



HALF-YEAR REPORT 2013/2014

TATRY MOUNTAIN RESORTS, A. S.
AND ITS SUBSIDIARIES
FOR THE PERIOD FROM NOVEMBER 1, 2013 TO APRIL 30, 2014





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

Dear Shareholders,

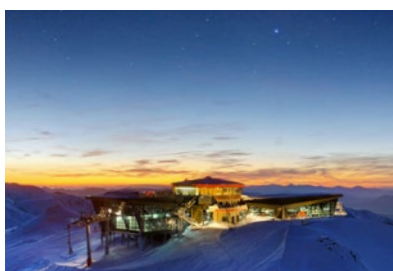
Having the winter season 2013/14 definitely behind us and the summer season 2014 now in full swing, a closer look back is in place. No doubt that TMR, as well as all players in mountain tourism in the region, had a tough season. We had a slow start with extremely mild winter temperatures and dry weather, although thanks to our massive resort investments totaling EUR 190 million, including state-of-the-art equipment in the resorts, we were able to offer our clients a full winter experience on and off the slope. During the winter holidays of New Year's and in "Golden Week" we even filled our hotels to full capacity. Any less-than-ideal skiing conditions were offset by Aquapark Tatrallandia with its successful Tropical Paradise concept guaranteeing warm climate and with the number of après-ski establishments on and off the slope. In the second quarter the skiing season was cut short due to warm weather, with cableway operation finishing with Easter. Given these harsh circumstances, we were able to post a 0.8% growth in revenues with greatest absolute growth in the hotels segment. Operating income before depreciation – EBITDA – decreased by 8.7% mostly due to increased personnel costs associated with launch of completed investments, and net income was down 61% due to increased depreciation of completed investments of 2013 and increased interest expense, as we significantly changed our capital structure in the past year.

In the winter season 2013/14 we introduced the completed investments of 2013, which included new ski trails with snowmaking, brand new ultramodern cableways in Vysoké Tatry at Tatranská Lomnica and at Lúčky in Jasná, with a new après-ski bar. These increased transportation capacity by almost 5,000 persons per hour and significantly widened possibilities of each resort. In addition, we opened the renovated iconic Rotunda restaurant with theme bars at the top of Chopok Mountain, alongside the newly opened mountain hotel Rotunda. We expanded lodging capacities in Jasná with six new chalets at Záhradky.

In order to boost our visit rate, for the summer season 2014 we have multitude of new attractions ready for our clients, such as the new bike park - Rocky Mountain Bike World Jasná, to mention one. Having completed the first phase of the investment plan in the Tatras by the end of 2013, going forward we will focus on building our loyal client base via our popular GOPASS program, on human capital and service improvement in our existing resorts and hotels, and on our activities abroad, which include a plan to rebuild the newly acquired resort in Szczyrk in Poland.

June 24, 2014


Bohuš Hlavatý



INTERIM REPORT BY THE BOARD OF DIRECTORS FOR THE PERIOD OF NOVEMBER 1, 2013 TO APRIL 30, 2014

PROFILE OF TMR

Tatry mountain resorts, a.s. (TMR, the Company) is a joint stock company with its headquarters in Liptovský Mikuláš, registered at the Bratislava Stock Exchange (BSSE), the Prague Stock Exchange (PSE), and the Warsaw Stock Exchange (WSE). TMR with its subsidiaries (the Group) is the biggest entity in tourism in Central and Eastern Europe. TMR's operations are divided into three key segments: Mountains & Leisure, Hotels, and Real Estate. The main segment – Mountains & Leisure is further divided into the following subsegments: Mountain Resorts, Aquapark, Dining, and Sports Services & Stores. In Slovakia the Group owns and/or operates in the High Tatras: the Vysoké Tatry resort with the ski areas of Tatranská Lomnica and Starý Smokovec and the ski area of Štrbské Pleso in the High Tatras, which TMR co-manages. In the High Tatras the Group also owns and operates hotels: Grandhotel Praha Tatranská Lomnica****, Grandhotel Starý Smokovec****, and Hotel FIS***. In the Low Tatras TMR owns and operates Aquapark Tatralandia, which includes the lodging facility Holiday Village Tatralandia; then mountain resort Jasná Nízke Tatry; and hotels: Wellness hotel Grand Jasná****, Tri Studničky Hotel****, Hotel Srdiečko**, Chalets Jasná de Luxe****, and Hotel Rotunda. At the same time TMR owns and leases out Hotel Slovakia***, Hotel Liptov**, Hotel Ski & Fun** and Kosodrevina Lodge. TMR owns 19% in Melida, a.s., which since the winter season 2012/13 leases and operates the Špindlerův Mlýn resort in the Czech Republic. In Poland TMR owns the mountain resort Szczyrkowski Ośrodek Narciarski S.A. (SON).

