.10%	-2,349
Current tax: adjustments relating to previous periods	0.00%	-	1.04%	129
Current tax: withholding tax on interest	0.00%	-	0.01%	1
Use of previously unrecognised tax losses	-63.01%	-6,915	-0.02%	-3
Total	**39.82%**	**4,370**	**17.15%**	**2,109**

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

14. Income tax and deferred tax (continued)

Income tax recognized in other comprehensive income

In thousands of EUR	**1.11.2012 – 31.10.2013**			**1.11.2011 – 31.10.2012**		
	Before tax	**Tax**	**After tax**	**Before tax**	**Tax**	**After tax**
Revaluation of available-for-sale securities to fair value	6	-	6	-17	-	-17
Other comprehensive income in total	**6**	**-**	**6**	**-17**	**-**	**-17**

Changes of deferred tax liability (net) during the period of 2013 and 2012

2013

In thousands of EUR	**Balance as at 1 November 2012**	**Recognized in profit and loss statement**	**Recognized in other comprehensive income**	**Acquired through business combination**	**Balance as at 31 October 2013**
Property, plant and equipment, and intangible assets	-13,234	-4,461	-	-1,541	-19,236
Investment property	-189	434	-	-	245
Loss on impairment of trade receivables and other assets	322	-608	-	-	-286
Short-term provisions	113	99	-	-	212
Tax losses	-	166	-	-	166
Other temporary differences	-	-	-	-	-
Total, net	**-12,988**	**-4,370**	**-**	**-1,541**	**-18,899**

2012

In thousands of EUR	**Balance as at 1 November 2011**	**Recognized in profit and loss statement**	**Recognized in other comprehensive income**	**Acquired through business combination**	**Balance as at 31 October 2012**
Property, plant and equipment, and intangible assets	-11,720	-898	-	-616	-13,234
Investment property	90	-279	-	-	-189
Loss on impairment of trade receivables and other assets	280	42	-	-	322
Short-term provisions	86	27	-	-	113
Tax losses	-	-	-	-	-
Other temporary differences	-	-	-	-	-
Total, net	**-11,264**	**-1,108**	**-**	**-616**	**-12,988**

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

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

15. Property, plant and equipment

In thousands of EUR	**Lands and buildings**	**Individual movable objects and sets of movable objects**	**Assets under construction**	**Total**
Cost				
Balance as at 1.11.2011	135,134	50,679	13,192	199,005
Increments	14,015	9,843	26,494	50,352
Increments due to business combinations	3,484	-	-	3,484
Decrements	-35	-487	-	-522
Transfers within assets	3,616	724	-4,340	-
Transfer from the disposal group held for sale	356	-	-	356
Balance as at 31.10.2012	156,570	60,759	35,346	252,675
Opening balance as at 1.11.2012	156,570	60,759	35,346	252,675
Increments	21,011	16,253	8,778	46,042
Increments due to acquisition of companies	9,750	104	-	9,854
Decrements	-5,683	-833	-	-6,516
Transfers to investment property	-1,756	-	-	-1,756
Transfers within assets	10,334	15,162	-25,496	-
Balance as at 31.10.2013	190,226	91,445	18,628	300,299
Accumulated amortisation and asset impairment losses				
Opening balance as at 1.11.2011	-16,360	-10,409	-597	-27,366
Depreciation charge for the current accounting period	-3,377	-4,212	-	-7,589
Decrements	35	168	-	203
Balance as at 31.10.2012	-19,702	-14,453	-597	-34,752
Opening balance as at 1.11.2012	-19,702	-14,453	-597	-34,752
Depreciation charge for the current accounting period	-4,495	-5,792	-	-10,287
Decrements	179	91	-	270
Transfers to investment property	75	-	-	75
Balance as at 31.10.2013	-23,943	-20,154	-597	-44,694
Carrying amount				
As at 1.11.2011	**118,774**	**40,270**	**12,595**	**171,639**
As at 31.10.2012	**136,868**	**46,306**	**34,749**	**217,923**
As at 1.11.2012	**136,868**	**46,306**	**34,749**	**217,923**
As at 31.10.2013	**166,283**	**71,291**	**18,031**	**255,605**

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

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

15. Property, plant and equipment (continued)

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

In the period from 1 November 2011 to 31 October 2012, the parent company acquired assets of Hotel FIS in the amount of EUR 4,926,000 and of Hotel Slovakia in the amount of EUR 1,697,000. On 11 March 2013, the parent company sold Hotel FIS Štrbské Pleso to the company BURNUS s.r.o. for EUR 5,674,000. The sale took place since the buyer had the opportunity to acquire a subsidy for reconstruction of the hotel and thereby to considerably increase performance and improve the results of the hotel. On 1 October 2013, withdrawal from the contract took effect and the Group re-acquired the ownership title to Hotel FIS Štrbské Pleso from the company BURNUS s.r.o. for the same amount as the selling price.

In the period from 1 November 2011 to 31 October 2012, the Group acquired a cableway at Lomnické sedlo in the amount of EUR 3,484,000, which is recognised in the asset item lands and buildings. The Group also acquired an 8-seat chair lift in Tatranska Lomnica and snowmaking technology in the amount of EUR 6,946,000 and also extended the snowmaking system at the Jasná resort in the amount of EUR 1,990,000. The Group invested in the development of infrastructure of restaurants and bars in the amount of EUR 628,000. That amount includes investments in the Happy End après-ski bar and the extension of catering facilities in Aquapark Tatralandia. During the above-mentioned period, the Group started the construction of and put into operation the first part of the investment in Tatralandia aqua park – Tropic World. It is a year-round indoor facility; the first part of the investment amounted to EUR 3,096,000. All these investments are recognised in the items lands and buildings, separate movable objects and sets of movable objects.

The increment of assets under construction in the period from 1 November 2011 to 31 October 2012 in the amount of EUR 26,494,000 includes the construction of cableways, construction of the indoor world in the aqua park, cableway technology, snowmaking systems, landscaping preparation, gastro facility of the après-ski bar and other assets.

Idle assets
The Group owns a building under construction. A 100% value adjustment in the amount of EUR 597,000 is created for that building. The Group does not use this property.

Impairment loss
For the period ending 31 October 2012 and 31 October 2013, the Group recognised no impairment loss for property, plant and equipment.

Insurance of assets
In thousands of EUR

Type of insurance	**31.10.2013**	**31.10.2012**
Natural disaster	218,952	170,294
Vandalism	115,882	61,927
General machinery risks	13,586	12,214
Damage liability	13,000	11,900

Security
As at 31 October 2013, property, plant and equipment in the amount of EUR 190,276,000 was used for securing bank loans (as at 31 October 2012: in the amount of EUR 159,961,000).

Capitalized borrowing costs
At present, the Group has no capitalised borrowing costs.

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

16. Goodwill and intangible assets

In thousands of EUR	Goodwill	Valuable rights	Software	Total
Cost				
Opening balance as at 1.11.2011	4,124	3,970	171	8,265
Increments	-	-	395	395
Decrements	-	-4	-9	-13
Balance as at 31.10.2012	4,124	3,966	557	8,647
Opening balance as at 1.11.2012	4,124	3,966	557	8,647
Increments due to acquisition of companies	3,740	-	1	3,741
Increments	-	-	797	797
Decrements	-	-	-3	-3
Balance as at 31.10.2013	**7,864**	**3,966**	**1,352**	**13,183**
Accumulated amortisation and asset impairment losses				
Opening balance as at 1.11.2011	-3,951	-447	-61	-4,459
Depreciation charge for the current accounting period	-	-116	-58	-174
Decrements	-	-	8	8
Asset impairment losses	-173	-	-	-173
Balance as at 31.10.2012	-4,124	-563	-111	-4,798
Opening balance as at 1.11.2012	-4,124	-563	-111	-4,799
Depreciation charge for the current accounting period	-	-116	-147	-263
Decrements	-	-	3	3
Asset impairment losses	-350	-	-	-350
Balance as at 31.10.2013	**-4,474**	**-679**	**-255**	**-5,409**
Carrying amount				
As at 1.11.2011	**173**	**3,523**	**110**	**3,806**
As at 31.10.2012	**-**	**3,403**	**446**	**3,849**
As at 1.11.2012	**-**	**3,403**	**446**	**3,848**
As at 31.10.2013	**3,390**	**3,287**	**1,097**	**7,774**

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

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

17. Investment property

In thousands of EUR	31.10.2013	31.10.2012
Cost		
Opening balance as at 1.11.2012/1.11.2011	4,194	4,194
Transfer from tangible assets (net)	1,681	-
Revaluation to fair value	-24	-
Balance as at 31.10.2013/31.10.2012	**5,851**	**4,194**

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

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

In the period from 1 November 2012 to 31 October 2013, revenues from investment property amounted to EUR 225,000 and direct operating costs relating to the investment property were in the amount of EUR 92,000 (1 November 2011 to 31 October 2012: revenues from investment property represented EUR 289,000 and direct operating costs relating to the investment property were in the amount of EUR 38,000).

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

Security
As at 31 October 2013, part of the investment property in the amount of EUR 2,631,000 was used to secure bank loans (as at 31 October 2012: in the amount of EUR 4,194,000).

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

18. Investments in associates

As at 31 October 2012, the Group had interests in the following associates:

		Group's interest	
		31.10.2013	31.10.2012
Associate	**Country**	%	%
Interhouse Tatry s.r.o.	Slovakia	-	50
MELIDA, a.s.	Czech Republic	-	50

On 16 February 2013, the Group acquired an additional 50% business interest in the company Interhouse Tatry s.r.o., whereby it became the exclusive owner of Grandhotel Starý Smokovec, High Tatras. The Group acquired full control over the company Interhouse Tatry s.r.o. on 1 November 2012 on the basis of an agreement on managerial control over the company made with the owner of the 50% interest; since that date, the Group has included the company in its consolidated statements using the full consolidation method. As at 31 October 2012, the company Interhouse Tatry s.r.o. was consolidated using the equity method (associate) and the Group's interest in the company was 50%.

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

In thousands of EUR	Value of investment	
	31.10.2013	**31.10.2012**
Interhouse Tatry s.r.o.		
Purchase price of the associate	-	7,526
EBITDA contract adjustment	-	-598
Goodwill impairment loss (prior period)	-	-1,108
Group's share in the loss reported by the associate (prior period)	-	-641
Group's share in the loss reported by the associate (current period)	-	-1,418
MELIDA, a.s.		
Share in the company's share capital	17	41
Group's share in the profit reported by the associate	5,242	-
Loss from sale of interest in the associate	-3,390	-
Reclassification into financial investments	-1,869	-
Korona Ziemi Sp. z o.o.		
Company establishment	96	-
Increase of registered capital	23	-
Reclassification into financial investments	-119	-
Total	**-**	**3,802**

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

Summary financial figures for the significant associate Interhouse Tatry s.r.o., presented in their total amount (100%) as at 31 October 2012:

In thousands of EUR	**Revenue**	**Loss**	**Current assets**	**Non-current assets**	**Short-term liabilities**	**Long-term liabilities**	**Equit**
Interhouse Tatry s.r.o.	1,723	-2,837	353	9,872	438	2,267	7,52

Revenues and losses of the company represent the revenues and losses for the period from 1 November 2011 to 31 October 2012.

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

19. Deferred tax asset, deferred tax liability

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

In thousands of EUR	**Assets**		**Liabilities**		**Total**	
	31.10.2013	**31.10.2012**	**31.10.2013**	**31.10.2012**	**31.10.2013**	**31.10.201**
Temporary differences relating to:						
Plant, property and equipment, and intangible assets	-	-	-19,236	-13,234	**-19,236**	**-13,23**
Investment property	245	-	-	-189	**245**	**-18**
Losses from impairment of trade receivables and other assets	-	322	-286	-	**-286**	**32**
Short-term provisions	212	113	-	-	**212**	**11**
Tax losses	166	-	-	-	**166**	
Set-off	-623	-374	623	374	**0**	
Total	**-**	**61**	**-18,899**	**-13,049**	**-18,899**	**-12,98**

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

In thousands of EUR	**31.10.2013**	**31.10.2012**
Tax losses	-	6,836
Total	**-**	**6,836**

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

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

In thousands of EUR	**2014**	**2015**	**2016**	**2017**	**after 2017**
Tax losses	180	180	180	181	-

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

20. Inventories

In thousands of EUR	**31.10.2013**	**31.10.2012**
Goods	1,301	1,059
Material	814	508
Total	**2,115**	**1,567**

As at 31 October 2013, inventories in the amount of EUR 2,115,000 were used to secure bank loans (as at 31 October 2012: in the amount of EUR 1,472,000).

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

21. Loans granted

In thousands of EUR	**31.10.2013**	**31.10.2012**
Short-term	9,586	171
Long-term	16,071	10,050
Total	**25,657**	**10,221**

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

As at 31 October 2013, long-term loans include mainly the loan in the amount of EUR 7,736,000 (as 31 October 2012: EUR 6,050,000) granted to the company WEBIS, s.r.o. with a fixed interest rate of 5% p.a., where the amount of unpaid accrued interest on that amount represents EUR 944,000 as at 31 October 2013 (as 31 October 2012: EUR 643,000), the loan granted to the company 1. Tatranská, akciová spoločnosť in the amount of EUR 6,396,000 (as 31 October 2012: EUR 2,055,000) with a fixed interest rate of 7% p.a., where the amount of unpaid accrued interest on that amount represents EUR 439,000 as at 31 October 2013 (as 31 October 2012: EUR 198,000), and the loan in the amount of EUR 1,939,000 granted to the owner of Penzión Energetik (as 31 October 2012: EUR 1,847,000) with a fixed interest rate of 5% p.a., where the amount of unpaid accrued interest on that amount represents EUR 92,000 as at 31 October 2013 (as 31 October 2012: no accrued interest).

22. Trade receivables

In thousands of EUR	**31.10.2013**	**31.10.2012**
Trade receivables	2,858	3,442
Value adjustments to receivables	-134	-248
Total	**2,724**	**3,194**
Short-term	2,724	3,194
Long-term	-	-
Total	**2,724**	**3,194**

As at 31 October 2013, trade receivables include common receivables from operations and barter receivables (as at 31 October 2013: receivable from the claimed EBITDA contract for the period from 1 November 2012 to 31 October 2013 in the amount of EUR 1,354,000; the remaining part was created by common receivables from operations, barter receivables and receivables from buy-back upon settlement of financial leasing).

The classification of receivables by maturity is as follows:

In thousands of EUR	**31.10.2013**			**31.10.2012**		
	Gross	**Value adjustment**	**Net**	**Gross**	**Value adjustment**	**Ne**
Within maturity	2,399	-	2,399	2,271	-	2,27
After maturity up to 30 days	169	-	169	119	-	11
After maturity from 30 up to 180 days	193	-37	156	239	-43	19
After maturity from 180 up to 365 days	23	-23	0	269	-	26
After maturity over 365 days	74	-74	0	544	-205	33
Total	**2,858**	**-134**	**2,724**	**3,442**	**-248**	**3,19**

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

22. Trade receivables (continued)

As at 31 October 2013 and 31 October 2012, the amount of value adjustments consisted of value adjustments to common receivables from operations.

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

In thousands of EUR	**31.10.2013**	**31.10.2012**
Balance as at 1.11.2012/1.11.2011	248	433
Creation of the value adjustment	-	166
Use	-13	-339
Reversal of the value adjustment	-101	-12
Balance as at 31.10.2013/31.10.2012	**134**	**248**

As at 31 October 2013, receivables in the amount EUR 2,724,000 were used to secure bank loans (as at 31 October 2012: EUR 2,874,000).

23. Other receivables

In thousands of EUR	**31.10.2013**	**31.10.2012**
Advances granted	24,103	26,495
Receivables from bills of exchange	11,361	29,165
EBITDA contract	-	906
Total	**35,464**	**56,566**
Short-term	31,843	32,037
Long-term	3,621	24,529
Total	**35,464**	**56,566**

Advances granted for assets are connected with future acquisitions in the amount of EUR 19,451,000 (as at 31 October 2012: 17,892,000) and unfinished investment activities in the amount of EUR 4,652,000 (as at 31 October 2012: 8,603,000). The Group granted an advance for a future acquisition, which is a company operating cableways. The Group plans to buy that company in the future. The contract was concluded with the company WEBIS, s.r.o., originally for 6 years. In 2013, the maturity period of the advance was reduced, namely the maturity date was set as at 31 October 2014 instead of the originally set 31 March 2017. Due to the originally long-term nature of the advance, the amount of the advance was discounted to fair value as at 31 October 2012. The applied discount rate was 2.11%. The revaluation of the advance resulted in a gain in 2012 in the amount of EUR 941,000. As at 31 October 2013, the Group cancelled the discounting of the advance since it is a short-term receivable and that transaction resulted in a gain in the amount of EUR 1,559,000.

The amount of unpaid bill of exchange is EUR 11,361,000 as at 31 October 2013 (as at 31 October 2012: EUR 29,165,000). The amount of unpaid accrued interest on that amount is EUR 8,168,000 as at 31 October 2013 (as at 31 October 2012: EUR 7,567,000). The bill of exchange is payable at sight and bears interest at the rate of 7.5% p.a.

The EBITDA contract results from contracts on purchase of interests in the companies GRANDHOTEL PRAHA a.s. and Interhouse Tatry s.r.o. By acquisition of these companies on 28 December 2009, the Group obtained a guarantee from the sellers that assets in these companies would generate the agreed EBITDA in the next four years. If the agreed EBITDA is not reached, the former owners are obliged to cover the difference to reach the agreed EBITDA in the next four years. These additional payments are intended to be used mainly for the reconstruction of the assets to which they relate. The contracts were completed in 2013.

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

24. Other assets

In thousands of EUR	31.10.2013	31.10.2012
Prepaid expenditures and accrued income	986	1,040
Other tax receivables	2,339	641
Other assets	340	535
Total	**3,665**	**2,216**
Short-term	3,665	2,216
Long-term	-	-
Total	**3,665**	**2,216**

As at 31 October 2013, the item other tax receivables includes mainly receivables from current tax in the amount of EUR 1,140,000 and VAT receivables in the amount of EUR 1,199,000 (31 October 2011: mainly receivables from current tax in the amount of EUR 237,000 and VAT receivables in the amount of EUR 403,000).

25. Financial investments

In thousands of EUR	31.10.2013	31.10.2012
Financial instruments at fair value through profit or loss	2,158	13,121
Available-for-sale securities	59	53
Other financial investments	152	33
Total	**2,369**	**13,207**

As at 31 October 2013, financial instruments at fair value through profit or loss include mainly an investment in the company MELIDA a.s. in the amount of EUR 1,869,000 and investment in the company Best Hotel Properties a.s. (hereinafter referred to as "the BHP"). As at 31 October 2013, the Group held 23,825 shares of the company BHP, which administers a network of hotels. The value of these shares was EUR 289,000 thousand as at 31 October 2013 (as at 31 October 2012: 1,111,004 shares in the amount of EUR 13,121,000). The Group obtained a guarantee for the purchase on the basis of a contract on advisory services signed with the company J&T FINANCE GROUP, a.s.; according to the guarantee, for the purchase of shares of the company BHP the Group will earn at least 7% p.a. over a 3-year period.

On 17 March 2010, the Group bought 3,850 shares of the company Compagnie des Alpes (SA), a French company traded on the Paris Stock Exchange and operating ski resorts and summer leisure parks. The Group purchased the shares as a financial investment. The shares are revalued to fair value through equity based on present stock-exchange prices. As at 31 October 2013, the value of the shares was EUR 59,000 (31 October 2011: EUR 53,000).

Other financial investments as at 31 October 2013 include mainly the investment in the company Korona Ziemi Sp. z o.o. in the amount of EUR 119,000. The Group also made a financial contribution to Tatranské dopravné družstvo (Tatra Transport Cooperation), a company dealing with intermediation in the area of services. As at 31 October 2013 and 2012, the contribution amounted to EUR 33,000.

26. Cash and cash equivalents

In thousands of EUR	31.10.2013	31.10.2012
Cash in hand	173	198
Valuables	22	48
Current accounts in banks	4,085	2,867
Total	**4,280**	**3,113**

The Group can freely dispose of the bank accounts.

27. Equity

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

Share capital and share premium

The share capital approved, subscribed and fully paid as at 31 October 2013 and 31 October 2012 comprised 6,707,198 ordinary shares with a nominal value of EUR 7 per share as at 31 October 2013 (as at 31 October 2012: in the amount of EUR 33 per share).

On 12 April 2010, issues of shares with the codes ISIN: CS0009011952, series 01, 02, ISIN: SK1120002110, series 01, ISIN: SK1120005527, series 01, ISIN: SK1120006061, series 01, ISIN: SK1120009156, series 01 ceased to exist and were merged into a single issue with ISIN code SK1120010287.

The annual General Meeting of Tatry mountain resorts, a.s. was held on 27 April 2013. The General Meeting decided, inter alia, on the distribution of profit generated by Tatry mountain resorts, a.s. in the period from 1 November 2011 to 31 October 2012 in the amount of EUR 6,371,000. The General Meeting decided that part of the profit in the amount of EUR 637,000 shall be used for the replenishment of the Company's reserve fund and another part in the amount of EUR 5,734,000 together with EUR 1,376,000 of retained earnings from previous periods shall be used for payment of dividends to the Company's shareholders, i.e. a dividend in the amount of EUR 1.06 per share.

The shareholders are entitled to dividends. The value of vote per one share for the purpose of voting at the Company's General Meeting is defined as the proportion between the value of one share and the total amount of share capital. The table below provides a list of the Company's shareholders, including information on the number of shares held by each shareholder, ownership interest and voting rights of each shareholder.

31 October	**Number of shares**	**Ownership interest %**	**Voting rights %**
KEY DEE LIMITED	664,058	9.9%	9.9%
Capital Industrial, a.s.	660,000	9.8%	9.8%
Tinsel Enterprises Limited	657,894	9.8%	9.8%
EGNARO INVESTMENT LIMITED	625,413	9.3%	9.3%
J&T Securities Management Limited	531,029	7.9%	7.9%
Poštová banka, a.s.	505,782	7.5%	7.5%
BELGOMET, s.r.o.	474,373	7.1%	7.1%
CONTIGY DEVELOPMENT LIMITED	358,681	5.3%	5.3%
Minor shareholders	2,229,968	33.4%	33.0%
Total	**6,707,198**	**100%**	**100%**

31 October 2012	**Number of shares**	**Ownership interest %**	**Voting rights %**
J & T BANKA, a.s.	664,014	9.9%	9.9%
CLEARSTREAM BANKING S.A.	663,342	9.9%	9.9%
KEY DEE LIMITED	607,000	9.0%	9.0%
EGNARO INVESTMENTS LIMITED	602,306	9.0%	9.0%
Poštová banka, a.s.	505,782	7.5%	7.5%
Patria Finance, a.s.	425,918	6.4%	6.4%
Privatbanka, a.s.	332,000	5.0%	5.0%
TATRY INVESTMENT LIMITED	289,751	4.3%	4.3%
Minor shareholders	2,617,085	39.0%	39.0%
Total	**6,707,198**	**100%**	**100%**

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

27. Equity (continued)

Earnings per share

	31.10.2013	31.10.2012
Profit for the period in thousands of EUR	6,604	10,186
Weighted average number of ordinary shares	6,707,198	6,707,198
Profit per share in EUR	**0.985**	**1.519**

Statutory reserve fund

The statutory reserve fund is in the amount of EUR 3,878,000 (at 31 October 2012: EUR 3,287,000). According to Slovak legislation, the statutory reserve fund has to be created at least in the amount of 10% of net profit of the company annually and up to a minimum of 20% of the subscribed share capital (cumulative balance). The statutory reserve fund can only be used to cover Company losses and may not be used for payment of dividends. The calculation of the statutory reserve fund is made in compliance with Slovak legal regulations.

Decrease in share capital

On 22 August 2013 there was held an Extraordinary General Meeting that decided on a decrease of the share capital of the company Tatry Mountain Resorts, a.s. from EUR 221,338,000 to EUR 46,950,000, i.e. by the amount of EUR 174,388,000. As at 31 October 2013, that amount was recognized as liabilities to shareholders and the plan is to pay them within one year. The change of the share capital took effect on 22 October 2013, the day when the decrease of the share capital was registered with the relevant Companies Register. After the decrease of the company's share capital, the value of one share decreased from the original EUR 33 per share to EUR 7 per share.

Distribution of profit

The Group's management propose the following distribution of profit for the financial year 2013:

- Contribution to the reserve fund in the amount of EUR 660,000
- Reminder of EUR 5,944,000 – transfer to retained earnings of previous periods

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

28. Loans and borrowings

In thousands of EUR	31.10.2013	31.10.2012
Received loans and borrowings	36,968	15,218
Leasing	1,760	935
Total	**38,728**	**16,153**
Short-term	9,846	3,263
Long-term	28,882	12,890
Total	**38,728**	**16,153**

Received loans and borrowings as at 31 October 2013 and 31 October 2012 are presented in the table below:

Creditor	**Type of interest rate**	**Maturity**	**Outstanding amount as at 31.10.2013** *In thousands of EUR*
MELIDA, a.s.	fixed	upon request	1,255
Tatra banka, akciová spoločnosť	fixed	30.9.2017	3,033
Tatra banka, akciová spoločnosť	fixed	30.9.2017	2,921
Tatra banka, akciová spoločnosť	fixed	31.12.2016	3,150
Tatra banka, akciová spoločnosť	fixed	30.9.2016	1,800
Tatra banka, akciová spoločnosť	fixed	31.12.2016	971
Tatra banka, akciová spoločnosť	fixed	31.12.2018	488
Tatra banka, akciová spoločnosť	3M EURIBOR + margin	30.9.2017	13,809
Tatra banka, akciová spoločnosť	3M EURIBOR + margin	31.12.2017	9,000
Tatra-Leasing, s.r.o.	3M EURIBOR + margin	26.3.2017	272
Tatra-Leasing, s.r.o.	3M EURIBOR + margin	17.12.2016	269

Creditor	**Type of interest rate**	**Maturity**	**Outstanding amount as at 31.10.2012** *In thousands of EUR*
Tatra banka, akciová spoločnosť	fixed	30.9.2017	3,746
Tatra banka, akciová spoločnosť	fixed	30.9.2017	3,651
Tatra banka, akciová spoločnosť	fixed	31.12.2016	3,150
Tatra banka, akciová spoločnosť	fixed	30.9.2016	2,400
Tatra banka, akciová spoločnosť	fixed	31.12.2016	1,270
Tatra banka, akciová spoločnosť	fixed	31.12.2018	581
Tatra banka, akciová spoločnosť	fixed	30.9.2013	412
Tatra-Leasing, s.r.o.	1M EURIBOR + margin	30.9.2013	8

The weighted arithmetic mean of interest rates on received loans and borrowing was 2.93% as at 31 October 2013 (as at 31 October 2012: 2.18%). The interest is payable on a monthly basis. For more information, see Note 12 – Interest income and expense.

During the year 2013, the Group obtained a new investment loan from Tatra banka, a.s. in the total amount of EUR 30,000,000. The loan has gradually been utilized since 6 June 2013 and the Group utilized EUR 22,809,000 of the total amount of the loan as at 31 October 2013.

Security

The Company secured its bank loans with the following assets: lands, technology and service buildings of mountain lift equipment: ski lifts, chair lifts, funicular, elevated cableway, cabin cableway, transformer stations, service buildings and structures: Hotel Tri Studničky, Hotel Srdiečko, Hotel Kosodrevina, Hotel Liptov, Hotel SKI, former telecommunication building, bungalows. All movable assets of the Jasná and High Tatras resorts and trade receivables are pledged as well.

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

28. Loans and borrowings (continued)

Property, plant and equipment, investment property, inventories and receivables in the amount of EUR 195,116,000 are used as security for bank loans as at 31 October 2013 (as at 31 October 2012: in the amount of EUR 168,501,000).

Liabilities from financial leasing are payable as follows as at 31 October 2013:

In thousands of EUR	**Principal**	**Interest**	**Payments**
Less than one year	746	40	786
Between one and five years	1,014	31	1,046
Total	**1,760**	**71**	**1,832**

Security
As at 31 October 2013, the liabilities from financial leasing were not secured by any right of lien to the Group's assets.

The maturity of liabilities from financial leasing as at 31 October 2012 was as follows:

In thousands of EUR	**Principal**	**Interest**	**Payments**
Less than one year	407	20	427
Between one and five years	525	12	537
More than five years	3	-	3
Total	**935**	**36**	**967**

Security
As at 31 October 2012, the liabilities from financial leasing were not secured by any right of lien to the Group's assets.

29. Trade payables

In thousands of EUR	**31.10.2013**	**31.10.2012**
Trade payables	6,901	10,422
Not invoiced supplies	698	541
Retention	-	22
Total	**7,599**	**10,985**
Short-term	7,599	10,985
Long-term	-	-
Total	**7,599**	**10,985**

Overdue payables amounted to EUR 387,000 as at 31 October 2013 (as at 31 October 2012: EUR 1,172,000).

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

30. Other liabilities

In thousands of EUR	**31.10.2013**	**31.10.2012**
Liabilities to shareholders from decrease of share capital	174,388	-
Liabilities to shareholders, employees and partners	1,745	472
Deferred income	811	407
Advances received	644	720
Employee benefits	-	8
Other liabilities	971	1,581
Total	**178,559**	**3,188**
Short-term	178,344	3,084
Long-term	215	104
Total	**178,559**	**3,188**

As at 31 October 2013, liabilities to shareholders, employees and partners include, in particular, the liability from a decrease of share capital in the amount of EUR 174,388,000 and also other liabilities, including social fund liabilities in the amount of EUR 4,000 (as at 31 October 2012: EUR 12,000). For more information about the decrease of share capital, see Note 27 – Equity.

As at 31 October 2013, the amount of deferred income includes mainly the rent for the premises of the company J & T BANKA, a.s., pobočka zahraničnej banky located in Grandhotel Starý Smokovec in the amount of EUR 297,000, for discounts on purchases to be claimed in the future in the amount of EUR 180,000 and a subsidy for Hotel Tri studničky in the amount of EUR 94,000 (as at 31 October 2012: a EUR 167,000 subsidy for the education project (ZASI) and a EUR 97,000 subsidy for Tri studničky Hotel).

As at 31 October 2013, the amount of other liabilities also includes social security liabilities in the amount of EUR 323,000 (as at 31 October 2012: EUR 236,000, VAT liabilities from paid advances in the amount of EUR 70,000 and EUR 321,000 for accrued expenses).

Creation and use of the social fund during the accounting period is shown in the table below:

In thousands of EUR	**31.10.2013**	**31.10.2012**
Balance as at 1.11.2012/1.11.2011	12	18
Creation	60	35
Use	-68	-41
Balance as at 31.10.2013/31.10.2012	4	12

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

31. Provisions

In thousands of EUR	Unused vacations	Other	Total
Opening balance as at 1.11.2012	101	20	121
Creation of provisions during the year	116	8	124
Reversal of provisions during the year	-	-3	-3
Use of provisions during the year	-	-	-
Balance as at 31.10.2013	**217**	**25**	**242**

	31.10.2013	31.10.2012
Short-term	217	101
Long-term	25	20
Total	**242**	**121**

32. Fair value information

The following table contains data about carrying amount and fair value of the Group's financial assets and liabilities that are not carried at fair value:

In thousands of EUR	Carrying amount		Fair value	
	31.10.2013	**31.10.2012**	**31.10.2013**	**31.10.2012**
Financial assets				
Cash and cash equivalents	4,280	3,113	4,280	3,113
Loans granted	25,657	10,221	26,343	10,117
Trade receivables	2,724	3,194	2,724	3,194
Other receivables	35,464	56,566	35,464	56,566
Financial investments	152	33	152	33
Other assets	3,665	2,216	3,665	2,216
Financial liabilities				
Loans and borrowings	38,728	16,153	38,695	16,623
Trade payables	7,599	10,985	7,599	10,985
Other liabilities	178,559	3,188	178,559	3,188

Other receivables as at 31 October 2013 include, inter alia, receivables from bills of exchange in the amount of EUR 11,361,000 (as at 31 October 2012: EUR 29,165,000), which are payable on demand and therefore their carrying amount does not differ significantly from their fair value.

The financial investments do not include shares of Best Hotel Properties a.s. in the amount of EUR 289,000 (31 October 2012: EUR 13,121,000), interest in the company MELIDA, a.s. in the amount of EUR 1,869,000 (as at 31 October 2012: EUR 41,000) and shares of the company Compagnie des Alpes (SA) in the amount of EUR 59,000 (31 October 2012: EUR 53,000) since they are already carried at fair value.

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

33. Operating leasing

Lease on the part of lessee
The Group leases lands on which ski slopes and cableways are situated, and a number of cars on the basis of operating lease contracts. Major contracts for land leases are concluded for a period of 30 years with an option for another 10 years. Major contracts have a 1-year notice period.

The cost of operating leasing for the period ended 31 October 2013 and recognized in profit or loss amounted to EUR 1,584,000 (for the period ended 31 October 2012: EUR 1,267,000).

The amount of rent for the period during which contracts cannot be cancelled is provided below:

In thousands of EUR	31.10.2013	31.10.2012
Less than one year	812	213
Between one and five years	1,272	532
More than five years	3,867	4,043
Total	**5,951**	**4,789**

34. Information about risk management

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

- credit risk
- liquidity risk
- market risk
- operational risk

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

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

34. Information about risk management (continued)

Credit risk

The Group is exposed to this risk mainly in the case of trade receivables, receivables from lease, other receivables, advances and loans granted. The amount of credit risk exposure is represented by the carrying amounts of these assets in the balance sheet if no form of guarantee is issued. The carrying amount of receivables, advances and loans granted represents the maximum accounting loss that would have to be recognised if the counterparty completely failed to meet its contractual obligations and all securities and collateral had zero value. The amount, therefore, greatly exceeds the expected losses, which are contained in the provision for bad debts.

As at 31 October 2013, the Group was exposed to the following credit risk:

In thousands of EUR	**Legal entities**	**Banks**	**Other financial institutions**	**Other**	**Total**
Assets					
Cash and cash equivalents	-	4,085	-	195	4,280
Trade receivables	2,724	-	-	-	2,724
Loans granted	16,314	-	9,343	-	25,657
Other receivables	24,103	-	11,361	-	35,464
Financial investments	2,369	-	-	-	2,369
Other assets	1,006	41	-	2,618	3,665
	46,516	**4,126**	**20,704**	**2,813**	**74,159**

As at 31 October 2012, the Group was exposed to the following credit risk:

In thousands of EUR	**Legal entities**	**Banks**	**Other financial institutions**	**Other**	**Total**
Assets					
Cash and cash equivalents	-	2,867	-	246	3,113
Trade receivables	3,194	-	-	-	3,194
Loans granted	10,221	-	-	-	10,221
Other receivables	27,401	-	29,165	-	56,566
Financial investments	13,207	-	-	-	13,207
Other assets	1,169	2	-	1,045	2,216
	55,192	**2,869**	**29,165**	**1,291**	**88,517**

Other receivables also include a receivable from a bill of exchange. As at 31 October 2013, the value of the unsettled bill of exchange towards the company J&T Private Equity B.V. amounts to EUR 11,361,000 (31 October 2012: EUR 29,165,000). The bill of exchange is payable at sight and bears interest at 7.5% p.a.. The loans granted include the loan granted to the company J&T Private Equity B.V., which is in the amount of EUR 9,343,000 as at 31 October 2013 (as at 31 October 2012: EUR 0).

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

34. Information about risk management (continued)

Liquidity risk

Liquidity risk arises in the general funding of the Group's activities and in the management of financial positions. It includes both the risk of being unable to fund assets at the agreed maturities and interest rates and also the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame. Individual companies within the Group use various methods of managing liquidity risks. The Group's management focuses on monitoring and managing liquidity for each individual company controlled by the Group (for subsidiaries, it applies until they merge with the parent company). For liquidity management purposes, the management changed its accounting year to a financial year ending 31 October. In the first half of its accounting period, the Group has a winter season which covers 60% of the Group's income. Based on the results of the first half of the year, the Group can influence in due advance the income and expenditures to maintain sufficient liquidity. In the High Tatras resort, the seasonality is compensated by a busy summer season and therefore the resort's liquidity is more stable over the year. The Group has sufficient liquidity guaranteed by holding a bill of exchange payable at sight (for details see Note 23 – Other receivables).

The table below provides an analysis of the Group's financial assets and liabilities grouped according to the remaining maturities. The analysis is represents the most prudent consideration of remaining maturity dates including interests. Therefore, in the case of liabilities, the earliest possible repayment date is shown while for assets the latest possible repayment date is stated. Those assets and liabilities which do not have a contractual maturity date are grouped together in the "undefined" category.