SIGNIFICANT EVENTS

Investments

During first six-month period investments of 2013 were launched into operation, such as the new state-of-the-art 15-person gondola in Vysoké Tatry – Tatranská Lomnica with its maximum transportation capacity of 2,400 persons per hour and the new 6-seat cableway at Lúčky in Jasná Nízke Tatry with its maximum capacity of 2,460 persons per hour together with a brand new après-ski bar. Also, the renovated iconic viewpoint restaurant Rotunda at the top of Chopok Mountain with Energy Bar and Rum Bar had their grand opening.

In February TMR expanded its lodging options when it opened the new Hotel Rotunda adjacent to the restaurant Rotunda at the top of Chopok Mountain in Jasná, a hotel with the highest elevation in Slovakia offering five rooms in authentic mountain style. Also, six new chalets at Záhradky were opened in Jasná.

At the Annual General Meeting (AGM) in April 2014 the Board of Directors presented the investment plan for the calendar year 2014 with the total budget of EUR 7.5 mil. The current year investments include renovation of the entrance hall in Aquapark Tatralandia with new

more efficient ticket offices, tropical design, new locker rooms, and technology. These enhancements are planned to be completed during the summer season 2014. Also, a new restaurant – Medrano – has already been added in Tatralandia. The rest of the CAPEX budget will be used for enhancement of ski trails and equipment in TMR mountain resorts and its hotel facilities.

Significant Changes

On December 17, 2013 TMR issued bonds TMR I 4.50%/ 2018 with the principal value of EUR 70 mil. with a semi-annual coupon and face value of EUR 1,000. Bonds TMR I are senior, secured by a pledge over certain immovable assets of TMR. The primary purpose of use of the funds raised by the issuance of the bonds is payment to shareholders due to the reduction of the TMR's share capital. The bonds were admitted to trading at a free bond market of the Bratislava Stock Exchange.

On February 4, 2014 TMR published rules for the pay-out to shareholders from the share capital decrease in the total of EUR 174.4 mil. with a 60-day pay period.

On February 5, 2014 TMR issued bonds TMR II 6.0%/ 2021 with the principal value of EUR 110 mil. with an annual coupon and face value of EUR 1,000. Bonds TMR II are junior, subordinated. The primary purpose of use of the funds raised by the issuance of the bonds is payment to shareholders due to the reduction of the TMR's share capital. The bonds were admitted to trading at a free bond market of the Bratislava Stock Exchange.

Awards & Events

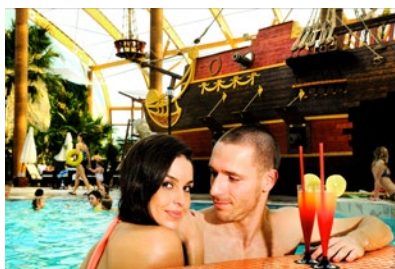
The ski resort of Jasná Nízke Tatry was given five prestigious quality awards of "Internationaler Skiareatest" in Bolzano, Italy in the following categories: Breakthrough of the year 2014, The most popular mountain restaurant, Cable car operator of the year 2014, The best marketing, and International mark of ski slope quality.

During February 26 – March 5, 2014 TMR's Jasná resort hosted the Alpine Junior World Ski Championships 2014.

Acquisitions & Business Expansion

This past winter season the new loyalty program and e-shop GOPASS was launched. It offers GOPASS members special deals on ski passes, stays and other TMR products. More than 100 ths. clients have registered for GOPASS so far.

On March 5, 2014 TMR closed a deal to purchase 97% of shares in a Polish ski resort Szczyrkowski Ośrodek Narciarski S.A. (SON) for EUR



7.053 mil. By entering the Polish market TMR moved to another stage of its growth in mountain resorts operation. The intention is to develop and modernize the resort through capital investments and utilization of its potential. In SON TMR plans to build several new cableways, snowmaking systems and to develop other infrastructure, for SON to get to the level of the most developed ski resorts in Poland. In the medium-term horizon TMR plans to invest EUR 30 mil. in the resort.

General Meeting

The Annual General Meeting (AGM) of TMR was held on April 12, 2014 in Holiday Village Tatralandia. Shareholders approved Individual Financial Statements as of 31/10/2013; and adopted the proposed distribution of profit achieved in the financial year 2012/13 (01/11/2012 – 31/10/2013) in a way that 10% of the individual net profit – EUR 571,180.60 was to be transferred to the reserve fund and the rest – EUR 5,140,625.40 was to remain in retained earnings. Shareholders also approved the proposed Company auditor, KPMG Slovensko spol. s.r.o. The Supervisory Board member, Igor Rattaj, was reelected. The Supervisory Board member, Jiří Uvíra, was removed. Adam Tomis was elected a new Supervisory Board member.

The Board of Directors presented a financial plan for 2013/14 as part of the AGM's agenda. Management expects that TMR will achieve operating revenues for the year EUR 57.560 mil., which would mean a growth of 5.9%. EBITDA is planned at EUR 19.052 mil., which is more by EUR 490 ths. than last year. For more details, voting results, and a recording from the General Meeting visit <http://tmr.sk/investor-relations/regulated-information/general-meetings/>.