As at 31 October 2013, the Group was exposed to the following liquidity risk:

In thousands of EUR	**Carrying amount**	**Future cash flows**	**Up to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**Over 5 years**	**Undefined**
Assets							
Cash and cash equivalents	**4,280**	**4,280**	4,280	-	-	-	-
Trade receivables	**2,724**	**2,858**	2,858	-	-	-	-
Loans granted	**25,657**	**28,682**	9,461	103	18,995	-	122
Other receivables	**35,464**	**12,283**	11,397	886	-	-	-
Financial investments	**2,369**	**2,369**	-	-	-	-	2,369
Other assets	**3,665**	**3,069**	2,837	232	-	-	-
	74,159	**20,290**	**16,578**	**1,221**	**18,995**	**-**	**2,491**
Liabilities							
Trade payables	**7,599**	**-7,599**	-7,599	-	-	-	-
Loans and borrowings	**38,728**	**-38,728**	-2,659	-7,186	-28,860	-23	-
Other liabilities	**178,559**	**-177,748**	-2,753	-174,583	-7	-	-405
	217,287	**-224,075**	**-13,011**	**-181,769**	**-28,867**	**-23**	**-405**

Other receivables up to 3 years include a receivable from a bill of exchange which is payable at sight. The bill of exchange will not be paid within 3 months. The Group utilizes funds from bills of exchange as needed, namely in order to finance investment activities and acquisitions. The bill of exchange is expected to be fully utilized in a mid-term horizon. The carrying amount of other receivables also includes an advance granted in the amount of EUR 19,451,000; the advance will not be settled in cash, but by means of a transfer of shares.

Due to the decrease of equity, the Group's management plans to settle the liabilities to shareholders as at 31 October 2013 within one year. The Group will acquire funds by means of the issue of bonds. Also refer to Note 36 – Subsequent events.

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

34. Information about risk management (continued)

As at 31 October 2012, the Group was exposed to the following liquidity risk:

In thousands of EUR	**Carrying amount**	**Future cash flows**	**Up to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**Over 5 years**	**Undefined**
Assets							
Cash and cash equivalents	**3,113**	**3,113**	3,113	-	-	-	-
Trade receivables	**3,194**	**3,194**	3,194	-	-	-	-
Loans granted	**10,221**	**12,025**	171	-	11,854	-	-
Other receivables	**56,566**	**30,254**	29,166	1,088	-	-	-
Financial investments	**13,207**	**13,207**	-	-	-	-	13,207
Other assets	**2,216**	**1,500**	1,177	319	-	-	4
	88,517	**63,293**	**36,821**	**1,407**	**11,854**	**-**	**13,211**
Liabilities							
Trade payables	**10,985**	**-10,985**	-10,985	-	-	-	-
Loans and borrowings	**16,153**	**-17,242**	-722	-2,891	-13,507	-122	-
Other liabilities	**3,188**	**-2,054**	-2,035	-19	-	-	-
	30,326	**-30,281**	**-13,742**	**-2,910**	**-13,507**	**-122**	**-**

Foreign exchange risk
The Group is not primarily exposed to foreign exchange risk since almost all transactions are issued in EUR. There is a secondary risk that the weakening of the Polish zloty or Russian rouble against the euro would lead to a reduction in the number of visitors from these countries.

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

As at 31 October 2013 and 31 October 2012, the Group has the following interest-earning assets and interest-bearing liabilities:

In thousands of EUR	**31.10.2013**	**31.10.2012**
Fixed interest rate		
Assets	40,910	39,386
Liabilities	13,618	15,229
Variable interest rate		
Assets	-	-
Liabilities	25,110	924

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

34. Information about risk management (continued)

Sensitivity analysis for variable rate instruments
A change by 100 basis points in interest rates would have the following impact on profit or loss:

In thousands of EUR	**Profit (loss)**	
	100 bb increase	**100 bb decrease**
31 October 2013		
Variable rate instruments	-99	99
Cash flow sensitivity	**-99**	**99**

In thousands of EUR	**Profit (loss)**	
	100 bb increase	**100 bb decrease**
31 October 2012		
Variable rate instruments	-9	9
Cash flow sensitivity	**-9**	**9**

The Group's interest-bearing liabilities bear interest at a variable interest rate derived from EURIBOR. The Group considers the variable interest rate as self-management of the interest rate risk. Under economic expansion EURIBOR grows, but also the economic performance of the population grows and, consequently, it improves the company's revenues and earnings. Under economic recession it is quite the opposite.

Operational risk

Operational risk is the risk of loss arising from fraud, unauthorised activities, error, omission, inefficiency or system failure. It arises from all the Group's activities and all companies with the Group are exposed to the operational risk. Operational risk also includes risk of court disputes.

The Group's objective is to manage operational risk so as to prevent financial losses and damage to the Group's reputation within the effectiveness of cost spent on meeting that objective and to avoid procedures restricting initiative and creativity.

The Group's management has the primary responsibility for the implementation of controls related to operational risk management. This responsibility is supported by the development of the Group's joint operational risk management standards. Operational risk is managed by the system of standards, minutes from meetings and control mechanisms. The Group has a controlling department where it tries to eliminate all operational risks by way of regular checks.

The Group is also exposed to the risk of unfavourable weather conditions. Visitor rates of the resorts depend on the quantity of snow and on periods of snowfall. Unfavourable conditions have a negative impact on the number of skiers, revenues and profit. Warm weather can extremely increase the expenses on the production of artificial snow and reduce the areas fit for skiing. The historical averages for the Low Tatras and High Tatras regions are 80 cm and 85 cm of snow during the winter season, respectively. The beginning of the winter season and the snow conditions affect skiers' perception of the whole season. The Group is unable to reliably predict the snow conditions at the beginning of the winter season. Thanks to the use of snowmaking systems, snow conditions during the winter season are stable every year.

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

35. Related parties

Identification of related parties
The Group had a related-party relationship with its shareholders who have significant influence in the Group and other parties, as identified in the following table, as at 31 October 2013 and as at 31 October 2012 or during the period from 1 November 2012 to 31 October 2013 and from 1 November 2011 to 31 October 2012:

(1) Entities with joint control or significant influence over the accounting entity and its subsidiaries or associates
(2) Jointly controlled companies in which the Group is a partner
(3) Associates
(4) Members of top management personnel of the entity or of the Group's shareholders (see also Note 10 – Personnel expenses)

Information about remuneration paid to members of statutory bodies and top management is provided in Note 10 – Personnel expenses.

Since none of the shareholders has an ownership interest exceeding 20% or otherwise significant influence over the Group, shareholders are not recognised as related parties, and the transactions mentioned above or any balances are not understood as transactions with related parties.

The Group has the following transactions with related parties:

In thousands of EUR

	Ref.	Receivables 31.10.2013	Payables 31.10.2013	Receivables 31.10.2012	Payables 31.10.2012
Interhouse Tatry s.r.o. [1]	3	-	-	327	-
MELIDA, a.s.[2]	3	34	1,267	-	-

In thousands of EUR

	Ref.	Revenues 1.11.2012 – 31.10.2013	Expenses 1.11.2012 – 31.10.2013	Revenues 1.11.2011 – 31.10.2012	Expenses 1.11.2011 – 31.10.2012
Interhouse Tatry s.r.o. [1]	3	-	-	142	-1
MELIDA, a.s.[2]	3	181	2	-	-

[1] The company Interhouse Tatry s.r.o. was a related party in the period from 28 December 2009 to 31 October 2012
[2] The company MELIDA, a.s. has become a related party since 18 September 2012

36. Subsequent events

As of 1 January 2014, the government of the Slovak Republic and National Council of the Slovak Republic approved an amendment of the Income Tax Act and lowered the income tax rate for legal entities from 23% to 22%. This fact will have impact on next year's results of the Group and on its income tax. By lowering the income tax rate, deferred taxes and deferred tax liability decreased by EUR 822 thousand. The Group calculated deferred tax using the 23% income tax rate, effective as of the date of preparation of the financial statements.

On 17 December 2013, the Group issued the first part of TMR I bonds in the amount of EUR 70 million. Senior securities secured by right of lien, in the nominal value of EUR 1,000, with a fixed yield of 4.5% p.a. and with a semi-annually paid coupon are payable in 2018.

On 5 February 2014, the Group issued the second part of TMR II bonds in the amount of EUR 110 million. Securities in th nominal value of EUR 1,000, with a fixed yield of 6% p.a., associated with subordination obligation and with a coupon paid annually are payable in 2021.

Notes to the consolidated financial statements for the period from 1 November 2012 to 31 October 2013

37. Capital commitments and capital management

As at 31 October 2013, the Group has no material capital commitments.

The Group's management performs capital management in order to secure a sufficient amount of funds for the planned investments in the periods for which these investments were planned.

Neither the Company nor any of its subsidiaries, since the day they merged with the parent company, are subject to any external capital management requirements.

No changes occurred in the Group management's approach to capital management in the period from 1 November 2012 to 31 October 2013.

38. Contingent assets and contingent liabilities

Since many areas of the Slovak tax legislation have yet to be sufficiently tested in practice, there is an uncertainty about the application of the tax legislation in these areas by tax authorities. The extent of the uncertainty cannot be quantified and will only cease once legislative precedents or official interpretations of the authorities are set.

On 31 October 2007, the Group entered into a Contract of right of lien to undertaking, receivables and movable objects in favour of the creditor Tatra banka, akciová spoločnosť. The subject matter of the contract is the right of lien to liabilities in the full amount of the liabilities as they are recognised in the Balance Sheet as at 31 October 2012 and 31 October 2013.

The Company is party to several legal disputes. In all legal disputes, the maximum amount of compensation can be up to EUR 1,178,000 plus related charges and fees.

Notes to the Consolidated Financial Statements for the Period from 1 November 2012 to 31 October 2013

39. Group entities

The list of the Group entities as at 31 October 2013 and as at 31 October 2012 is set out below:

			31.10.2013		31.10.2012	
	Country of incorporation	Consolidation method	Consoli-dated %	Owner-ship interest	Consoli-dated %	Owner-ship interest
Tatry mountain resorts, a.s.	Slovakia	Full	100		100	Direct
GRANDHOTEL PRAHA a.s.	Slovakia	Full	-	n/a	100	Direct
Tatry mountain resorts services, a.s.	Slovakia	Full	-	n/a	100	Direct
Interhouse Tatry s.r.o.	Slovakia	Full	-	n/a	50	Direct
MELIDA, a.s.	The Czech Republic	Equity	19	Direct	50	Direct
Korona Ziemi Sp. z o.o.	Poland	Equity	19	Direct	-	-

As stated above, on 1 May 2013 subsidiaries GRANDHOTEL PRAHA a.s., Interhouse Tatry s.r.o., and Tatry mountain resorts services, a.s. merged with the parent company Tatry mountain resorts, a.s. As of this date, Tatry mountain resorts, a.s. became the successor company. With the merger all the subsidiary companies dissolved and subsequently were erased from the commercial register.

Bohuš Hlavatý *Chairman of the Board of Directors*	Jozef Hodek *Member of the Board of Directors*	Tomáš Kimlička *Person responsible for financial statements preparation*	Marian Klas *Person responsible for accounting*

Independent Auditor's Report

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Translation of the 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 statement of consolidated financial position as at 31 October 2013, the consolidated statements of 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 Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

Independent Auditor's Report

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 2013, 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.

25 February 2014
Bratislava, Slovak Republic

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

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

Responsible auditor:
Ľuboš Vančo
License SKAU No. 745

Report on Audit of Consistency

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Report on Audit of Consistency

of the annual report with the consolidated financial statements pursuant to Article 23 (5) of Act No. 540/2007 Coll. on Auditors, Audit and Oversight of Audit

(Translation)

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

We have audited the consolidated financial statements of the company Tatry mountain resorts, a.s. ("the Company") and its subsidiaries ("the Group") as of 31 October 2013, presented in appendix to the consolidated annual report. We have issued an independent auditor's report on the consolidated financial statements on 25 February 2014 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 statement of consolidated financial position as at 31 October 2013, the consolidated statements of 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 Consolidated Financial Statements

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

Auditor's Responsibility

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

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 2013, 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.

25 February 2014
Bratislava, Slovak Republic

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

Responsible auditor:
Ľuboš Vančo
License SKAU No. 745

Report on the Audit of Consistency of the annual report with the consolidated financial statements

We have audited the consistency of the annual report with the consolidated financial statements in accordance with the Act on Accounting.

The accuracy of the annual report is the responsibility of the company's management. Our responsibility is to audit the consistency of the annual report with the consolidated financial statements, based on which we are required to issue an appendix to the auditor's report on the consistency of the annual report with the consolidated financial statements.

Report on Audit of Consistency

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

We have reviewed the consistency of the information presented in the annual report with the information presented in the consolidated financial statements as of 31 October 2013. We have not audited any data or information other than the accounting information obtained from the consolidated financial statements and accounting books. We believe that the audit work 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 2013, presented in appendix to the consolidated annual report.

25 February 2014
Bratislava, Slovak Republic

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

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

Responsible auditor:
Ľuboš Vančo
License SKAU No. 745

INDIVIDUAL FINANCIAL STATEMENTS

Individual Financial Statements

Financial Statements prepared in accordance with Slovak statutory requirements as at 31 October 2013

BALANCE SHEET

at 31. 10. 2013 (in whole euros)

Tax identification number (DIČ) 2020428036

Identification number (IČO) 31560636

Financial statements: [x] - ordinary; [ ] - extraordinary

Financial statements: [x] - prepared; [ ] - approved

(check [x])

SK NACE 55. 1.

For period — Month / Year: **from** 11 2012, **to** 10 2013

Preceding period — Month / Year: **from** 11 2011, **to** 10 2012

Legal name (designation) of the accounting entity

Tatry mountain resorts, a. s.

Registered office of the accounting entity, street and number

Demänovská Dolina 72

Zip code: 03101

Municipality: Liptovský Mikuláš

Telephone number: 044 / 5591505

Fax number: 044 / 5591511

E-mail:

Prepared on: 15. 2. 2014	Signature of the person responsible for bookkeeping:	Signature of the person responsible for the preparation of the financial statements:	Signature of the accounting entity's statutory body or a sole trader who is the accounting entity:
Approved on: 17. 2. 2014			

DIČ: 2020428036 | Balance Sheet Úč POD 1-01

Desig-nation a	ASSETS b	Line No. c	Current accounting period 1 Gross-part 1	Current accounting period 1 Correction-part 2	Current accounting period 2 Net	Preceding accounting period 3 Net
	Total assets line 002 + line 030 + line 061	**001**	380 734 002	51 963 681	328 770 321	300 507 556
A.	**Non-current assets line 003 + line 011 + line 021**	**002**	345 063 307	51 829 957	293 233 350	259 500 788
A.I.	**Non-current intangible assets - total (lines 004 to 010)**	**003**	12 652 828	4 679 296	7 973 532	1 446 781
A.I.1.	Capitalized development costs (012) - /072, 091A/	004	0	0	0	0
2.	Software (013)-/073, 091A/	005	1 366 455	300 374	1 066 081	424 052
3.	Valuable rights (014) - /074, 091A/	006	1 757 736	806 492	951 244	1 022 278
4.	Goodwill (015) - /075, 091A/	007	9 480 554	3 555 404	5 925 150	0
5.	Other non-current intangible assets (019, 01X) - /079, 07X, 091A/	008	17 026	17 026	0	0
6.	Acquisition of non-current intangible assets (041) - 093	009	31 057	0	31 057	451
7.	Advance payments made for non-current intangible assets (051) - 095A	010	0	0	0	0
A.II.	**Property, plant and equipment - total (lines 012 to 020)**	**011**	296 269 301	47 150 661	249 118 640	192 624 601
A.II.1.	Land (031) - 092A	012	22 478 069	380 587	22 097 482	20 709 445
2.	Structures (021) - /081, 092A/	013	148 711 674	19 925 791	128 785 883	82 164 377
3.	Individual movable assets and sets of movable assets (022) - /082, 092A/	014	96 079 600	26 247 275	69 832 325	42 898 948
4.	Perennial crops (025) - /085, 092A/	015	0	0	0	0
5.	Livestock (026) - /086,092A/	016	0	0	0	0
6.	Other property, plant and equipment (029, 02X, 032) - /089, 08X, 092A/	017	25 854	0	25 854	20 242
7.	Acquisition of property, plant and equipment (042) - 094	018	26 239 120	597 008	25 642 112	40 707 561
8.	Advance payments made for property, plant and equipment (052) - 095A	019	2 734 984	0	2 734 984	6 124 028
9.	Value adjustment to acquired assets (+/- 097) +/- 098	020	0	0	0	0
A.III.	**Non-current financial assets - total (lines 022 to 029)**	**021**	36 141 178	0	36 141 178	65 429 406
A.III.1.	Shares and ownership interests in a subsidiary (061) - 096A	022	0	0	0	15 795 792
2.	Shares and ownership interests with significant influence over enterprises (062) - 096A	023	0	0	0	5 566 969
3.	Other long-term shares and ownership interests (063, 065) - 096A	024	517 406	0	517 406	13 207 363
4.	Intercompany loans (066A) - 096A	025	0	0	0	0
5.	Other non-current financial assets (067A, 069, 06XA) - 096A	026	16 071 112	0	16 071 112	10 050 371
6.	Loans with maturity up to one year (066A, 067A, 06XA)- 096A	027	101 395	0	101 395	2 916 258
7.	Acquisition of non-current financial assets (043) - 096A	028	0	0	0	0
8.	Advance payments made for non-current financial assets (053) - 095A	029	19 451 265	0	19 451 265	17 892 653
B.	**Current assets line 031 + line 038 + line 046 + line 055**	**030**	34 685 164	133 724	34 551 440	39 982 037
B.I.	**Inventory - total (lines 032 to 037)**	**031**	2 115 484	0	2 115 484	1 471 944
B.I.1.	Raw material (112, 119, 11X) - /191, 19X/	032	814 648	0	814 648	425 887
2.	Work in progress and semi-finished products (121, 122, 12X) - /192, 193, 19X/	033	0	0	0	0
3.	Finished goods (123) - 194	034	0	0	0	0
4.	Animals (124) - 195	035	0	0	0	0
5.	Merchandise (132, 133, 13X, 139) - /196, 19X/	036	1 300 836	0	1 300 836	1 046 057
6.	Advance payments made for inventory (314A) - 391A	037	0	0	0	0
B.II.	**Non-current receivables - total (lines 039 to 045)**	**038**	0	0	0	0
B.II.1.	Trade receivables (311A, 312A, 313A, 314A, 315A, 31XA) - 391A	039	0	0	0	0
2.	Net value of contract (316A)	040	0	0	0	0
3.	Receivables from a subsidiary and a parent (351A) - 391A	041	0	0	0	0
4.	Other intercompany receivables (351A) - 391A	042	0	0	0	0
5.	Receivables from participants, members, and association (354A, 355A, 358A, 35XA) - 391A	043	0	0	0	0
6.	Other receivables (335A, 33XA, 371A, 373A, 374A, 375A, 376A, 378A) - 391A	044	0	0	0	0
7.	Deferred tax asset (481 A)	045	0	0	0	0
B.III.	**Current receivables - total (lines 047 to 054)**	**046**	28 289 705	133 724	28 155 981	35 803 468
B.III.1.	Trade receivables (311A, 312A, 313A, 314A, 315A, 31XA) - 391A	047	5 123 748	133 724	4 990 024	4 893 460
2.	Net value of contract (316A)	048	0	0	0	0
3.	Receivables from a subsidiary and a parent (351A) - 391A	049	0	0	0	0
4.	Other intercompany receivables (351A) - 391A	050	0	0	0	0
5.	Receivables from participants, members, and association (354A, 355A, 358A, 35XA, 398A) - 391A	051	0	0	0	0
6.	Social security (336) - 391A	052	0	0	0	0
7.	Tax assets and subsidies (341, 342, 343, 345, 346, 347) - 391A	053	2 339 436	0	2 339 436	1 536 425
8.	Other receivables (335A, 33XA, 371A, 373A, 374A, 375A, 376A, 378A) - 391A	054	20 826 521	0	20 826 521	29 373 583
B.IV.	**Financial accounts - total (lines 056 to 060)**	**055**	4 279 975	0	4 279 975	2 706 625
B.IV.1.	Cash on hand (211, 213, 21X)	056	194 919	0	194 919	232 557
2.	Bank accounts (221A, 22X +/-261)	057	4 085 056	0	4 085 056	2 474 068
3.	Bank accounts with notice period exceeding one year 22XA	058	0	0	0	0
4.	Current financial assets (251, 253, 256, 257, 25X) - /291, 29X/	059	0	0	0	0
5.	Acquisition of current financial assets (259,314A) - 291	060	0	0	0	0
C.	**Accruals/deferrals - total (lines 062 to 065)**	**061**	985 531	0	985 531	1 024 731
C.1.	Prepaid expenses - long-term (381A, 382A)	062	0	0	0	0
2.	Prepaid expenses - short-term (381A, 382A)	063	595 322	0	595 322	705 415
3.	Accrued income - long-term (385A)	064	0	0	0	0
4.	Accrued income - short-term (385A)	065	390 209	0	390 209	319 316

DIČ:	2020428036	Balance Sheet Úč POD

Desig-nation a	LIABILITIES AND EQUITY b	Line No. c	Current accounting period 4	Preceding accounting period 5
	Total equity and liabilities line 067 + line 088 + line 121	**066**	328 770 321	300 507
A.	**Equity line 068 + line 073 + line 080 + line 084 + line 087**	**067**	89 472 963	265 932
A.I.	**Share capital - total (lines 069 to 072)**	**068**	46 950 386	221 337
A.I.1.	Share capital (411 or +/- 491)	069	46 950 386	221 337
2.	Own shares and own ownership interests (/-/252)	070	0	
3.	Change in share capital +/- 419	071	0	
4.	Receivables related to unpaid share capital (/-/ 353)	072	0	
A.II.	**Capital funds - total (lines 074 to 079)**	**073**	30 687 308	31 361
A.II.1.	Share premium (412)	074	30 430 378	30 430
2.	Other capital funds (413)	075	282 587	282
3.	Legal reserve fund (Non-distributable fund) from capital contributions (417, 418)	076	0	
4.	Differences from revaluation of assets and liabilities (+/- 414)	077	-25 657	648
5.	Investment revaluation reserves (+/- 415)	078	0	
6.	Differences from revaluation in the event of a merger, amalgamation into a separate accounting entity or demerger (+/- 416)	079	0	
A.III.	**Funds created from profit - total (lines 081 to 083)**	**080**	3 877 263	3 240
A.III.1.	Legal reserve fund (421)	081	3 877 263	3 240
2.	Non-distributable fund (422)	082	0	
3.	Statutory funds and other funds (423, 427, 42X)	083	0	
A.IV.	**Net profit/loss of previous years line 085 and line 086**	**084**	2 246 200	3 621
A.IV.1.	Retained earnings from previous years (428)	085	2 246 200	3 621
2.	Accumulated losses from previous years (/-/429)	086	0	
A.V.	**Net profit/loss for the accounting period after tax /+-/ line 001 - (line 068 + line 073 + line 080 + line 084 + line 088 + line 121)**	**087**	5 711 806	6 371
B.	**Liabilities line 89 + line 94 + line 106 + line 117 + line 118**	**088**	238 666 915	34 173
B.I.	**Provisions - total (lines 090 to 093)**	**089**	1 242 846	556
B.I.1.	Legal provisions - long-term (451A)	090	0	
2.	Legal provisions - short-term (323A, 451A)	091	1 210 676	530
3.	Other long-term provisions (459A, 45XA)	092	32 170	26
4.	Other short-term provisions (323A, 32X, 459A, 45XA)	093	0	
B.II.	**Non-current liabilities - total (lines 095 to 105)**	**094**	15 934 454	5 618
B.II.1.	Non-current trade liabilities (321A, 479A)	095	0	
2.	Net value of contract (316A)	096	0	
3.	Unbilled long-term supplies (476A)	097	0	
4.	Non-current liabilities to a subsidiary and a parent (471A)	098	0	
5.	Other non-current intercompany liabilities (471A)	099	0	
6.	Long-term advance payments received (475A)	100	0	
7.	Long-term bills of exchange to be paid (478A)	101	0	

DIČ:	2020428036	Balance Sheet Úč POD

Desig-nation a	LIABILITIES AND EQUITY b	Line No. c	Current accounting period 4	Preceding accounting period 5
8.	Bonds issued (473A/-/255A)	102	0	
9.	Liabilities related to social fund (472)	103	4 096	9
10.	Other non-current liabilities (474A, 479A, 47XA, 372A, 373A, 377A)	104	1 570 492	466
11.	Deferred tax liability (481A)	105	14 359 866	5 142
B.III.	**Current liabilities - total (lines 107 to 116)**	**106**	185 062 859	12 787
B.III.1.	Trade liabilities (321, 322, 324, 325, 32X, 475A, 478A, 479A, 47XA)	107	7 977 353	11 354
2.	Net value of contract (316A)	108	0	
3.	Unbilled supplies (326, 476A)	109	625 677	460
4.	Liabilities to a subsidiary and a parent (361A, 471A)	110	0	
5.	Other intercompany liabilities (361A, 36XA, 471A, 47XA)	111	0	
6.	Liabilities to partners and association (364, 365, 366, 367, 368, 398A, 478A, 479A)	112	174 781 533	9
7.	Liabilities to employees (331,333,33X,479A)	113	424 778	331
8.	Liabilities related to social security (336, 479A)	114	265 127	172
9.	Tax liabilities and subsidies (341, 342, 343, 345, 346, 347, 34X)	115	60 470	41
10.	Other liabilities (372A, 373A, 377A, 379A, 474A, 479A, 47X)	116	927 921	417
B.IV.	**Short-term financial assistance (241, 249, 24X, 473A,/-/255A)**	**117**	1 254 724	
B.V.	**Bank loans line 119 and line 120**	**118**	35 172 032	15 210
B.V.1.	Long-term bank loans (461A, 46XA)	119	27 486 408	12 363
2.	Current bank loans (221A, 231, 232, 23X, 461A, 46XA)	120	7 685 624	2 847
C.	**Accruals/deferrals - total (lines 122 to 125)**	**121**	630 443	402
C.1.	Accrued expenses - long-term (383A)	122	0	
2.	Accrued expenses - short-term (383A)	123	0	
3.	Deferred income - long-term (384A)	124	211 131	268
4.	Deferred income - short-term (384A)	125	419 312	134

INCOME STATEMENT

at 31. 10. 2013 (in whole euros)

Tax Identification number (DIČ) 2020428036

Identification number (IČO) 31560636

Financial statements
x - ordinary
- extraordinary

Financial statements
x - prepared
- approved

For period

	Month	Year
from	11	2012
to	10	2013

SK NACE 55. 1 .

(check x)

Preceding period

	Month	Year
from	11	2011
to	10	2012

Legal name (designation) of the accounting entity

Tatry mountain resorts, a. s.

Registered office of the accounting entity, street and number

Demänovská Dolina 72

Zip code 03101

Municipality Liptovský Mikuláš

Telephone number 044 / 5591505

Fax number 044 / 5591511

e-mail

Prepared on: 15. 2. 2014	Signature of the person responsible for bookkeeping:	Signature of the person responsible for the preparation of the financial statements:	Signature of the accounting entity's statutory body or a sole trader who is the accounting entity:
Approved on: 17. 2. 2014			

DIČ: 2020428036 | Income Statement Úč POD 2-01

Desig-nation a	Text b	Line No. c	Actual data: Current accounting period 1	Actual data: Preceding accounting period 2
I.	Revenue from the sale of merchandise (604, 607)	01	2 635 747	1 831 206
A.	Cost of merchandise sold (504, 505A, 507)	02	1 795 235	1 337 201
+	**Trade margin line 01- line 02**	**03**	840 512	494 005
II.	**Production line 05 + line 06 + line 07**	**04**	49 545 868	39 021 273
II.1.	Revenue from the sale of own products and services (601, 602, 606)	05	49 228 533	38 805 905
2.	Changes in internal inventory (+/- account group 61)	06	0	29
3.	Own work capitalized (account group 62)	07	317 335	215 339
B.	**Production line 09 + line 10**	**08**	23 412 363	17 960 233
B.1.	Consumed raw materials, energy consumption, and consumption of other non-inventory supplies (501, 502, 503, 505A)	09	9 545 807	7 156 559
2.	Services (account group 51)	10	13 866 556	10 803 674
+	**Added value line 03 + line 04 -line 08**	**11**	26 974 017	21 555 045
C.	Personnel expenses total (lines 13 to 16)	12	8 629 062	8 437 244
C.1.	Wages and salaries (521, 522)	13	6 172 222	6 261 597
2.	Remuneration of board members of company or cooperative (523)	14	214 004	195 705
3.	Social security expenses (524, 525, 526)	15	2 003 110	1 726 614
4.	Social expenses (527, 528)	16	239 726	253 328
D.	Taxes and fees (account group 53)	17	263 181	190 299
E.	Amortization and value adjustments to non-current intangible assets and depreciation and value adjustments to property, plant and equipment (551,553)	18	11 697 707	5 939 968
III.	Revenue from the sale of non-current assets and raw materials (641, 642)	19	6 402 517	322 007
F.	Carrying value of non-current assets sold and raw materials sold (541, 542)	20	6 229 198	217 756
G.	Creation and reversal of value adjustments to receivables (+/- 547)	21	-51 418	139 821
IV.	Other operating income (644, 645, 646, 648, 655, 657)	22	1 461 795	1 661 420

DIČ: 2020428036			Income Statement Úč POD 2-01	
Desig-nation	Text	Line No.	Actual data	
			Current accounting period	Preceding accounting period
a	b	c	1	2
H.	Other operating expenses (543, 544, 545, 546, 548, 549, 555, 557)	23	1 206 716	637 394
V.	Transfer of operating income (-) (697)	24	0	0
I.	Transfer of operating expenses (-) (597)	25	0	0
*	**Profit/loss from operations line 11 - line 12 - line 17 - line 18 + line 19 - line 20 - line 21 + line 22 - line 23 + (-line 24) - (-line 25)**	**26**	6 863 883	7 975 990
VI.	Revenue from the sale of securities and shares (661)	27	12 847 031	6 925 761
J.	Securities and shares sold (561)	28	12 175 775	6 430 567
VII.	Income from non-current financial assets line 30 + line 31 + line 32	29	0	300 447
VII.1	Income from securities and ownership interests in a subsidiary and in a company where significant influence is held (665A)	30	0	0
2.	Income from other long-term securities and shares (665A)	31	0	300 447
3.	Income from other non-current financial assets (665A)	32	0	0
VIII.	Income from current financial assets (666)	33	0	0
K.	Expenses related to current financial assets (566)	34	0	0
IX.	Gains on revaluation of securities and income from derivative transactions (664, 667)	35	0	0
L.	Loss on revaluation of securities and expenses related to derivative transactions (564, 567)	36	0	0
M.	Creation and reversal of value adjustments to financial assets +/- 565	37	-1 558 612	4 058 710
X.	Interest income (662)	38	1 602 284	3 548 829
N.	Interest expense (562)	39	676 593	532 686
XI.	Exchange rate gains (663)	40	7 799	11 429
O.	Exchange rate losses (563)	41	12 946	6 539
XII.	Other income from financial activities (668)	42	0	8 448
P.	Other expenses related to financial activities (568, 569)	43	284 453	420 650
XIII.	Transfer of financial income (-) (698)	44	0	0

DIČ: 2020428036			Income Statement Úč POD 2-01	
Desig-nation	Text	Line No.	Actual data	
			Current accounting period	Preceding accounting period
a	b	c	1	2
R.	Transfer of financial expenses (-) (598)	45	0	0
*	**Profit/loss from financial activities line 27 - line 28 + line 29 + line 33 - line 34 + line 35 - line 36 - line 37 + line 38 - line 39 + line 40 - line 41 + line 42 - line 43 +(-line 44) - (-line 45)**	**46**	2 865 959	-654 238
**	**Profit/loss from ordinary activities before tax line 26 + line 46**	**47**	9 729 842	7 321 752
S.	Income tax on ordinary activities line 49+ line 50	48	4 018 036	950 335
S.1.	- current (591,595)	49	54	942 897
2.	- deferred (+/-592)	50	4 017 982	7 438
**	**Profit/loss from ordinary activities after tax line 47 - line 48**	**51**	5 711 806	6 371 417
XIV.	Extraordinary income (account group 68)	52	0	0
T.	Extraordinary expenses (account group 58)	53	0	0
*	**Profit/loss from extraordinary activities before tax line 52 - line 53**	**54**	0	0
U.	Income tax on extraordinary activities line 56 + line 57	55	0	0
U.1.	- current (593)	56	0	0
2.	- deferred (+/- 594)	57	0	0
*	**Profit/loss from extraordinary activities after tax line 54 - line 55**	**58**	0	0
***	**Profit/loss for the accounting period before tax (+/-) (line 47 + line 54)**	**59**	9 729 842	7 321 752
V.	Transfer of net profit/net loss shares to partners (+/-596)	60	0	0
***	**Profit/loss for the accounting period after tax (+/-) [line 51 + line 58 - line 60]**	**61**	5 711 806	6 371 417

Notes Úč POD 3 - 04

Notes
to the individual Financial Statements
as at 31 October 2013

in [ ] - Eurocents [x] - EUR

	month	Year		month	year
For the period from	11	2012	to	10	2013
Preceding period from	11	2011	to	10	2012

Date of establishment of the accounting entity
20 03 1992

Financial statements *)
[x] - ordinary
[ ] - extraordinary
[ ] - interim

Financial statements *)
[x] – prepared
[ ] – approved

ID (IČO) 31560636
Tax ID (DIČ) 2020428036
SK NACE 55.10.0

Legal name (designation) of the accounting entity
TATRY MOUNTAIN RESORTS, a.s.

Regitered office of the accounting entity
Street DEMÄNOVSKÁ DOLINA
Number 72

Zip code 03101
Municipality LIPTOVSKÝ MIKULAŠ

Telephone No. 044/5591505
Fax No. 044/5591511

E-mail

Prepared on: 15.2.2014	Signature of the person responsible for bookkeeping:	Signature of the person responsible for preparation of the financial statements:	Signature of the member of the accounting entity's statutory body or a sole trader, who is an accounting entity:
Approved on: 17.2.2014			

A. INFORMATION ABOUT THE ACCOUNTING UNIT

1. Trade name and registered office of the Company:

Tatry mountain resorts, a.s.
Demänovská Dolina 72
031 01 Liptovský Mikuláš

Tatry mountain resorts, a.s. (hereinafter only the "company" or the "Company") is a joint-stock company with its registered office and point of business at: Demänovska Dolina 72, 031 01 Liptovský Mikuláš. The company was established on 20 March 1992 and was incorporated on 1 April 1992 (Commercial Register of Žilina District Court, Section: Sa, Insert No: 62/L). The Company's ID is: 31 560 636 and the Company's tax identification number is: 2020428036.

The Company's shares are registered with the Bratislava Stock Exchange (effective from 19 November 1993), the Warsaw Stock Exchange (effective from 15 October 2012) and with the Prague Stock Exchange (effective from 22 October 2012).

On 1 May 2013 Tatry mountain resorts, a.s., merged with its subsidiaries GRANDHOTEL PRAHA a.s., , Interhouse Tatry, s.r.o. and Tatry mountain resorts services, a.s. The subsidiaries prepared extraordinary financial statements as at 30 April 2013 owing to their termination without liquidation and their merger with Tatry mountain resorts, a.s. Assets and liabilities of the subsidiaries were revalued to fair value. Differences were identified for non-current intangible assets and property, plant and equipment (see Note E.1). For other assets and liabilities, the carrying amount did not materially differ from their fair value. Therefore, no adjustments were made. Effective from 1 May 2013, Tatry mountain resorts, a.s. became the successor company and assumed all legal, business and other liabilities and assets of its subsidiaries. All subsidiaries ceased to exist after the merger with the parent company and, subsequently, the subsidiaries were erased from the Commercial Register.

2. The Company's core activities include:
- Operation of cableways and ski lifts;
- Operation of hotels;
- Restaurant services and catering activities;
- Operation of a water park;
- Operation of ski and snowboarding schools;
- Purchase and sale of goods.

3. Average number of employees
Data on the number of employees for the current accounting period and the preceding accounting period are given in the following summary:

	31.10.2013	31.10.2012
Average full-time equivalent (FTE)	939	987
Number of employees as at the reporting date, thereof:	875	810
managers	25	15

Besides main job employees, the Company has people employed based on agreements on work activities or work performance agreements; all these are included in the total number of employees.

Effective from 1 November 2012, the Company uses services of personnel agencies for short-term personnel leasing.

4. Information on unlimited liability
The Company is not a partner with unlimited liability in other companies according to Article 56 (5) of the Commercial Code.

5. Legal reason for the preparation of the Financial Statements
The Financial Statements of the Company as at 31 October 2013 have been prepared as annual financial statements in accordance with Article 17 (6) of Slovak Act No. 431/2002 Coll. on Accounting for the accounting period from 1 November 2012 to 31 October 2013.

6. Date of approval of the financial statements for the preceding accounting period
The financial statements of the Company for the period ending 31 October 2012, i.e. for the preceding accounting period, were approved by the shareholders at the Company’s General Meeting held on 27 April 2013.

7. Publication of the financial statements for the preceding accounting period
The Company's financial statements for the period ending 31 October 2012, including the Annual Report and the auditor’s report on the audit of the financial statements as at 31 October 2012, were filed in the collection of deeds of the Commercial Register on 21 June 2013. The Balance Sheet and the Income Statement for the preceding accounting period were published in the Commercial Bulletin No. 250/2013 on 31 December 2013.

8. Approval by the Auditor
On 27 April 2013 the General Meeting appointed KPMG spol. s.r.o. as the auditor of the financial statements for the period from 1 November 2012 to 31 October 2013.