REVENUES AND INCOME

Revenues

The winter season 2013/14 could be characterized by rather unfavorable weather for winter sports, specifically for being extremely mild and dry, which impacted also TMR's key performance indicators (KPIs) and subsequently its revenues. For the observed six-month period from November 1, 2013 to April 30, 2014 the TMR Group (Tatry mountain resorts, a.s. and its subsidiaries) achieved consolidated total revenues of EUR 32.812 mil. (32.536), a slight improvement of 0.8% year-over-year. Out of that, sales accounted for EUR 32.613 mil (32.376).

Total revenues for the second quarter (February to April 2014) reached EUR 17.578 mil. (19.102). The decline year-over-year was caused by the shorter skiing season, which ended with Easter break due to warm temperatures and lack of snow in the resorts.

Key Performance Indicators (KPIs)

Although, the number of skier days¹ totaled 899 ths. (952) – a drop of 5.5%, the average revenue per visitor in Mountain Resorts increased by 1.4% to EUR 19.84 (19.56), as a result of increasing ski pass prices at the resorts' cash registers on average by EUR 2.00 but keeping online sales at the last year's price level. On the other hand, TMR clients compensated for less-than-ideal skiing conditions in Aquapark Tatralandia, which was visited by 210 ths. (209) visitors, and its average revenue per visitor increased by 11.2% to EUR 11.20 (10.10). As for ancillary services, the lasting trend of growing demand for these services in mountain destinations was again confirmed in the TMR resorts as guest spending in Dining improved by 8.8%, with Tatralandia again posting the highest visitor spending. Sports Services & Stores report-

ed a decrease in guest spending per visitor of 6.5% due to the lower visit rate in the resorts.

As for Hotels' KPIs, average occupancy of the hotel portfolio decreased slightly by 0.9 percentage points to 48.4% (49.3), whilst the hotels in Vysoké Tatry improved their occupancy rates. Average daily rate per room (ADR) on the portfolio level increased by 16.0% to EUR 70.69 (60.92), whilst each hotel posted an improvement in its average rate. The number of rooms in the owned and managed hotels for the observed period totaled 694 (710) as Hotel Slovakia was leased to a third party in June 2013, the new Hotel Rotunda in Jasná with five rooms was added in February 2014, and six Chalets Jasná de Luxe with 12 rooms were added for the winter season.

Revenues by Segments

The main segment, Mountains & Leisure, which accounted for 72.2% of total revenues, posted revenues of EUR 23.673 mil. (24.480), a 3.3% decrease year-over-year. Mountain Resorts' revenues were impacted by the worsened visit rate, closing the half-year period at EUR 15.154 mil. (15.945), -5.0%. Aquapark's revenues, resistant to winter conditions thanks to its indoor concept Tropical Paradise, posted a 4.1% increase to reach EUR 2.391 mil. (2.297). Revenues from Dining posted an improvement of 2.6% with EUR 4.282 mil. (4.173), with the biggest boost from Tatralandia's dining facilities, which means that the visitors spent more time with après ski activities. Sports Stores & Services, correlated somewhat with the performance of Mountain Resorts, recorded a 10.7% drop in revenues, which totaled EUR 1.845 mil. (2.066), although Tatralandia's retail stores posted a 14.8% improvement.

The second segment, Hotels, boosted total revenues with its 26.5% share and grew 10.1% to record high of EUR 8.688 mil. (7.892). The success of the Hotels segment can be explained by the growth in each hotel's ADR, by TMR's continuous focus on hotels' quality improvement, sales work, and by the fact that TMR's loyal clientele keeps returning regardless of winter conditions. In addition, foreign clients from Russian and Polish-speaking countries made their bookings ahead of time, resulting in the hotels' maximum occupancy during peak periods, such as "Russian Golden Week" and New Year's.

Revenues from the Real Estate segment make up 1.4% of total revenues. During the observed six-month period five apartment sales were closed as part of the Holiday Village Tatralandia project, bringing EUR 238 ths. (0) in revenues. The remaining revenues of EUR 213 ths. (165) came from the lease of accommodation capacities – Hotel Slovakia, Kosodrevina Lodge, Hotel Ski & Fun, and Hotel Liptov.

Gross Profit

Gross profit increased year-over-year by 0.9% to EUR 27.394 mil. (27.145) whilst cost of sales increased only by 0.5%.

EBITDA

Earnings before interest, tax, depreciation, and amortization (EBITDA) dropped by 8.7% year-over-year to EUR 11.086 mil. (12.140) mainly due to personnel and operating costs, which increased by 8.3%. The reason was that personnel costs rose by 14% because of the launch of two new cableways in Vysoké Tatry and Jasná Nízke Tatry at the beginning of the 2013/14 winter season, opening of additional ski trails with snowmaking, and additional dining facilities and retail stores. Therefore, operating profitability expressed as EBITDA margin decreased to 33.8% (37.3).

EBITDA for the second quarter equaled EUR 8.142 mil. (8.770).