B. INFORMATION ABOUT THE ACCOUNTING ENTITY'S BODIES

The Company's bodies are:

Board of Directors:

Ing. Bohuš Hlavatý, Chairman (appointed 29.6.2009)
Ing. Branislav Gábriš, Vice-Chairman (appointed 18.2.2011)
Ing. Jozef Hodek, member (appointed 29.6.2009)
Ing. Dušan Slavkovský, member (appointed 1.5.2010)
Ing. Michal Krolák, member (appointed 18.2.2011)
Ing. Andrej Devečka, member (appointed 14.12.2006 till 14.12.2011, appointed 22.12.2011)

Supervisory Board:

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

C. INFORMATION ABOUT THE GROUP AND INFORMATION ABOUT THE SHAREHOLDERS OF THE ACCOUNTING ENTITY

The structure of the Company's shareholders as at 31 October 2013 and as at 31 October 2012 was as follows:

31 October 2013

Shareholder	Interest in share capital		Voting rights	Other share in equity items other than share capital
	In absolute terms	in %	in %	in %
a	b	c	d	e
				-
KEY DEE LIMITED	4 648	9,90	9,90	
Capital Industrial, a.s.	4 620	9,84	9,84	-
Tinsel Enterprise Limited	4 605	9,81	9,81	-
EGNARO INVESTMENTS LIMITEI	4 378	9,32	9,32	-
J&T Securities Management Limited (S	3 717	7,92	7,92	-
Poštová banka, a.s.	3 540	7,54	7,54	-
BELGOMET, s.r.o.	3 321	7,07	7,07	-
CONTIGY DEVELOPMENT LIMITI	2 511	5,35	5,35	
Minority shareholders	15 610	33,25	33,25	
Total	**46 950**	**100**	**100**	**-**

31 October 2012

Shareholder	Interest in share capital		Voting rights	Other share in equity items other than share capital
	In absolute terms	in %	in %	in %
a	b	c	d	e
				-
J & T BANKA, a.s.	21 912	9,90	9,90	
CLEARSTREAM BANKING S.A.	21 890	9,90	9,90	-
KEY DEE LIMITED	20 031	9,00	9,00	-
EGNARO INVESTMENTS LIMITEI	19 876	9,00	9,00	-
Poštová banka, a.s.	16 691	7,50	7,50	-
Patria Finance, a.s.	14 055	6,40	6,40	-
Privatbanka, a.s.	10 956	5,00	5,00	-
TATRY INVESTMENT LIMITED	9 562	4,30	4,30	
Minority shareholders	86 365	39,00	39,00	
Total	**221 338**	**100**	**100**	**-**

The Company is included in the consolidated financial statements of Tatry mountain resorts Group. The Group’s consolidated financial statements are available directly at the Company's registered office. The address of the registration court maintaining the Commercial Register in which these consolidated financial statements are deposited is: District Court Žilina, Pavla Orságha Hviezdoslava 28, 010 01 Žilina.

D. INFORMATION ABOUT ACCOUNTING PRINCIPLES AND ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements were prepared based on the going concern assumption.

The accounting policies and general accounting principles have been consistently applied.

(b) Non-current intangible assets and property, plant and equipment

Purchased non-current assets are valued at their acquisition cost, which consists of the price at which an asset has been acquired plus costs related to the acquisition (customs duty, transport, assembling costs, insurance, etc.).

Acquisition cost of property, plant and equipment and non-current intangible assets does not include borrowing costs or realized exchange rate differences which arose before the asset was put in use.

Self-constructed non-current assets are valued at their conversion cost. Conversion cost includes all direct costs incurred during production or other activities and indirect costs related to production or other activities.

Depreciation of property, plant and equipment is based on the estimated useful lives of the assets and their expected wear and tear. Depreciation commences on the first day of placing the asset into service. Low-value non-current tangible assets with an acquisition cost (or conversion cost) of EUR 996 or less are written off when the asset is put into use. Land is not depreciated. Low-value non-current tangible assets with an acquisition cost (or conversion cost) of EUR 1666 or less are written off when the asset is put into use.

Except for the below listed items, depreciation is recognised through profit or loss on a straight-line basis during the estimated useful lives of each asset. The estimated useful lives are as follows:

- Buildings — 30 - 45 years
- Separate movable assets and sets of movables
  - Geothermal well — 40 years
  - Toboggans — 25 years
  - Cableways and ski lifts — 20 - 30 years
  - Equipment — 5 - 12 years
  - Fixtures and fittings — 5 - 10 years

Depreciation methods, estimated useful lives and the carrying value are reassessed each year as at the date of the financial statements. Certain assets (cableways, snow-making equipment) are subject to progressive depreciation, as the wear and tear is higher during the last years of the estimated useful life.

Each material part of property, plant and equipment, i.e. an asset with an acquisition cost being material in proportion to the total acquisition cost of the asset, is depreciated separately.

Software and other intangible assets acquired by the Company are recognised at cost net of accumulated depreciation. Estimated useful lives of the assets are regularly reassessed.

Amortization is recognised through profit or loss on a straight-line basis over the estimated useful lives of an intangible asset from the date of availability for use. The estimated useful lives are as follows:

- Goodwill — 10 years
- Software — 4 – 5 years
- Valuable rights — each asset has a defined an individual depreciation plan for 6 - 50 years

The valuable rights include trademarks, which are not depreciated.

Tax depreciation is applied using straight-line rates in accordance with the Income Tax Act.

Assets assumed from the terminated subsidiaries

As at 1 May 2013, the Company assumed assets and liabilities from the terminated subsidiaries GRANDHOTEL PRAHA a.s., Interhouse Tatry, s.r.o. and Tatry mountain resorts services, a.s., and the assets in the terminated companies were remeasured to fair value in accordance with the Act on Accounting and other valid regulations. The terminating companies determined the fair value using the management's professional judgement. The terminating companies recognised the valuation differences as follows: through equity in case of increase, or through value adjustments to assets in case of decrease.

(c) Securities and ownership interests

Securities and ownership interests are valued at their acquisition cost, including costs related to acquisition, less any impairment of the securities and ownership interests.

(d) Inventory

Inventory is valued at the lower of its acquisition cost (purchased inventory), conversion cost (own work capitalized) or its net realizable value.

Acquisition cost includes the price at which inventory has been acquired plus costs related to the acquisition (customs duty, transport, insurance, commissions, discount, etc.). Borrowing costs are not capitalized. The cost of purchased inventory is based on the weighted average principle.

Conversion cost includes direct costs (direct materials, direct labour, and other direct costs) and part of the indirect costs directly related to own work capitalized (production overheads). Production overheads are included in the conversion cost based on the stage of production. Administrative overheads and selling costs are not included in the conversion cost. Borrowing costs are not capitalized.

Net realizable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Value adjustment to inventories is recognised for any impairment of value.

(e) Construction contracts

Construction contracts are presented using the percentage-of-completion method.

(f) Receivables

Receivables are valued at their nominal value when incurred; assigned receivables and receivables acquired through contribution to share capital are valued at their acquisition cost, including costs related to the acquisition. The valuation is net of any doubtful and bad debts. Receivables with maturity shorter than 12 months are recognised as short-term and receivables with maturity exceeding 12 months are recognised as long-term receivables.

(g) Cash, stamps and vouchers

Cash, stamps and vouchers are valued at their nominal value. A value adjustment is created for any impairment.

(h) Prepaid expenses and accrued income

Prepaid expenses and accrued income are presented in accordance with the matching principle in terms of substance and time.

(i) Provisions

Provisions are created for future losses and liabilities most likely to occur based on past events which can be estimated. Provisions are liabilities of uncertain timing or amount. Provisions are created to cover known risks or losses from business activities. They are valued at the expected amount of the liability.

(j) Liabilities
Liabilities are valued at their nominal value as they arise. Assumed liabilities are valued at their acquisition cost. If reconciliation procedures reveal that the actual amount of liabilities differs from the amount recorded in the accounting books, the actual amount shall be used to value these liabilities in the accounting books and financial statements. Liabilities with maturity shorter than 12 months are recognised as short-term and liabilities with maturity exceeding 12 months are recognised as long-term receivables

(k) Taxes
Income tax is calculated in the amount of 19% (for the period from 1 November 2012 to 31 December 2012) and 23% (for the period from 1 January 2013 to 31 October 2013) of the tax base, which is calculated as profit before tax adjusted by non-deductible and deductible items.

(l) Deferred taxes
Deferred taxes (deferred tax assets and deferred tax liabilities) refer to:

a) temporary differences between the carrying value of assets and the carrying value of liabilities presented in the Balance Sheet and their tax base;
b) tax losses which are possible to carry forward to future periods, being understood as the possibility of deducting these tax losses from the tax base in the future; and
c) unused tax deductions and other tax claims which are possible to carry forward to future periods.

For deferred tax assets, recoverability against future tax base is assessed. If it is assumed that the asset is not recoverable, a value adjustment is recognised. In the financial statements as at 31 October 2013, deferred taxes were calculated using the 23% rate.

(m) Accrued expenses and deferred income
Accrued expenses and deferred income are presented in accordance with the matching principle in terms of substance and time.

(n) Subsidies from the state budget
An entitlement to a subsidy from the state budget shall be accounted for if it is virtually certain that the entity will comply with the conditions attached to the subsidy and that the subsidy will be received.

Subsidies for the Company's operations are initially recorded as deferred income and are released into operating revenue in relation to the recognition of expenses incurred for the purpose for which subsidies for operations have been granted.

Subsidies for the acquisition of property, plant and equipment and non-current intangible assets are initially recorded as deferred income and are released into the Income Statement in accordance with the time and substance matching principle in relation to the depreciation of the non-current assets for which the subsidies have been granted.

(o) Leasing
Assets leased under operating lease agreements are presented by the owner, not by the lessee.

Financial leasing means acquisition of property, plant and equipment under a lease agreement with an agreed purchase option, at agreed payments over an agreed term of lease. Assets leased under a finance lease agreement is recognised as the Company's own asset and are depreciated by the lessee, not by the owner.

Acceptance of an asset by the lessee is debited to the relevant asset account in the lessee's accounting as of the asset acceptance date with a counter-entry to account 474 – Lease Liabilities in the amount of agreed payments less unrealised financial costs.

The agreed payments include the purchase price at which the title to the leased assets is transferred from the lessor to the lessee at the end of the lease. The agreed term of the lease is at least 60% of the depreciation period as defined by tax regulations, however not less than 3 years. Lease payments are allocated between

payment of the principal and financial costs calculated using the effective interest rate method. The financial costs are debited to account 562 – Interest Expense.

(p) Derivatives
Derivatives are valued at their fair value.

Changes in the fair values of hedging derivatives are recorded directly to equity, with no impact on net profit/loss.

Changes in fair values of derivatives held for trading on a domestic stock exchange, foreign stock exchange, or other public market are recorded with an impact on net profit/loss.
Changes in fair values of derivatives held for trading on a non-public market are recorded directly to equity, with no impact on net profit/loss.

(q) Assets and liabilities hedged by derivatives
Assets and liabilities hedged by derivatives are valued at their fair value. Changes in the fair values of assets and liabilities hedged by derivatives are recorded directly to equity, with no impact on net profit/loss.

(r) Foreign currency
Assets and liabilities denominated in foreign currency are translated to euros as at the date of the accounting transaction by the reference exchange rate determined and declared by the European Central Bank or National Bank of Slovakia as at the date preceding the date of the accounting transaction. An increase in a foreign currency purchased with euros is valued according to the exchange rate at which this foreign currency was purchased.

In case of a decrease in the same foreign currency in cash or in a foreign exchange account, the reference exchange rate determined and declared by the European Central Bank or National Bank of Slovakia as at the date preceding the date of the accounting transaction is used for the valuation of a decrease in the foreign currency in euros.

Assets and liabilities denominated in a foreign currency (except for advance payments made and advance payments received) are translated to euros at the Balance Sheet date according to the reference exchange rate determined and declared by the European Central Bank or the National Bank of Slovakia as at the Balance Sheet date, and are recorded with an impact on profit or loss.

Advance payments made and advance payments received in foreign currencies to or from bank account maintained in this currency are translated to euros as at the date of the accounting transaction by the reference exchange rate determined and declared by the European Central Bank or the National Bank of Slovakia as at the date preceding the date of the accounting transaction. They are not retranslated as of the Balance Sheet date.

(s) Revenues

The Company recognises six types of basic sales from provided services:

- Revenues from cableways and ski lifts (hereinafter also the "mountain resorts");
- Revenues from the water park;
- Revenues from sporting services and stores;
- Revenues from hotels;
- Revenues from restaurants;
- Revenues from real-estate projects.

Revenues are accrued depending on the period for which the service was provided, except for sales from the water park, hotel services and restaurant services, which are recognised through the profit/loss account after the service is provided. Revenues from provided services do not include any value added tax and are net of discounts and reductions in price (rebates, bonuses, discounts, credit notes, etc.)

E. INFORMATION ABOUT DATA ON THE ASSET SIDE OF THE BALANCE SHEET

5. Non-current intangible assets and property, plant and equipment

Information on the movements of non-current intangible assets and property, plant and equipment from 1 November 2012 to 31 October 2013 and for the comparative period from 1 November 2011 to 31 October 2012 is shown in the tables on pages 174 through 177.

On 1 May 2013 Tatry mountain resorts, a.s. merged with its subsidiaries GRANDHOTEL PRAHA a.s., , Interhouse Tatry, s.r.o. and Tatry mountain resorts services, a.s. All the subsidiaries ceased to exist upon the merger with the parent company. The assets and liabilities of the subsidiaries were remeasured to fair value as stated above in Note D – Information about Accounting Principles and Accounting Policies. The additions to property, plant and equipment owing to the merger equalled EUR 27 960 thousand. As a result of the merger, after elimination of interests in the subsidiaries from equity, the Company recognised a goodwill in the amount of EUR 9 624 thousand. As at 31 October 2013, the Company's management remeasured the goodwill as at 31 October 2013 in view of its recoverability and a value adjustment in the amount of EUR 3 229 thousand was recognised through profit and loss.

In the period from 1 November 2012 to 31 October 2013 the Company placed into service a 24-seat cabin cable way Funitel to Chopok at Jasná resort in the amount of EUR 25 450 thousand, a Twinliner transportation equipment in the amount of EUR 3 836 thousand and a 15-seat cabin cable way Gondola at the Southern side of Chopok mountain in the amount of EUR 10 389 thousand. The Company invested EUR 1 037 thousand in development of the infrastructure of restaurants and bars. During the aforementioned period, the Company placed into service the second part of the investment to Tatralandia water park – Tropic World in the amount of EUR 2 342 thousand. It is an all-year-round interior operation. The Company completed and launched the second part of the renovation and modernization of rooms in Wellness Hotel Grand in Jasna resort in the amount of EUR 4 532 thousand. Additionally, the Company placed into service an annex building to Wellness Hotel Grand in Jasná serving as a congress centre in the amount of EUR 1 203 thousand.

During the period from 1 November 2011 to 31 October 2012, the Company acquired assets for Hotel FIS and for Hotel Slovakia in the amount of EUR 4 926 thousand and EUR 1 697 thousand. On 11 March 2013, the parent company sold Hotel FIS Štrbské Pleso to BURNUS s.r.o., the selling price was EUR 5 674 thousand. The reason for the sale was the buyer's opportunity to win a subsidy for renovation of the hotel, and thus substantially increase its performance and achieve better results. On 1 October 2013 withdrawal from the contract became effective and the Company regained title to Hotel FIS Štrbské Pleso from BURNUS s.r.o. at the value equal to the selling price.

The property, plant and equipment recognised by the Company includes assets of Aquapark Tatralandia, acquired during 2011. Aquapark Tatralandia is the largest all-year-round water fun centre with accommodation in Slovakia, the Czech Republic and Poland. It also includes the accommodation facility of Holiday Village Tatralandia. It is located in Liptov region.

During the period from 1 November 2011 to 31 October 2012, the Company acquired a cableway at Lomnicke Sedlo mountain sag in the amount of EUR 3 484 thousand, which is recognised among land and buildings. Additionally, the Company acquired an 8-seat lift in Tatranska Lomnica including snow-making equipment in the amount of EUR 6 946 thousand and expanded the snow-making equipment in the Jasná resort in the amount of EUR 1 990 thousand. The Company invested in the development of the infrastructure of restaurants and bars in the amount of EUR 628 thousand. The amount contains investments in the après-ski bar Happy End, and expansion of Aquapark Tatralandia catering equipment at. During the aforementioned period, the Company started the construction and placed into service the first part of the investment in Tatralandia – Tropic World water park.

The Company has leased (with finance leasing agreements signed after 1 January 2004) the cableway technology, snowmobiles, equipment of the catering facilities and cars; the assets are presented as the Company's assets.

The following table shows net book values of the assets:

Description	31.10.2013 EUR	31.10.2012 EUR
Snowmobile	674 368	273 984
Car	477 135	298 818
LED screen	243 682	285 454
Belt conveyor	131 450	182 245
Mountain carrier	128 378	0
Excavator/Tractor	107 739	28 899
Ski service	85 666	103 102
Snowbike	28 347	14 504
Catering facility	0	117 654
Total	**1 876 764**	**1 304 660**

The Company secured its bank loans with the following assets: land, water areas, technology, service buildings of mountain lift equipment: ski lifts, chair lifts, funicular train, elevated cableway, cabin cableway, transformer station, service buildings and structures: Hotel Srdiečko, Hotel Kosodrevina, Hotel Liptov, Hotel Grand, Hotel SKI, former telecommunication building, bungalows.

As at 31 October 2013, the land, structures and equipment, inventories and receivables used as a pledge for the Company's bank loans amounted to EUR 196,400 thousand (31 October 2012: EUR 159,092 thousand).

Property,plant and equipment	Value in the current accounting period
Property, plant and equipment with established lien	191 560
Property, plant and equipment that is not at the Company's full disposal	0

The Company has its assets insured against natural disasters, theft, vandalism and general machinery risks. Additionally, the Company is insured against liability for damages. Property, plant and equipment is insured against natural disasters with the insured value amounting to EUR 218,952 thousand. The insured amount for general machinery risks insurance, liability insurance and vandalism is EUR 13,586 thousand, EUR 13,000 thousand and EUR 115,882 thousand, respectively.

in EUR

Property, plant and equipment	Land	Structures	Individual movable assets and sets of movable assets	Perennial crops	Livestock	Other property plant and equipment	Acquisition of property, plant and equipment	Advance payments made for property plant and equipment	**Total**
	Current accounting period ending 31.10.2013								
a	b	c	d	e	f	g	h	i	**j**
Initial measurement									
Opening balance	21,090,032	99,173,972	64,872,728	0	0	20,242	41,304,569	6,124,028	**232,585,571**
Increases	1,471,000	45,050,776	17,145,663	0	0	14,506	4,307,000	2,734,984	**70,723,929**
Decreases	82,963	5,847,613	1,100,729	0	0	8,894	0	0	**7,040,199**
Transfers	0	10,334,539	15,161,938	0	0	0	-19,372,449	-6,124,028	**0**
Closing balance	22,478,069	148,711,674	96,079,600	0	0	25,854	26,239,120	2,734,984	**296,269,301**
Accumulated depreciation									
Opening balance	0	17,009,595	21,973,780	0	0	0	0	0	**38,983,375**
Increases	0	3,107,368	4,661,377	0	0	0	0	0	**7,768,745**
Decreases	0	191,172	387,882	0	0	0	0	0	**579,055**
Closing balance	0	19,925,791	26,247,275	0	0	0	0	0	**46,173,066**
Value adjustments									
Opening balance	380,587	0	0	0	0	0	597,008	0	**977,595**
Increases	0	0	0	0	0	0	0	0	**0**
Decreases	0	0	0	0	0	0	0	0	**0**
Closing balance	380,587	0	0	0	0	0	597,008	0	**977,595**
Carrying value									
Opening balance	20,709,445	82,164,377	42,898,948	0	0	20,242	40,707,561	6,124,028	**192,624,601**
Closing balance	22,097,482	128,785,883	69,832,325	0	0	25,854	25,642,112	2,734,984	**249,118,640**

in EUR

Property, plant and equipment	Land	Structures	Individual movable assets and sets of movable assets	Perennial crops	Livestock	Other property plant and equipment	Acquisition of property, plant and equipment	Advance payments made for property plant and equipment	**Total**
	Preceding accounting period ending 31.10.2012								
a	b	c	d	e	f	g	h	i	**j**
Initial measurement									
Opening balance	20,397,260	84,702,206	56,710,859	0	0	29,450	18,083,802	2,329,445	**182,253,022**
Increases	694,154	11,429,652	8,496,080	0	0	0	26,977,470	16,684,382	**64,281,738**
Decreases	0	12,065	1,038,117	0	0	9,208	0	12,889,799	**13,949,189**
Transfers	-1,382	3,054,179	703,906	0	0	0	-3,756,703	0	**0**
Closing balance	21,090,032	99,173,972	64,872,728	0	0	20,242	41,304,569	6,124,028	**232,585,571**
Accumulated depreciation									
Opening balance	0	14,647,078	19,460,155	0	0	0	0	0	**34,107,233**
Increases	0	2,374,582	3,551,742	0	0	0	0	0	**5,926,324**
Decreases	0	12,065	1,038,117	0	0	0	0	0	**1,050,182**
Closing balance	0	17,009,595	21,973,780	0	0	0	0	0	**38,983,375**
Value adjustments									
Opening balance	380,587	0	0	0	0	0	597,008	0	**977,595**
Increases	0	0	0	0	0	0	0	0	**0**
Decreases	0	0	0	0	0	0	0	0	**0**
Closing balance	380,587	0	0	0	0	0	597,008	0	**977,595**
Carrying value									
Opening balance	20,016,673	70,055,128	37,250,704	0	0	29,450	17,486,794	2,329,445	**147,168,194**
Closing balance	20,709,445	82,164,377	42,898,948	0	0	20,242	40,707,561	6,124,028	**192,624,601**

in EUR

Non-current intangible assets	Current accounting period ending 31.10.2013							
	Capitalised development costs	Software	Valuable rights	Goodwill	Other non-current intangible assets	Acquisition of non-current intangible assets	Advance payments made for non-current intangible assets	**Total**
a	b	c	d	e	f	g	h	**i**
Initial measurement								
Opening balance	0	571,556	1,757,736	-143,376	17,026	451	0	**2,203,393**
Increases	0	800,726	0	9,623,930	0	31,057	0	**10,455,713**
Decreases	0	6,278	0	0	0	0	0	**6,278**
Transfers	0	451	0	0	-	-451	0	**0**
Closing balance	0	1,366,455	1,757,736	9,480,554	17,026	31,057	0	**12,652,828**
Accumulated depreciation								
Opening balance	0	147,504	735,458	-143,376	17,026	0	0	**756,612**
Increases	0	159,148	71,034	470,086	0	0	0	**700,268**
Decreases	0	6,278	0	0	0	0	0	**6,278**
Closing balance	0	300,374	806,492	326,710	17,026	0	0	**1,450,602**
Value adjustments								
Opening balance	0	0	0	0	0	0	0	**0**
Increases	0	0	0	3,228,694	0	0	0	**3,228,694**
Decreases	0	0	0	0	0	0	0	**0**
Closing balance	0	0	0	3,228,694	0	0	0	**3,228,694**
Carrying value								
Opening balance	0	424,052	1,022,278	0	0	451	0	**1,446,781**
Closing balance	0	1,066,081	951,244	5,925,150	0	31,057	0	**7,973,532**

in EUR

Non-current intangible assets	Preceding accounting period ending 31.10.2012							
	Capitalised development costs	Software	Valuable rights	Goodwill	Other non-current intangible assets	Acquisition of non-current intangible assets	Advance payments made for non-current intangible assets	**Total**
a	b	c	d	e	f	g	h	**i**
Initial measurement								
Opening balance	0	204,885	1,757,736	-143,376	17,026	0	0	**1,836,271**
Increases	0	380,939	0	0	0	451	0	**381,390**
Decreases	0	14,268	0	0	0	0	0	**14,268**
Transfers	0	0	0	0	0	0	0	**0**
Closing balance	0	571,556	1,757,736	-143,376	17,026	451	0	**2,203,393**
Accumulated depreciation								
Opening balance	0	109,524	558,580	-143,376	17,026	0	0	**541,754**
Increases	0	52,247	176,878	0	0	0	0	**229,125**
Decreases	0	14,267	0	0	0	0	0	**14,267**
Closing balance	0	147,504	735,458	-143,376	17,026	0	0	**756,612**
Value adjustments								
Opening balance	0	0	0	0	0	0	0	**0**
Increases	0	0	0	0	0	0	0	**0**
Decreases	0	0	0	0	0	0	0	**0**
Closing balance	0	0	0	0	0	0	0	**0**
Carrying value								
Opening balance	0	95,361	1,199,156	0	0	0	0	**1,294,517**
Closing balance	0	424,053	1,022,278	0	0	451	0	**1,446,781**

in EUR

Non-current financial assets	Current accounting period ending 31.10.2013								
	Shares and ownership interests in subsidiaries	Shares and ownership interests in associates	Other long-term shares and ownership interests	Intercompany loans	Other non-current financial assets	Loans with maturity up to one year	Acquisition of non-current financial assets	Advances made for non-current financial assets	**Total**
a	b	c	d	e	f	g	h	i	**j**
Initial measurement									
Opening balance	18,795,792	7,566,969	13,207,363	0	10,050,371	2,916,258	0	19,451,265	**71,988,018**
Increases	7,500,000	119,021	6,237	0	6,122,136	65,383	0	0	**13,806,532**
Decreases	33,821,570	24,200	12,832,206	0	0	2,981,641	0	0	**49,653,372**
Transfers	7,525,778	-7,661,790	136,012	0	-101,395	101,395	0	0	**0**
Closing balance	0	0	517,406	0	16,071,112	101,395	0	19,451,265	**36,141,178**
Value adjustments									
Opening balance	3,000,000	2,000,000	0	0	0	0	0	1,558,612	**6,558,612**
Increases	0	0	0	0	0	0	0	0	**0**
Decreases	5,000,000	0	0	0	0	0	0	1,558,612	**6,558,612**
Closing balance	2,000,000	-2,000,000	0	0	0	0	0	0	**0**
Carrying value	0	0	0	0	0	0	0	0	**0**
Opening balance									
Closing balance	15,795,792	5,566,969	13,207,363	0	10,050,371	2,916,258	0	17,892,653	**65,429,406**
Initial measurement	0	0	517,406	0	16,071,112	101,395	0	19,451,265	**36,141,178**

in EUR

Non-current financial assets	Preceding accounting period ending 31.10.2012								
	Shares and ownership interests in subsidiaries	Shares and ownership interests in associates	Other long-term shares and ownership interests	Intercompany loans	Other non-current financial assets	Loans with maturity up to one year	Acquisition of non-current financial assets	Advances made for non-current financial assets	**Total**
a	b	c	d	e	f	g	h	i	**j**
Initial measurement									
Opening balance	18,795,792	7,525,778	17,337,442	0	7,674,182	0	0	19,251,265	**70,584,459**
Increases	0	109,882	2,748,289	0	2,376,189	2,916,258	0	200,000	**8,350,618**
Decreases	0	68,691	6,878,368	0	0	0	0	0	**6,947,059**
Transfers	0	0	0	0	0	0	0	0	**0**
Closing balance	18,795,792	7,566,969	13,207,363	0	10,050,371	2,916,258	0	19,451,265	**71,988,018**
Value adjustments									
Opening balance	0	0	0	0	0	0	0	2,499,902	**2,499,902**
Increases	3,000,000	2,000,000	0	0	0	0	0	0	**5,000,000**
Decreases	0	0	0	0	0	0	0	941,290	**941,290**
Closing balance	3,000,000	2,000,000	0	0	0	0	0	1,558,612	**6,558,612**
Carrying value									
Opening balance	18,795,792	7,525,778	17,337,442	0	7,674,182	0	0	16,751,363	**68,084,557**
Closing balance	15,795,792	5,566,969	13,207,363	0	10,050,371	2,916,258	0	17,892,653	**65,429,406**

2. Non-current financial assets

Information on the movements of non-current financial assets from 1 November 2012 to 31 October 2013 and for the comparative period from 1 November 2011 to 31 October 2012 is shown in the tables on pages 178 and 179.

The amount of equity as at 31 October 2013 and results of operations for the accounting period of 2013 are summarised in the following table. As at the preparation date of the financial statements, the Company did not have available 2013 profits or losses for some of the following companies.

	Current accounting period (2013)				
Legal name and registered office of the company, in which the accounting entity has allocated non-current financial assets	Holding of the accounting entity in share capital in %	Share of the accounting entity in voting rights in %	Value of the equity of the accounting entity in which the accounting entity has allocated non-current financial assets	Profit or loss of the accounting entity in which the accounting entity has placed non-current financial assets	Carrying value of the non-current financial assets
a	b	c	d	e	f
a) Subsidiaries	**0**	**0**	**0**	**0**	**0**
b) Entities with substantial interest	**0**	**0**	**0**	**0**	**0**
c) Other available-for-sale securities and ownership interests					
Best Hotel Properties, a.s.	<0.001	n/a	n/a	n/a	288 759
Compagnie des Alpes S.A.	<0.001	n/a	n/a	n/a	59 329
Tatranské Dopravné dužstvo	0.08	n/a	n/a	n/a	33 315
Melida	19	19	1 784 747	1 368 521	16 991
Korona Ziemi	20	20	n/a	n/a	119 012
d) Other financial assets					
Long-term loans					16 071 112
Loans with maturity not exceeding one year					101 395
e) Non-current financial assets acquired with the intention to have influence over other accounting entity					
Advance payment made for future acquisition					19 451 265
Total non-current financial assets					**36 141 178**

On 16 February 2013, the Company acquired an additional 50% ownership interest in Interhouse Tatry s.r.o., and, consequently, became an exclusive owner of Grandhotel Starý Smokovec, in the High Tatras. The price for the aforementioned ownership interest was EUR 7500 thousand.

On 1 May 2013 Tatry mountain resorts, a.s. merged with its subsidiaries GRANDHOTEL PRAHA a.s., , Interhouse Tatry, s.r.o. and Tatry mountain resorts services, a.s. Effective from that date, Tatry mountain resorts, a.s. became the successor company and assumed all legal, business and other liabilities and assets of its subsidiaries. After the merger with the parent company, all subsidiaries ceased to exist.

As at 31 October 2013, the Company owned 23825 shares of Best Hotel Properties a.s. (hereinafter only BHP), a company operating a chain of hotels. As at 31 October 2013, the value of the shares is EUR 289 thousand (as at 31 October 2012: EUR 13121 thousand). The Company obtained a commitment regarding the purchase under the contract on advisory services signed with J&T FINANCE GROUP, a.s., that the earnings from the purchase of the BHP shares will be at least 7% p.a. over the following 3 years.

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, and operating ski resorts and summer leisure parks. The Company purchased the shares as a financial investment. The shares are revalued to fair value through equity based on present stock-exchange prices. As at 31 October 2013, the value of the shares was EUR 59 thousand (31 October 2012: EUR 53 thousand).

On 26 November 2012, the Company, in cooperation with Gmina Zawoja, a Polish municipality, established a company named Korona Ziemi Sp. z o.o. (a limited liability company) with registered capital totalling PLN 671 thousand. On 12 September 2013, the company's registered capital was increased to PLN 2605 thousand; the Company's interest as at 31 October 2013 is 19% (PLN 495 thousand). As at 31 October 2013, total amount of the contribution to the Polish company is EUR 119012. The core activity of Korona Ziemi Sp. z o.o. is the operation of Korona Ziemi museum for promotion of the world's highest mountains using models and interactive forms of education and presentation.

On 28 August 2012, the Company acquired 100% of MELIDA, a.s. shares and later, on 17 September 2012, the Company sold 50% of the shares. The 50% of MELIDA, a.s. shares were sold at zero profit. On 1 October 2013 the Company sold another 31% of MELIDA, a.s. shares in the amount of EUR 24200 to a strategic partner, which is expected to cooperate with the Company on a number of future projects with expected synergies which presently cannot be quantified. The remaining value of MELIDA a.s. shares as at 31 October 2013 is EUR 16991. On 6 November 2012 MELIDA, a.s. signed a Business Lease Agreement with SKIAREÁL Špindlerův Mlýn, a.s. ubject matter of the contract is the operation of the business under terms and conditions stated in the contract, which in fact means a long-term lease of all assets in Špindlerův Mlýn Ski Resort for 20 years.

As at 31 October 2013, long-term loans include mainly the loan in the amount of EUR 7736 thousand (as at 31 October 2012: EUR 6050 thousand) granted to WEBIS, s.r.o. with a 5% p.a. fixed interest rate; as at 31 October 2013 the amount of the outstanding accrued interest on the aforementioned amount is EUR 944 thousand (as at 31 October 2012: EUR 643 thousand), the loan granted to 1. Tatranská, akciová spoločnosť in the amount of EUR 6396 thousand (as at 31 October 2012: EUR 2055 thousand) with a 7% p.a. fixed interest rate, as at 31 October 2013, the amount of the outstanding accrued interest on the aforementioned amount is EUR 439 thousand (as at 31 October 2012: EUR 198 thousand), and a loan in the amount of EUR 1847 thousand ranted on 22 October 2012 to the owner of Energetik Hostel with a 5% p.a. fixed interest rate; as at 31 October 2013 the amount of the outstanding accrued interest on the aforementioned amount is EUR 92350.

Information about the granted long-term loans is summarised in the following table:

Long-term loans	Opening balance	Increase in value	Decrease in value	Removal of the loan from accounting books in the accounting period	Closing balance
a	b	c	d	e	f
More than five years to maturity	31	0	0	0	31
From three years to five years, inclusive, to maturity	9 951 795	4 179 936	0	0	14 131 731
From one year to three years, inclusive, to maturity	98 545	1 840 805	0	0	1 939 350
Up to one year, inclusive, to maturity	2 916 258	166 778	0	2 981 641	101 395
Total long-term loans	**12 966 629**	**6 187 520**	**0**	**2 981 641**	**16 172 507**

The granted advance payments refer to future acquisitions in the amount of EUR 19451 thousand (as at 31 October 2012: EUR 17892 thousand). The Company granted an advance payment for future acquisition, which is a company operating cableways. The Company intends to acquire the aforementioned operator in the future. The contract was signed with WEBIS, s.r.o. for an original term of 6 years. In 2013, the maturity of the advance payment was shortened to 31 October 2014 (the original maturity was 31 March 2017). Owing to the originally long-term nature of the granted advance payment, as at 31 October 2012 the amount of the granted advance payment was discounted to its fair value. The Company applied a 2.11% discount rate. In 2012, the revaluation of the advance payment resulted in a profit in the amount of EUR 941 thousand. As at 31 October 2013, the Company cancelled the discounting of the advance payment because it was classified as a short-term receivable and this operation resulted in a profit of EUR 1559 thousand.

The amount of equity as at 31 October 2012 and results of operations for the accounting period of 2012 are summarised in the following table.

	Preceding accounting period (2012)				
Trade name and registered office of the entity in which the Company has allocated its non-current financial assets	The Company's holding in share capital in %	The Company's share in voting rights in %	Value of equity of the accounting entity, in which the Company has allocated its non-current fin. assets	Profit or loss of the accounting unit in which the Company has allocated its non-current financial assets	Carrying amount of non-current financial assets
a	b	c	d	e	f
a) Subsidiaries					
GRANDHOTEL PRAHA, a.s.	100	100	1 828 025	277 259	15 759 279
Tatry mountain resorts services, a.s.	100	100	-138 311	-122 717	36 513
b) Accounting entities with substantial interest					
Associates					
Interhouse Tatry, s.r.o.	50	50	1 041 850	119 421	5 525 778
Melida	50	50	79 976	0	41 191
c) Other realizable securities and ownership interests					
Best Hotel Properties, a.s.	317	317	-	-	13 120 957
Compagnie des Alpes S.A.	<0001	-	-	-	53 092
Tatranské Dopravné družstvo	008	-	-	-	33 315
Long-term loans	-	-	-	-	12 966 629
d) Non-current financial assets acquired with the intention to gain control over other entity					
Advance payment granted for future acquisition	-	-	-	-	17 892 653
Total non-current financial assets					**65 429 406**

As at 28 December 2009, the Company acquired a 100% ownership interest in the subsidiary GRANDHOTEL PRAHA a.s. and a 50% ownership interest in the associate Interhouse Tatry s.r.o. The price for the ownership interests in GRANDHOTEL PRAHA a.s. and Interhouse Tatry s.r.o. was EUR 18,759 thousand and EUR 7,526 thousand, respectively. GRANDHOTEL PRAHA a.s. was a company providing accommodation and catering services and operating a 4-star hotel in Tatranska Lomnica. Interhouse Tatry s.r.o. was a company providing accommodation and catering services and operating a 4-star hotel in Stary Smokovec (Grandhotel Starý Smokovec). As at 31 October 2012, the Company recognised temporary value adjustments to the ownership interest in the subsidiary GRANDHOTEL PRAHA, a.s. in the amount of EUR 3,000 thousand and a value adjustment to the ownership interest in the associate Interhouse Tatry, s.r.o. in the amount of EUR 2,000 thousand. These value adjustments are the revaluation reserve on the Company's ownership interests.