¹ The visit rate in Mountain Resorts in the winter season is measured in terms of skier days sold, i.e. the number of persons that visited a mountain resort during any part of the day or night for the purpose of skiing, snowboarding, or other downhill slide. E.g., a 4-day ticket means four skier days.

² The Mountain Resorts subsegment does not include the impact of the SON resort in Poland, as it is still undergoing the post-merger integration process.

EBIT

Operating profit (EBIT) decreased by 32.6% to EUR 4.936 mil. (7.322) year-over-year, whereas depreciation and amortization increased to EUR 6.150 mil. (4.818) due to the launch of completed investments with total value of EUR 34.9 mil. They include mainly the two new cableways, the renovated restaurant Rotunda at Chopok Mountain, a new après-ski bar at Lúčky, and new apartments Chalets Jasná de Luxe.

Net Profit

TMR's consolidated net profit reached EUR 2.771 mil. (7.097). The 61% decrease is mainly caused by increased interest expense of EUR 2.741 mil. accrued for the EUR 180 mil. bonds issue and drawing a loan of a credit facility at Tatra Banka, now totaling EUR 30 mil. (See Note 3 and 6 of Condensed Interim Consolidated Financial Statements). Zero income tax (-EUR 679 ths.) was recorded for the reported period. Total comprehensive income after revaluation of assets to fair value reached EUR 2.768 mil. (7.102). Earnings per share were EUR 0.41 (1.06).

Selected Consolidated Results (unaudited)			
in €'000	1H 2013/14	1H 2012/13	Change yoy (%)
Sales	32613	32376	0.7%
Other Operating Revenues	199	160	24.4%
Total Revenues	32812	32536	0.8%
Cost of Sales	-5418	-5391	0.5%
Gross Profit	27394	27145	0.9%
Personnel and Operating Costs	-16441	-15177	8.3%
Other Gain/ Loss	133	172	-22.7%
EBITDA	11086	12140	-8.7%
<i>EBITDA Margin</i>	33.8%	37.3%	-3.5%
Depreciation & Amortization	-6150	-4818	27.6%
EBIT	4936	7322	-32.6%
Interest Income	734	837	-12.3%
Interest Expense	-2741	-231	1086.6%
Income from Financial Instruments, net	-158	-152	3.9%
Pre-tax Income	2771	7776	-64.4%
Income Tax	0	-679	-100.0%
Net Profit	2771	7097	-61.0%
<i>Net Profit Margin</i>	8.4%	21.8%	-13.4%
Revaluation of Assets to Fair Value	-3	5	-160.0%
Total Comprehensive Income	2768	7102	-61.0%
Attributable to:			
Owners of the Company	2768	7102	-100.0%
EPS (€)	0.41	1.06	-61.0%

Key Results by Segments	Revenues			EBITDA			EBITDA Margin		
	1H 2013/14	1H 2012/13	Change yoy (%)	1H 2013/14	1H 2012/13	Change yoy (%)	1H 2013/14	1H 2012/13	Change yoy (p.p.)
Mountains & Leisure	23 673	24 480	-3.3%	8 598	10 376	-17.1%	36.3%	42.4%	-6.1%
Mountain Resorts	15 154	15 945	-5.0%	6 028	7 588	-20.6%	39.8%	47.6%	-7.8%
Aquapark	2 391	2 297	4.1%	950	715	32.9%	39.7%	31.1%	8.6%
Dining	4 282	4 173	2.6%	1 091	1 414	-22.8%	25.5%	33.9%	-8.4%
Sports Services & Stores	1 845	2 066	-10.7%	529	660	-19.8%	28.7%	32.0%	-3.3%
Hotels	8 688	7 892	10.1%	2 309	1 641	40.7%	26.6%	20.8%	5.8%
Real Estate	451	165	174.2%	180	124	45.1%	39.8%	75.2%	-35.4%
Total	32 812	32 536	0.8%	11 086	12 140	-8.7%	33.8%	37.3%	-3.5%

FINANCIAL POSITION

As of the end of the first half-year 2013/14 the value of current liquid funds (Cash, cash equivalents and bills of exchange receivables) totaled EUR 6.918 mil. (15.468). Out of that, cash and cash equivalents as of the end of the period amounted to EUR 3.546 mil. (4.227), and the remainder covers unpaid interest for bills of exchange.

The total amount of the Company's loans and borrowings for the last six-month period increased to EUR 222.090 mil. (21.205) due to drawing of additional bank loan and due to the issuance of bonds TMR I 4.5%/2018 and TMR II 6%/2021 in total principal value of EUR 180 mil. in order to finance the pay-out to shareholders from the share capital

decrease from 22/10/2013. The debt-equity ratio came at 213.0% (7.7) and the total level of debt reached 68.1% (7.1).

The accounting value of total assets increased for the first half of 2013/14 by EUR 11.099 mil. to EUR 356.603 mil. (327.559). Current assets decreased for the six months by EUR 12.387 mil. to EUR 44.195 mil. (45.031) mostly due to bill of exchange receivables (under other receivables) being used to finance CAPEX and the purchase of the SON resort. On the other hand, fixed assets increased by EUR 14.3 mil. to EUR 275.720 mil. (243.044).