As at 11 October 2010, the Group acquired a 100% ownership interest in its subsidiary Tatry mountain resorts services, a.s. The price for the Company's shares was EUR 37 thousand. Tatry mountain resorts services, a.s is a company providing accounting, financial advisory, HR and payroll services, marketing and investment advisory services. The company provides services mostly to companies in the Group.

3. Inventories

A breakdown of inventories as at the end of the accounting period is presented in the table below:

	31.10.2013 EUR	31.10.2012 EUR
Materials	814 648	425 887
Merchandise	1 300 836	1 046 057
Total	**2 115 484**	**1 471 944**

The Company did not recognise any value adjustments for inventories.

Inventories	Value in the current accounting period
Inventory under lien	2 115 484
Inventory that is not at the Company's full disposal	0

4. Receivables

Movements in the value adjustment to receivables during the accounting period are presented in the table below:

	Current accounting period (2013)				
Receivables	Value adjustment as at 31 Oct 2012	Creation of value adjustment	Release of value adjustment due to cease of justification	Release of value adjustment in relation to disposal of the asset from accounting books	Value adjustment as at 31 Oct 2013
a	b	c	d	e	f
Trade receivables	205 706	0	71 982	0	133 724
Receivables from a subsidiary or a parent company	0	0	0	0	0
Other intercompany receivables	0	0	0	0	0
Receivables from partners, members and association	0	0	0	0	0
Other receivables	0	0	0	0	0
Total receivables	**205 706**	**0**	**71 982**	**0**	**133 724**

Following is the ageing structure of receivables for the current accounting period:

Receivables as at 31 Oct 2013	Due	Overdue	Total receivables
a	b	c	d
Long-term receivables			
Trade receivables	0	0	0
Receivables of a subsidiary and a parent company	0	0	0
Other intercompany receivables	0	0	0
Receivables from partners, members and association	0	0	0
Other receivables	0	0	0
Total long-term receivables	**0**	**0**	**0**
Short-term receivables			
Trade receivables	4 665 957	457 790	5 123 748
Receivables of a subsidiary and a parent company	0	0	0
Other intercompany receivables	0	0	0
Receivables from partners, members and association	0	0	0
Social insurance	0	0	0
Tax receivables and subsidies	2 339 436	0	2 339 436
Other receivables	20 826 521	0	20 826 521
Total short-term receivables	**27 831 914**	**457 790**	**28 289 705**

Other receivables as at 31 October 2013 in the amount of EUR 20826 thousand (as at 31 October 2012: EUR 29373 thousand) include mainly the receivable from the unsettles promissory note from J&T Private Equity B.V., which, as at 31 October 2013 amounted to EUR 11361 thousand, including accrued interest in the amount of EUR 8168 thousand (as at 31 October 2012: EUR 29166 thousand including accrued interest in the amount of EUR 7567 thousand) and a loan granted to J&T Private Equity, amounting to EUR 9343 thousand as at 31 October 2013. The promissory note is payable on sight and bears an interest of 7.5% p.a. The loan matures on 31 December 2013 and the applied interest rate is 6.5% p.a.

Following is the ageing structure of receivables for the preceding accounting period:

Receivables as at 31 Oct 2012	Due	Overdue	Total receivables
a	b	c	d
Long-term receivables			
Trade receivables	0	0	0
Receivables of a subsidiary and a parent company	0	0	0
Other intercompany receivables	0	0	0
Receivables from partners, members and association	0	0	0
Other receivables	0	0	0
Total long-term receivables	**0**	**0**	**0**
Short-term receivables			
Trade receivables	3 925 295	1 173 871	5 099 166
Receivables of a subsidiary and a parent company	0	0	0
Other intercompany receivables	0	0	0
Receivables from partners, members and association	0	0	0
Social insurance	0	0	0
Tax receivables and subsidies	1 536 425	0	1 536 425
Other receivables	29 373 583	0	29 373 583
Total short-term receivables	**34 835 303**	**1 173 871**	**36 009 174**

Receivables according to residual maturity are as follows:

Receivables by residual maturity	31.10.2013	31.10.2012
a	b	c
Receivables overdue	457 790	1 173 871
Receivables with remaining maturity less than one year	27 831 914	34 835 303
Total short-term receivables	**28 289 705**	**36 009 174**
Receivables with remaining maturity from one to five years	0	0
Receivables with remaining maturity more than five years	0	0
Total long-term receivables	**0**	**0**

Information on receivables secured by a lien or other form of security is shown in the following table:

Description of security	Current accounting period (2013)	
	Value of security	Value of receivable
a		
Receivables secured by a lien or other form of security	x	0
Value of pledged receivables	x	2 724 141
Value od receivables that are not at the Company's full disposal	x	0

5. Financial accounts

Cash on hand, bank accounts, and securities are presented in financial accounts. The bank accounts are at the Company's full disposal.

	31. 10. 2013 EUR	31. 10. 2012 EUR
Cash on hand, stamps and vouchers	194 919	232 557
Current bank accounts	3 890 960	2 432 441
Term deposits	0	0
Cash in transit	194 096	41 627
Total	**4 279 975**	**2 706 625**

6. Accruals and deferrals

Description of accruals/deferrals	31. 10. 2013 EUR	31. 10. 2012 EUR
Prepaid expenses - long-term, out of which:	**0**	**0**
Prepaid expenses - short-term, out of which:	**595 322**	**705 415**
Rent	169 698	106 327
Membership fee Regional Tourist Association (OOCR)	298 300	499 422
Other	127 324	99 666
Accrued income - long-term, out of which:	**0**	**0**
Accrued income - short-term, out of which:	**390 209**	**319 316**
Rent	256 703	274 369
Other	133 506	44 947
Total	**985 531**	**1 024 731**

F. INFORMATION ABOUT DATA ON LIABILITIES AND EQUITY SIDE OF THE BALANCE SHEET

1. Equity

Information on equity is provided in Parts C and O.

2. Liabilities

The structure of liabilities (except for bank loans) by residual maturities is shown in the table below:

Item designation	31 Oct 2013 EUR	31 Oct 2012 EUR
Liabilities overdue	387,034	1,035,593
Liabilities due within 1 year	184,675,825	11,751,634
Total short-term liabilities	**185,062,859**	**12,787,227**
Liabilities due within 1-5 years	15,934,454	5,618,632
Liabilities due over 5 years	0	0
Total long-term liabilities	**15,934,454**	**5,618,632**

As at 31 October 2013, the Company's short-term liabilities include liabilities owing to the decrease in equity in the amount of EUR 174,387,147; the Company's management intends to settle the liabilities within one year. The Company intends to raise financial funds by the issuance of bonds. See also Note N – Information on Events Occurring between the Balance Sheet Date and the Date of Preparation of Financial Statements.

The Company's short-term and long-term liabilities include liabilities from financial leasing. Financial leasing was used to finance the acquisitions of cableway technology, snowmobiles, snowbikes, 50 cars and 2 large-scale LED screens and other assets. The split of the future payments in the principal and the related financial costs, based on the due date, is shown in the table below:

Description	31.10.2013			31.10.2012		
	Maturity			Maturity		
	less than 1 year	1 to 5 years	more than 5 years	less than 1 year	1 to 5 years	more than 5 years
a	b	c	d	e	f	g
Principal	746 070	1 013 914	0	329 783	458 940	0
Financial costs	39 959	32 540	0	17 364	10 569	0
Total	**786 029**	**1 046 454**	**0**	**347 147**	**469 509**	**0**

3. Deferred tax liability

The calculation of the deferred tax liability is presented in the table below:

Description	31. 10. 2013	31. 10. 2012
Temporary differences between the carrying value of assets and the tax base	62 634 487	27 448 694
– deductible	-1 074 383	-7 670 554
– taxable	63 708 870	35 119 248
Temporary differences between the carrying value of liabilities and their tax base, thereof:	-920 934	-383 829
– deductible	-920 934	-383 829
– taxable	0	0
Possibility to carry forward the tax loss in the future	720 648	0
Optional transfer of unused tax deductions	0	0
Income tax rate (%)	23	19
Defereed tax asset	**0**	**0**
Claimed tax asset	**0**	**0**
Recognised as reduction of expenses	0	0
Recognised in equity	0	0
Deferred tax liability	**14 359 866**	**5 142 324**
Change in the deferred tax liability	**-4 017 982**	**-7 438**
Recognised in expenses	-4 017 982	-7 438
Recognised in equity	0	0

The Company recognised the deferred tax liability in net value.
The change in the deferred tax liability has been recognised as an expense through the profit and loss statement; it does not include a deferred tax liability that the Company gained by the merger with the subsidiaries in the amount of EUR 5,200 thousand.

4. Social fund

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

Description	31.10.2013 EUR	31.10.2012 EUR
Opening balance of the social fund	**9 340**	**14 687**
Creation of social fund against expenses	62 811	26 618
Creation of social fund from profit	0	0
Other creation of social fund	0	0
Total creation of social fund	*62 811*	*26 618*
Drawing of social fund	*68 055*	*31 965*
Closing balance of social fund	**4 096**	**9 340**

According to the Act on the Social Fund, part of the social fund must be created against expenses and part can be created from retained earnings. According to the Act on the Social Fund, the social fund is used to satisfy social, health, recreational, and other needs of employees.

5. Bank loans

Bank loans are detailed in the table below:

Item designation	Currency	Annual interest in %	Maturity	Principal in the currency as at 31.10.2013	Principal in the currency as at 31.10.2012
a	b	c	d	e	f
Long-term bank loans					
Bank loan 2457/07	EUR	1.85%	2013 - 2017	2 319 425	3 033 094
Bank loan 4316/2008	EUR	2.35%	2013 - 2018	1 067 184	1 458 874
Bank loan 77358	EUR	3.00%	2013 - 2017	17 559 000	0
Bank loan 1851/07	EUR	2.35%	2013 - 2017	2 190 799	2 921 065
Bank loan 659/2011	EUR	2.95%	2013 - 2016	4 350 000	4 950 000
				27 486 408	**12 363 033**
Short-term bank loans					
Bank loan 2457/07	EUR	1.85%	2012 - 2013	713 669	713 669
Bank loan 4316/2008	EUR	2.35%	2012 - 2013	391 689	803 292
Bank loan 77358	EUR	3.00%	2013 - 2017	5 250 000	0
Bank loan 1851/07	EUR	2.35%	2012 - 2013	730 266	730 266
Bank loan 659/2011	EUR	2.95%	2012 - 2013	600 000	600 000
				7 685 624	**2 847 227**
Total				**35 172 032**	**15 210 260**

During the year, the Company signed a loan contract with Tatra banka, a.s. for a loan in the total amount of EUR 30000 thousand. The loan is drawn gradually; as at 31 October 2013, the amount drawn amounted to EUR 22809 from the total value. The loan is used for financing investment and development activities associated with construction and completion of new facilities for the summer and winter seasons.

The bank loans were secured by the following assets: land, technology and service buildings of mountain lift equipment: ski lifts, chair lifts, funicular train, elevated cableway, cabin cableway, transformer station, service buildings and structures: Hotel Srdiečko, Hotel Kosodrevina, Hotel Liptov, Hotel SKI, Hotel Tri Studničky, Hotel Slovakia and Zahradky Challets. Additionally, all movable assets and trade receivables have been pledged.

As at 31 October 2013, the bank loans were secured by land, buildings and equipment, inventories and receivables in the amount of EUR 196,400 thousand (31 October 2012: EUR 159,092 thousand).

The Company does not keep records of any assets the title to which would be acquired based on a contract on lien or which would be used based on a contract on borrowing.

6. Provisions

Provisions for the current accounting period are shown in the table below:

	Balance as at 31 Oct 2012 EUR	Creation (increase) EUR	Decrease (use) EUR	Cancellation (release) EUR	Balance as at 31 Oct 2013 EUR
Long-term provisions, out of which:	**26 691**	**8 364**	**2 885**	**0**	**32 170**
Other long-term provisions					
Warranty repairs	6 774	0	0	0	6 774
Provision for retirement benefits	0	8 364	2 885	0	5 479
Provision for reclamation	19 917	0	0	0	19 917
Total other long-term provisions	**26 691**	**8 364**	**2 885**	**0**	**32 170**
Short-term provisions, out of which:	**530 248**	**1 144 554**	**464 126**	**0**	**1 210 676**
Short-term legal provisions					
Vacation pay, including social security	86 859	130 319	0	0	217 178
Audit of financial statements	59 560	93 301	80 297	0	72 564
Provision - bonuses	383 829	920 934	383 829	0	920 934
Total short-term legal provisions	**530 248**	**1 144 554**	**464 126**	**0**	**1 210 676**

The creation of provisions includes provisions gained by the Company through merger with the subsidiaries in the amount of EUR 67 thousand.

7. Accruals/deferrals

The structure of accruals/deferrals is presented in the table below:

Description	31. 10. 2013 EUR	31. 10. 2012 EUR
Accrued expenses - long term, out of which:	**0**	**0**
Accrued expenses - short term, out of which:	**0**	**0**
Deferred income - long-term, out of which:	**419 312**	**268 067**
Subsidies for acquisition of property, plant and equipment	106 547	47 329
EU subsidy for education project - ZASI	0	167 000
Other	312 765	53 738
Deferred income - short-term, out of which:	**211 131**	**134 108**
Subsidies for acquisition of property, plant and equipment	6 041	108 830
Lease	134 218	0
Other	70 872	25 278
Total	**630 443**	**402 175**

G. INFORMATION ABOUT INCOME

1. Revenues from own work and merchandise

Revenues from own work and merchandise by segments, i.e. types of products and services, is presented in the table below:

Segment	Merchandise		Services		Total	
	2013	2012	2013	2012	2013	2012
a	b	c	d	e		
Mountain resorts	178 033	39 462	22 253 065	18 638 596	22 431 098	18 678 058
Water park	54 490	210	7 996 088	7 195 345	8 050 578	7 195 555
Catering facilities	256 558	137 957	6 406 741	4 021 312	6 663 299	4 159 269
Sporting services and stores	1 418 238	914 322	1 296 217	1 102 191	2 714 454	2 016 513
Hotels	728 428	739 255	11 023 133	7 538 709	11 751 562	8 277 964
Real-estate projects	0	0	253 289	309 752	253 289	309 752
Total	**2 635 747**	**1 831 206**	**49 228 533**	**38 805 905**	**51 864 280**	**40 637**

Most of the Company's revenues are generated in the Slovak Republic.

2. Capitalized costs, other operating income, financial income and extraordinary income

Overview of capitalized costs, other operating income, financial income and extraordinary income is presented in the table below:

Názov položky	2013	2012
Significant items of capitalised costs, out of which:	**317 335**	**215 339**
Self-constructed property, plant and equipment	317 335	215 339
Other	0	0
Other significant items of other operating income, out of which:	**1 461 795**	**1 661 420**
EU subsidies	0	0
Claims paid by insurance companies and employees	18 005	53 675
Contractual fines and penalties	1 381 411	1 450 615
Other	62 379	157 130
Financial income, out of it:	**14 457 114**	**10 794 914**
Exchange rate gains	7 799	11 429
Other significant items of financial income, out of which:	*14 449 315*	*10 783 485*
Proceeds from sale of securities and ownership interests	12 847 031	6 925 761
Interest income	1 602 284	3 548 829
Income from securities and ownership interests	0	300 447
Other financial income	0	8 448
Extraordinary income:	**0**	**0**

The Company's assets include a receivable resulting from a bill of exchange from J&T Private Equity B.V., payable on demand and bearing a fixed rate of 7.5%. The interest on bills of exchange, together with other interest is recognised as the interest income.

During 2013 the Company sold 1,087,179 shares to BHP.

During the year, the Company did not recognise any extraordinary revenues.

3. Net turnover

The net turnover of the Company for the purpose of determining the obligation to have financial statements audited by an auditor [Article 19 (1a) of the Act on Accounting] is shown in the table below:

Description	31.10.2013 EUR	31.10.2012 EUR
Revenues from own products	0	0
Revenues from services provided	49 228 533	38 805 905
Revenues from merchandise	2 635 747	1 831 206
Revenues from construction contracts	0	0
Revenues from construction of real estates	0	0
Other income related to ordinary activities	22 638 761	13 294 127
Total net turnover	**74 503 041**	**53 931 238**

H. INFORMATION ABOUT EXPENSES

Costs of services provided, other operating expenses, financial expenses

An overview of the costs of services provided, other operating expenses, and financial and extraordinary expenses is presented in the table below:

Description	31.10.2013 EUR	31.10.2012 EUR
Cost of provided services, thereof:	**13 866 554**	**10 803 674**
Personnel leasing	3 202 501	0
Advertising and marketing	2 836 512	3 545 505
Lease costs	1 536 854	1 149 410
Transportation	1 526 816	1 591 988
Repairs and maintenance	795 246	542 426
Outsourced services	760 016	1 299 224
Advisory and legal services	290 509	455 328
Commissions and brokerage services	245 695	104 527
Waste removal, sewage water and washing	231 554	182 815
Internet and telecommunication services	217 049	163 881
Expenses for audit of financial statements	178 126	150 700
Expenses for music and programs	173 846	240 693
Security service	171 156	158 832
Representation costs (entertainment)	136 209	95 584
Travel costs	45 024	40 820
Trainings and education	36 774	79 375
Administrative expenses	35 471	19 835
Other	1 447 196	982 731
Other significant items of operating expenses, thereof:	**1 206 716**	**637 394**
Membership fees	663 770	304 593
Insurance premiums	256 733	189 675
Shortages and damages	85 842	68 654
Other	200 372	74 472
Financial expenses, thereof:	**-584 620**	**5 018 585**
Creation and reversal of value adjustments to financial assets	-1 558 612	4 058 710
Interest expense	676 593	532 686
Financial expense related to financing of the Company	100 146	252 776
Bank charges	184 307	167 874
Exchange rate losses	12 946	6 539
Other	0	0

The Company’s consolidated financial statements and separate financial statements of all subsidiaries in the Group until their termination are audited by KPMG Slovensko spol. sr.o. Expenses for those items during the period from 1 November 2012 to 31 October 2013 were EUR 178 thousand (for the period ending 31 October 2012: EUR 151 thousand). Besides the aforementioned services, the audit company provided advisory services in preparation of the tax return in the amount of EUR 4 thousand.

The Company's other operating expenses include membership fees. In 2012 and 2013, the Company, as a member of the Regional Tourist Association (OOCR), paid the membership fee. The Company accrued the aforementioned expense and the amount recognised as the membership fee is the proportional part of the expenses for 2013. During the year, the Company did not recognise any extraordinary expenses.

I. INFORMATION ABOUT INCOME TAX

The reconciliation of the effective tax rate is shown in the table below:

	31.10.2013			31.10.2012		
	Tax base EUR	Tax EUR	Tax %	Tax base EUR	Tax EUR	Tax %
a	b	c	d	e	f	g
Profit(loss) before tax	9 729 842		100,00 %	7 321 750		100,00 %
at theoretical tax rate 19 %		2 237 864	23,00 %		1 391 133	19,00 %
Tax non-deductible expenses	6 487 161	1 492 047	15,33 %	7 726 320	1 468 001	20,05 %
Income not subject to tax	-10 353 342	-2 381 269	-24,47 %	-10 091 988	-1 917 478	-26,19 %
Tax losses claimed during the period	-6 914 807	-1 590 406	-16,35 %	0	0	0,00 %
	-1 051 146	0	-2,48 %	4 956 082	941 656	12,86 %
Tax on interest		54			1 241	
Current tax		**54**	**-2,48 %**		**942 897**	**12,86 %**
Deferred tax		4 017 982	41,30 %		7 438	0,10 %
Total reported tax		**4 018 036**	**38,81 %**		**950 335**	**12,96 %**

Further information about deferred taxes:

	2013	2012
Sum of deferred tax asset recognised either as an expense or as a revenue, resulting from changed income tax rate	0	0
Sum of deferred tax liability recognised either as an expense or as a revenue, resulting from changed income tax rate	1,082,592	0
Sum of deferred tax asset related to tax losses carried forward, unclaimed tax deductions and other claims, as well as temporary differences from prior accounting periods, in respect of which no deferred tax assets were recognised in the prior periods	0	0
Deferred tax liability due to non-recognition in the current period of the portion of deferred tax asset recognised in previous reporting periods	0	0
Unclaimed tax losses carried forward, unclaimed tax deductions and other claims, as well as deductible temporary differences, in respect of which no deferred tax assets were recorded	0	0
Deferred income tax related to items recognised directly in equity with no disclosure in revenues and expenses	0	0

J. OPERATING LEASE

1. Leasehold property

The Company leases the land on which the ski slopes and cableways have been built, and also leases certain cars under operating lease agreements. The most important agreements for the lease of land were signed for a 30-year period with an option for a further 10 years. Major agreements are subject to a 1-year term of notice.

The operating lease costs for the period ending 31 October 2013 were recognised in the Income Statement in the amount of EUR 1537 thousand (for the period ending 31 October 2012: EUR 825 thousand).

Following is the amount of rent for the period during which the agreements cannot be terminated by notice:

In EUR	31.10.2013 EUR	31.10.2012 EUR
Less than 1 year	811,130	213,000
From 1 to 5 years	1,272,481	532,000
More than 5 years	3,866,721	4,043,000
Total	**5,950,332**	**4,789,000**

2. Leased out property

The Company leases out the following property to third parties for operating purposes:

- Hotel Ski Záhradky
- Hotel Liptov
- Hotel Kosodrevina
- Building in Otupné
- Catering facilities in the water park
- Hotel Slovakia (from 1.5.2013)

In 2013, total income from the lease of property amounted to EUR 225 thousand (2012: EUR 289 thousand).

K. INFORMATION ABOUT OTHER ASSETS AND OTHER LIABILITIES

1. Contingent liabilities

Many parts of Slovak tax legislation remain untested and there is uncertainty about the interpretation that the tax authorities may apply in a number of areas. The effect of this uncertainty cannot be quantified and will only be resolved as legislative precedents are set or when official interpretations of the authorities are available.

2. Other financial liabilities

As at 31 October 2013, the Company did not recognise any other financial liabilities.

3. Contingent assets

The Company is party to a number of legal disputes. In all legal disputes, the maximum amount of compensation can be up to EUR 1,178 thousand plus related charges and fees.

L. INFORMATION ON INCOME AND EMOLUMENTS OF MEMBERS OF THE STATUTORY BODIES, SUPERVISORY BODIES, AND OTHER BODIES OF THE ACCOUNTING ENTITY

Gross payments to members of the Company's statutory bodies and members of the supervisory board for their activities for the Company during the accounting period amounted to EUR 204 thousand (2012: EUR 196 thousand).

An overview of income and emoluments of members of statutory, supervisory and other bodies:

Type of income, emoluments	Value of income, emolument of current members of bodies			Value of income, emolument of former members of bodies		
	b			c		
	statutory	supervisory	other	statutory	supervisory	other
a	Part 1 - year 2013 Part 2 - year 2012			Part 1 - year 2013 Part 2 - year 2012		
Monetary income	143 395 159 575	60 969 36 130	0 0	0 0	0 0	0 0
Non-monetary income	0 0	0 0	0 0	0 0	0 0	0 0
Monetary advance payments	0 0	0 0	0 0	0 0	0 0	0 0
Non-monetary advances	0 0	0 0	0 0	0 0	0 0	0 0
Loans provided	0 0	0 0	0 0	0 0	0 0	0 0
Guarantees provided	0 0	0 0	0 0	0 0	0 0	0 0
Other	0 0	0 0	0 0	0 0	0 0	0 0

M. INFORMATION ON THE ACCOUNTING ENTITY'S TRANSACTIONS WITH RELATED PARTIES

During the current and preceding accounting periods, the Company carried out the following transactions with related parties (excluding transactions with subsidiaries):

Related party	Transaction code	Transaction value	
		2013	2012
in EUR	b	c	d
Transactions with associates			
Purchase of services and merchandise	01	1 984	568
Sale of services and merchandise	02	144 635	63 406
Loan provided	08	0	0
Interest income from the loan	08	0	7 597

During the current and preceding accounting periods, the Company carried out the following transactions with subsidiaries:

in EUR	Transaction code	Transaction value	
		31.10.2013	31.10.2012
a	b	c	d
Subsidiary			
Purchases of services and goods	01	811 596	2 057 567
Sale of services and goods	02	150 614	191 794
Loan provided	08	0	2 800 000
Interest income from the loan	08	0	116 258
Loan received	08	0	0
Interest expense for the loan	08	0	0
Repayment of the loan	08	0	0
Settlement of interest on the loan	08	0	0

Further information on the subsidiaries is available at:
Transaction code:

01 – purchase
02 – sale
03 – provision of services
04 – commercial representation
05 – license
06 – transfer
07 – know-how
08 – loan, borrowing
09 – assistance
10 – guarantee
11 – other transaction

Selected assets and liabilities arising from related-party transactions are presented in the table below:

	31.10.2013 EUR	31.10.2012 EUR
Trade receivables	33 661	143 643
Provided interest-bearing borrowing	0	2 926 279
Accrued interest on the provided borrowing	0	135 011
Received interest-bearing borrowing	1 205 074	0
Accrued interest on the received borrowing	49 651	0
Total assets	**1 288 386**	**3 204 933**
Trade payables	12 918	158 645
Total liabilities	**12 918**	**158 645**

N. INFORMATION ON EVENTS OCCURING BETWEEN THE BALANCE SHEET DATE AND THE DATE OF PREPARATION OF FINANCIAL STATEMENTS

Effective from 1 January 2014, the Slovak Government and the National Council of the Slovak Republic approved an amendment of the tax acts decreasing the corporate income tax rate from 23% to 22%. This fact will affect the Company's future profit/loss and its amount of income tax. The decrease in the income tax rate means a decrease in the deferred tax and the deferred tax liability in the amount of EUR 624 thousand. The Company calculated the deferred tax using the 23% income tax rate, which was valid as at the date of the financial statements.

On 17 December 2013, the Company issued the first portion of bonds -TMR I bonds totalling EUR 70 million. The senior securities secured by lien, with a EUR 1,000 nominal value and a fixed 4.5% p.a. yield and a coupon paid out on a 6-monthly basis mature in 2018.

On 5 February 2014 the Company issued the second portion of bonds - TMR II bonds in the estimated amount of EUR 110 million. The securities with a EUR 1,000 nominal value, a fixed yield of 6% p.a. associated with a subordination commitment and a coupon paid out on an annual basis mature in 2021.

O. INFORMATION ABOUT EQUITY

The movements of equity during the accounting period are presented in the table below:

Equity item	Current accounting period (2013)				
	Opening balance 31.10.2012	Additions	Disposals	Transfers	Closing balance 31.10.2013
a	b	c	d	e	f
Share capital	221 337 534	0	174 387 148	0	46 950 386
Own shares and own ownership interests	0	0	0	0	0
Change in share capital	0	0	0	0	0
Reacivables related to unpaid share capital	0	0	0	0	0
Share premium	30 430 378	0	0	0	30 430 378
Other capital funds	282 587	0	0	0	282 587
Legal reserve fund (Non-distributable fund) from capital contributions	0	0	0	0	0
Differences from revaluation of assets and liabilities	648 730		674 387	0	-25 657
Investment revaluation reserve	0	0	0	0	0
of merger, amalgamation into a separate accounting entity or demerger	0	0	0	0	0
Legal reserve fund	3 240 121	0	0	637 142	3 877 263
Non-distributable fund	0	0	0	0	0
Statutory funds and other funds	0	0	0	0	0
Retained earnings from previous years	3 621 556	0	1 375 356	0	2 246 200
Accumulated losses from previous years	0	0	0	0	0
Net profit (loss) of the current accounting period	6 371 417	5 711 806	0	-6 371 417	5 711 806
Dividends paid	0	0	5 734 275	5 734 275	0
Other equity items	0	0	0	0	0
Account 491 - Equity of sole trader	0	0	0	0	0
Total	**265 932 323**	**5 711 806**	**182 171 166**	**0**	**89 472 963**

Equity item	Current accounting period (2012)				
	Opening balance 31.10.2011	Additions	Disposals	Transfers	Closing balance 31.10.2012
a	b	c	d	e	f
Share capital	221 337 534	0	0	0	221 337 534
Own shares and own ownership interests	0	0	0	0	0
Change in share capital	0	0	0	0	0
Reacivables related to unpaid share capital	0	0	0	0	0
Share premium	30 430 378	0	0	0	30 430 378
Other capital funds	282 587	0	0	0	282 587
Legal reserve fund (Non-distributable fund) from capital contributions	0	0	0	0	0
Differences from revaluation of assets and liabilities	377 432	271 298	0	0	648 730
Investment revaluation reserve	0	0	0	0	0
of merger, amalgamation into a separate accounting entity or demerger	0	0	0	0	0
Legal reserve fund	2 381 096	0	0	859 025	3 240 121
Non-distributable fund	0	0	0	0	0
Statutory funds and other funds	0	0	0	0	0
Retained earnings from previous years	2 329 244	0	0	1 292 312	3 621 556
Accumulated losses from previous years	0	0	0	0	0
Net profit (loss) of the current accounting period	8 590 246	6 371 417	0	-8 590 246	6 371 417
Dividends paid	0	0	6 438 909	6 438 909	0
Other equity items	0	0	0	0	0
Account 491 - Equity of sole trader	0	0	0	0	0
Total	**265 728 517**	**6 642 715**	**6 438 909**	**0**	**265 932 323**

Based on the decision on the decrease of the Company's share capital adopted by the extraordinary General Meeting held on 22 August 2013, effective from 22 October 2013 the Company's share capital was decreased from EUR 221,337,534 to share capital after decrease in the amount of EUR 46,950,386, i.e., by EUR 174,387,148. As at 31 October 2013, the amount was recognised as liabilities to shareholders with the payment scheduled within one year.

After the decrease of the Company's share capital, the value of one share fell from the original EUR 33 per share to EUR 7 per share. The number of votes attributed to TMR shares remains unchanged – 6,707,198.

Early next year (2014) after the two emissions of bonds, the Company intends to make payments to the shareholders owing to the decrease of the share capital in the amount of max. EUR 180 million.

The Company's share capital in the amount of EUR 46,950,386 (31 October 2012: EUR 221,337,534) is comprised of 6,707,198 ordinary registered shares in book-entry form with a nominal value of EUR 7 per share (31 October 2012: 6,707,198 ordinary shares with a nominal value of EUR 33 per share).

All shares were fully paid.

The shareholders are entitled to dividends in accordance with the decision of the General Meeting and have the right to vote; each EUR 7 represents one vote.

As at 31 October 2013, the basic earnings per ordinary share amounted to EUR 0.85 (31 October 2012: EUR 0.95 per ordinary share).

The accounting profit for financial year 2012 amounting to EUR 6,371,417 was distributed as follows:

Distribution of accounting profit	2013
Contribution to legal reserve fund	637 142
Contribution to statutory and other funds	0
Contribution to the Social Fund	0
Contribution for the purpose of increasing the share capital	0
Settlement of losses of previous periods	0
Transfer to retained earnings	0
Payment of dividends to owners and members	5 734 275
Other	0
Total	**6 371 417**

The distribution of profit in the amount of EUR 5712 thousand for the 2013 accounting period will be decided by the General Meeting. The statutory body submitted the following proposal to the General Meeting:

- Contribution to the reserve fund in the amount of EUR 571 thousand
- The remaining EUR 5141 thousand to be transferred to retained earnings.

P. CASH FLOW STATEMENT AS AT 31 OCTOBER 2013

	31.10.2013 EUR	31.10.2012 EUR
Cash flows from operating activities		
Cash flows from operations	16 431 831	12 512 160
Interest paid	-625 293	-532 686
Interest received	0	757
Income tax paid	-941 221	-2 280 961
Dividends paid	-6 743 140	-6 438 910
Cash flows before extraordinary items	8 122 177	3 260 360
Income from extraordinary items	0	0
Net cash flows from operating activities	**8 122 177**	**3 260 360**
Cash flows from investing activities		
Purchase of non-current assets	-36 945 904	-45 067 000
Proceeds from sale of non-current assets	0	322 000
Proceeds from sale of investments	12 847 031	6 897 000
Purchase of investments	-7 619 012	-1 965 000
Dividends received	0	300 447
Cash flows received by merger of subsidiaries	283 768	
Net cash flows from investing activities	**-31 434 117**	**-39 512 553**
Cash flows from financing activities		
Received loans	24 707 430	0
Received finance leases	0	293 587
Granted loans	-14 974 267	-4 946 000
Repayments of granted loans	0	0
Repayment of financial leases	-670 373	-539 984
Repayment of received loans	-2 582 000	-2 697 228
Repayment of promissory notes	18 404 500	40 641 605
Net cash flows from financing activities	**24 885 290**	**32 751 980**
(Decrease) increase in cash and cash equivalents	1 573 350	-3 500 213
Cash and cash equivalents at the beginning of the year	2 706 625	6 206 838
Cash and cash equivalents at the end of the year	**4 279 975**	**2 706 625**

	31.10.2013 EUR	31.10.2012 EUR
Net profit (before deduction of tax and extraordinary items)	**9 729 842**	**7 321 750**
Adjustment by non-cash operations:		
Depreciation and value adjustment for property, plant and equipment and non-current intangible assets	11 697 707	5 939 968
Interest income	-1 602 284	-3 548 829
Interest expense	676 593	532 686
Value adjustment to receivables	-51 418	148 337
Unrealised foreign exchange losses	-12 946	-6 539
Unrealised foreign exchange gains	7 799	11 428
Discount of other receivables	-1 558 612	-941 290
Reversal of value adjustments to non-current financial assets	0	5 000 000
Reserves	618 877	30 302
Loss (profit) on sale of non-current assets	-173 319	-104 251
Proceeds from non-current financial assets	0	-855 404
Income from operations before the change of the working capital	19 332 239	13 528 158
Change in the working capital:		
Decrease (increase) in trade receivables and other receivables (including accruals and deferrals)	303 706	274 000
Decrease (increase) of inventories	-483 762	-567 998
(Decrease) increase of liabilities (including accruals and deferrals)	-2 720 352	-722 000
Cash flows from operations	**16 431 831**	**12 512 160**

Cash

Cash is defined as cash on hand, equivalents of cash on hand, cash in current bank accounts, overdraft facility, and part of the balance of the cash in transit account tied to the transfer between the current account and petty cash or between two bank accounts.

Cash equivalents

Cash equivalents are defined as current financial assets that are readily convertible to a known amount of cash, which, as of the balance sheet date, do not entail the risk that their value will change considerably during the next three months, e.g. term deposits in bank accounts with a maximum of three-month's notice, liquid securities held for trading, and priority shares acquired by the accounting entity which are due within three months of the balance sheet date.

Independent Auditor's Report

KPMG

KPMG Slovensko spol. s r. o.
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Slovakia

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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 financial statements of Tatry mountain resorts, a.s. ("the Company"), which comprise the balance sheet as at 31 October 2013, the income statement for the year then ended and notes to the financial statements.

Management's Responsibility for the Financial Statements

Management as represented by the statutory body is responsible for the preparation of these financial statements in accordance with the Slovak Act on Accounting and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independent Auditor's Report

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 October 2013, and of its financial performance for the year then ended in accordance with the Slovak Act on Accounting.

25 February 2014
Bratislava, Slovak Republic

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

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

Responsible auditor:
Ľuboš Vančo
License SKAU No. 745

Report on Audit of Consistency

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Report on Audit of Consistency

of the annual report with the 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 financial statements of the company Tatry mountain resorts, a.s. ("the Company") as of 31 October 2013, presented in appendix to the annual report. We have issued an independent auditor's report on the financial statements on 25 February 2014 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 financial statements of Tatry mountain resorts, a.s. ("the Company"), which comprise the balance sheet as at 31 October 2013, the income statement for the year then ended and notes to the financial statements.

Management's Responsibility for the Financial Statements

Management as represented by the statutory body is responsible for the preparation of these financial statements in accordance with the Slovak Act on Accounting 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,

Report on Audit of Consistency

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 2013, and of its financial performance for the year then ended in accordance with the Slovak Act on Accounting.

25 February 2014
Bratislava, Slovak Republic

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

Responsible auditor:
Ľuboš Vančo
License SKAU No. 745

Report on audit of consistency of the annual report with the financial statements

We have audited the consistency of the annual report with the 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 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 financial statements.

We conducted our audit in accordance with 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 financial statements, is consistent, in all material respects, with the relevant financial statements.

Report on Audit of Consistency

We have reviewed the consistency of the information presented in the annual report with the information presented in the financial statements as of 31 October 2013. 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 work 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 financial statements as of 31 October 2013, presented in appendix to the annual report.

25 February 2014
Bratislava, Slovak Republic

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

Responsible auditor:
Ľuboš Vančo
License SKAU No. 745

STATEMENT BY THE BOARD OF DIRECTORS

Statement by the Board of Directors

The Company's Board of Directors hereby states that according to its best knowledge Annual Report Consolidated Financial Statements, and Individual 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 Company. The Board further states th Annual Report contains a true and accurate review of performance, operating results, and position of the Company, as well as an explanation of key risks and uncertainty factors that the Company faces.

Demänovská Dolina, 24 February, 2014

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

TATRY MOUNTAIN RESORTS, a.s.
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