Financial Position in €'000	April 30	April 30	October 31
	1H 2013/14	1H 2012/13	FY 2012/13
Total Assets	356603	327559	345504
Non-current Assets	312408	282528	288922
Fixed Assets	275720	243044	261456
Other Non-current	36688	39484	27466
Current Assets	44195	45031	56582
Liquid Assets	6918	15468	15641
Equity	104248	276408	101477
Liabilities	252355	51151	244027
Non-current Liabilities	232569	28639	48021
Current Liabilities	19786	22512	196006
Total Debt	222090	21205	213115
Debt/ Equity	213.0%	7.7%	210.0%
Debt/ Capital	68.1%	7.1%	67.7%
Debt/ EBITDA	20.0	1.7	11.5

CASH FLOW

Cash flow generated from operating activities for the given half-year period equal EUR 11.859 mil. (-2.219). Cash flow from investing activities was reported in the amount of EUR -27.184 mil. (-11.392), out of which capital expenditures added up to EUR -20.519 mil. (-16.053)³. Cash flow from financing activities reached EUR 14.591 mil. (14.725).

Cash Flows in €'000	November 1 – April 30		November 1 – October 31
	1H 2013/14	1H 2012/13	FY 2012/13
Net Cash from Operating Activities	11859	-2219	13706
Net Cash from Investing Activities	-27184	-11392	-31190
Net Cash from Financing Activities	14591	14725	18651
Net Increase in Cash and Cash Equivalents	-734	1114	1167

³ CAPEX for 1H 2012/13 were reclassified from EUR 14.942 mil. to EUR 16.053 mil.



OUTLOOK TILL END OF FY 2013/14

By the end of FY 2013/14 the Board of Directors expects to achieve a 5.9% growth in revenues, or EUR 57.560 mil. and EBITDA of EUR 19.052 mil. Having completed the winter season, the Board of Directors still believes the financial target is achievable.

TMR's results till the end of FY 2013/14, i.e. till 31 October 2014, will be impacted by the summer season in the mountain resorts, Aquapark Tatralandia, and TMR hotels. Any impact of potentially unfavorable weather will be offset by the all-year operation of successful Tropical Paradise in Tatralandia. The mountain tourist summer season officially began on 15 June with the opening of tourist hike trails and will run through October. TMR opened the season with fun tourist events at the resorts. Numerous summer events are prepared to boost visit rate in the resorts, and TMR's service offer was expanded with additional tourist and kids attractions, such as Rocky Mountain Bike World Jasná, which launched at the beginning of June in the Jasná resort with 25 km of bike trails.

OTHER FINANCIAL INFORMATION

Related Party Transactions

For the first half of 2013/14 the Group did not observe any transactions with related parties or any changes in such transactions that would have a significant impact on the Group's financial position or results.

Key Risk Factors and Uncertainties

The Company results mainly depend on visit rate of the TMR resorts. The visit rate depends on several factors, out of which some can and others cannot be controlled by Management. The vacation choices of TMR's clients also depend on the business cycle of the economy and the level of their discretionary income. According to EBRD, the economic development of Central and Eastern Europe (CEE) in 2013 was impacted by economic growth of 2%, down by 0.6%. Slovakia's GDP grew 1.2% in 2012 and 1.5% in 2013, although consumer spending deteriorated last year.⁴ In 2014 CEE's GDP is expected at 2.2% and GDP of Slovakia at 2.0%⁵ Since 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.

Weather unfavorable for summer tourist activities may negatively impact cableway sales in the mountain resorts till the end of the financial year. In Aquapark Tatralandia this risk is eliminated thanks to the guarantee of tropical weather in Tropical Paradise, as well as thanks to thermal springs in outdoor pools.

As for competition in Mountain Resorts in the summer season, TMR is the leader in Slovakia 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. 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 Aquapark 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. The Company's profitability also depends on the occupancy rate of its own and managed hotels and lodging facilities in the resorts. TMR works to improve key performance indicators in Hotels – average daily rate (ADR) and occupancy – by constantly increasing the hotels' quality through renovations.

In the Real Estate segment revenues depend on sale and/or lease of land, residences and commercial space as part of TMR's real estate projects.

Management utilizes a well-defined marketing strategy to manage the abovementioned risks.

As for the main financial risks, the Company revenues are impacted by volatility of exchange rates in relation to euro since majority of TMR's foreign clients come from countries outside the Eurozone - the Czech Republic, Poland, Ukraine, Russia, etc. Variable interest rates on bank loans may negatively impact the level of interest expense in case of increase in EURIBOR as of the pay date, based on which these interest rates are set.

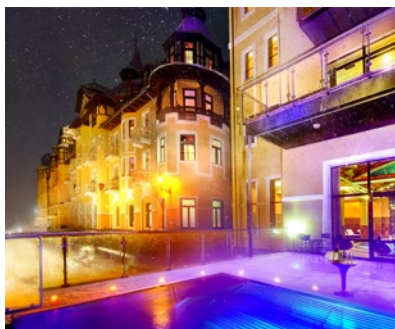
As TMR issued bonds in December 2013 and February 2014 in total of EUR 180 mil., TMR significantly increased its level of debt. At the same time, by decreasing share capital from EUR 221 mil. to EUR 47 mil. as of 22-10-2013, TMR's capital structure changed considerably in terms of the debt-to-equity ratio. The change of this ratio may cause TMR difficulties in obtaining other external financing in the future to finance future investments into its resorts or acquisitions.

For more information regarding risks refer to Risk Factors and Risk Management and Note 34 of Consolidated Financial Statements in the Annual Report 2012/13.

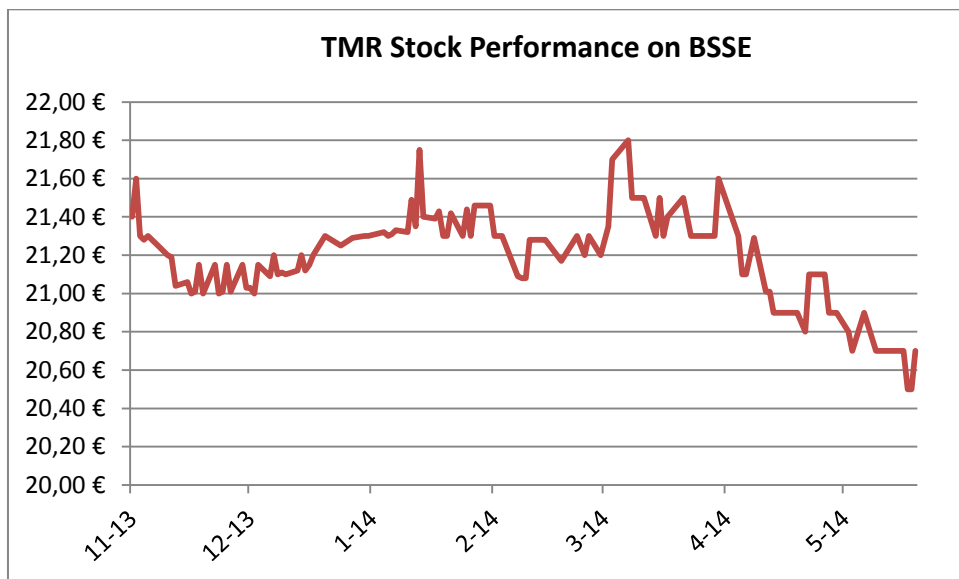
Human Resources

The average number of TMR employees for the first half of 2013/14 is 1,214 (1,119), which is more by 8% than for the same period last year due to the newly opened restaurant facilities and retail stores, newly launched cableways, and ski trails with snowmaking in the mountain resorts.

4 Statistical Bureau of the Slovak Republic
5 Regional Economic Prospects in EBRD Countries of Operations: January 2014. <http://www.ebrd.com/downloads/research/REP/rep-1401.pdf>

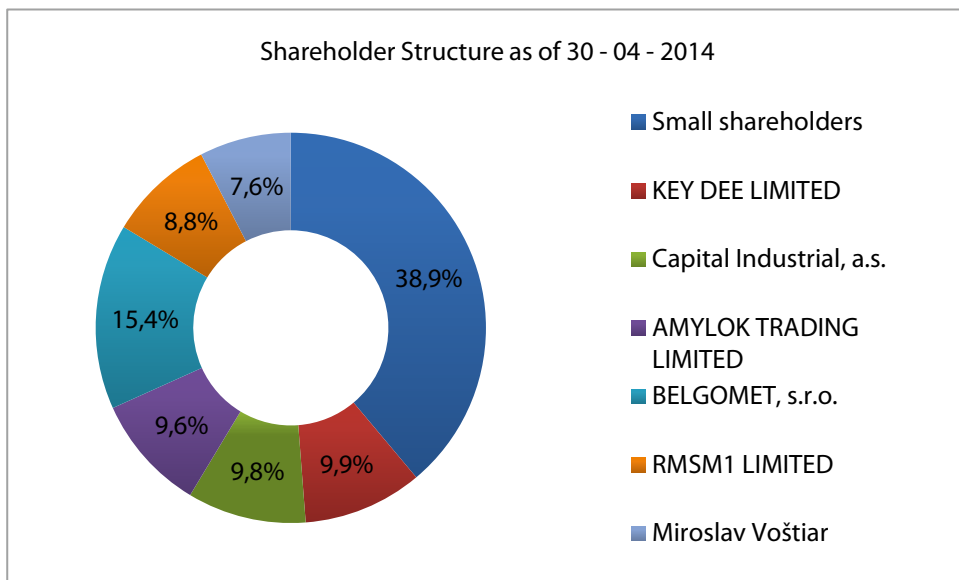


TMR STOCK PERFORMANCE



Closing Price of TMR Stock	BSSE (EUR)	WSE (PLN)	PSE (CZK)
30. 4. 2014	20.90	87	540.1
30. 4. 2013	44.30	188	1149

SHAREHOLDER STRUCTURE



Upcoming Events

19/09/2014 – 9-month Report 2013/14

Statement of the Board of Directors

The Condensed Interim Consolidated Financial Statements were prepared in accordance with relevant regulations, and they provide a true and accurate description of assets, liabilities, financial situation, and comprehensive income of TMR and its subsidiaries included in the consolidation. The Half-Year Report has not been audited. The Interim Report includes a true performance review of the Group.

Demänovská Dolina, June 24, 2014



Bohuš Hlavatý
Chairman of the Board of Directors



Jozef Hodek
Member of the Board of Directors

Used Abbreviations and Explanations

() – the numbers in brackets represent values for the same period previous year compared to the current data on the year-over-year basis

1H – First half of TMR's financial year, the period from 1 November till 30 April

ADR – Average daily rate per room

AGM – Annual General Meeting

BSSE – the Bratislava Stock Exchange

EBITDA – Earnings before interest, taxes, depreciation and amortization; the key financial performance indicator of TMR

EBRD – European Bank for Reconstruction and Development

FY – Financial year of TMR, the period from November 1 to October 31

KPIs – Key performance indicators. In Mountains & Leisure KPIs include: visit rate and average revenue per visitor for the given period. In Hotels they include: occupancy and average daily rate per room (ADR).

mil. - millions

p.p. – percentage points

PSE – the Prague Stock Exchange

Skier days – the measure of visit rate in the mountain resorts of TMR in the winter season, counting the number of persons that visited a mountain resort during any part of the day or night for skiing, snowboarding, or other kind of downhill ride. E.g., a 4-day ski pass sold means four skier days.

ths. - thousands

WSE – the Warsaw Stock Exchange

Yoy – year-over-year



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

**Condensed Interim Consolidated Financial Statements
for the period from 1 November 2013 to 30 April 2014**

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

Tatry mountain resorts, a.s. and subsidiary companies

Consolidated statement of comprehensive income

<i>In thousands of EUR</i>	1.11.2013 – 30.4.2014	1.11.2012 – 30.4.2013
Sales	32,613	32,376
Other operating revenues	199	160
Total revenues	32,812	32,536
Consumption of material and goods	-5,418	-5,391
Purchased services	-8,845	-8,440
Personnel expenses	-7,259	-6,343
Other operating expenses	-337	-394
Gain on disposal of assets	101	125
Reversal of value adjustments to receivables	32	47
Earnings before interest, tax, depreciation and amortization (EBITDA)*	11,086	12,140
Depreciation and amortization	-6,150	-4,818
Goodwill impairment losses	-	-
Profit before interest, tax (EBIT)	4,936	7,322
Interest income	734	837
Interest expenses	-2,741	-231
Gain/(loss) on financial instruments, net	-158	-152
Profit before tax	2,771	7,776
Income tax	-	-679
Profit	2,771	7,097
Attributable to:		
- Holders of interest in the parent company's equity	2,771	7,097
- Non-controlling interest	-	-
Other comprehensive income		
Revaluation of available-for-sale securities to fair value	-3	5
Revaluation of tangible assets upon transfer to investment property	-	-
Total comprehensive income	2,768	7,102
Attributable to:		
- Holders of interest in the parent company's equity	2,768	7,102
- Non-controlling interest	-	-
Earnings per share (in EUR)	0.413	1.058
Number of shares	6,707,198	6,707,198

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

The notes presented on pages 16 and 17 form an integral part of the condensed interim consolidated financial statements.

Tatry mountain resorts, a.s. and subsidiary companies

Consolidated statement of financial position

<i>In thousands of EUR</i>	30.4.2014	31.10.2013
Assets		
Goodwill and other intangible assets	7,879	7,774
Property, plant and equipment	269,869	255,605
Investment property	5,851	5,851
Loans granted	20,001	16,071
Other receivables	1,755	3,621
Investments in associates	7,053	-
Total non-current assets	312,408	288,922
Inventories	2,305	2,115
Trade receivables	2,681	2,724
Loans granted	8,441	9,586
Other receivables	23,001	31,843
Financial investments	2,081	2,369
Cash and cash equivalents	3,546	4,280
Other assets	2,140	3,665
Total current assets	44,195	56,582
Total assets	356,603	345,504
Equity		
Share capital	46,950	46,950
Share premium	30,430	30,430
Profit/loss for the current period	2,771	6,604
Retained earnings and other funds	24,097	17,493
Total equity attributable to holders of interest in the parent company's equity	104,248	101,477
Non-controlling interest	-	-
Total equity	104,248	101,477
Liabilities		
Loans and borrowings	32,352	28,882
Provisions	25	25
Other non-current liabilities	292	215
Issued bonds	181,001	-
Deferred tax liability	18,899	18,899
Total non-current liabilities	232,569	48,021
Loans and borrowings	8,737	9,846
Trade payables	7,515	7,599
Provisions	217	217
Other current liabilities	3,317	178,344
Total current liabilities	19,786	196,006
Total liabilities	252,355	244,027
Total equity and liabilities	356,603	345,504

The notes presented on pages 16 and 17 form an integral part of the condensed interim consolidated financial statements.

Tatry mountain resorts, a.s. and subsidiary companies
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	Total
Balance as at 1 November 2012	221,338	30,430	3,287	119	21,242	276,416	-	276,416
Total comprehensive income for the period	-	-	-	-	7,097	7,097	-	7,097
Profit for the current accounting period								
Other comprehensive income, after tax	-	-	-	5	-	5	-	5
Revaluation of available-for-sale securities to fair value								
Total other comprehensive income	-	-	-	5	-	-17	-	-17
Total comprehensive income for the period	-	-	-	5	7,097	7,102	-	7,102
Transactions with owners, recognised directly in equity								
Contributions to the fund	-	-	643	-	643	-	-	-
Dividends paid	-	-	-	-	-7,110	-7,110	-	-7,110
Total transactions with owners	-	-	643	-	-7,753	-7,110	-	-7,110
Balance as at 30 April 2013	221,338	30,430	3,930	124	20,586	276,408	-	276,408

Tatry mountain resorts, a.s. and subsidiary companies
Consolidated statement of changes in equity (continued)

In thousands of EUR

	Share capital	Share premium	Legal reserve	Funds from revaluation	Retained earnings	Equity attributable to holders of interest in the parent company's equity	Non-controlling interest	Total
Balance as at 1 November 2013	46,950	30,430	3,877	140	20,080	101,477	-	101,477
Total comprehensive income for the period	-	-	-	-	2,771	2,771	-	2,771
Profit for the current accounting period	-	-	-	-	-	-	-	-
Other comprehensive income, after tax	-	-	-	-	-	-	-	-
Revaluation of available-for-sale securities to fair value	-	-	-	-	-	-	-	-
Revaluation of tangible assets upon transfer to investment property	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	2,771	2,771	-	2,771
Transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	-
Decrease in share capital	-	-	-	-	-	-	-	-
Contributions to the fund	-	-	571	-	-571	-	-	-
Dividends paid	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	571	-	-571	-	-	-
Balance as at 30 April 2014	46,950	30,430	4,448	140	22,280	104,248	-	104,248

The notes presented on pages 16 and 17 form an integral part of the condensed interim consolidated financial statements.

Tatry mountain resorts, a.s. and subsidiary companies

Consolidated cash flow statement

In thousands of EUR

	1.11.2013 – 30.4.2014	1.11.2012 – 30.4.2013
OPERATING ACTIVITIES		
Profit	2,771	7,097
Adjustments relating to:		
Gain on disposal of property, plant and equipment and intangible assets	-101	-125
Depreciation and amortization	6,150	4,818
Reversal of value adjustments to receivables	-32	-47
(Gain)/loss on financial instruments, net	158	152
Interest (income)/expense, net	2,007	-606
Change in provisions	0	-101
Income tax	0	679
Change in trade receivables, other receivables and other assets	3,876	-6,209
Change in inventories	-190	-157
Change in trade payables and other liabilities	-3,065	-7,380
Change in provisions	<u>11,574</u>	<u>-1,879</u>
Income tax	285	-340
Change in trade receivables, other receivables and other assets	<u>11,859</u>	<u>-2,219</u>
INVESTMENT ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	-20,519	-16,053
Proceeds from disposal of property, plant and equipment and intangible assets	101	6,046
Cost of business combinations, net of cash acquired	0	-7,442
Procurement of financial investments	-7,053	-
Proceeds from disposal of financial investments	287	6,057
Cash flow from investment activities	<u>-27,184</u>	<u>-11,392</u>
FINANCIAL ACTIVITIES		
Proceeds from paid bills of exchange	8,000	18,405
Loans granted	-3,343	-8,291
Instalments of granted loans	1,282	44
Instalments of liabilities under financial leasing	-453	-308
Instalments of received loans and borrowings	-5,077	-1,544
New loans and borrowings	7,889	6,635
Repayment of the liability from decrease of the share capital	-173,670	-
Issued bonds	180,582	-
Interest paid	-619	-216
Cash flow from financing activities	<u>14,591</u>	<u>14,725</u>
Net increase/(decrease) of cash and cash equivalents	-734	1,114
Cash and cash equivalents at the beginning of the year	4,280	3,113
Cash and cash equivalents at end of the year	<u><u>3,546</u></u>	<u><u>4,227</u></u>

The notes presented on pages 16 and 17 form an integral part of the condensed interim consolidated financial statements.

Tatry mountain resorts, a.s. and subsidiary companies

Selected notes to the Condensed Interim Consolidated Financial Statements

1. Personnel expenses

In the reported period, personnel expenses increased by EUR 917,000, which is a 14% increase over 2013. Thereof, EUR 684,000 refers to the increase in wage costs and the costs of personnel leasing and EUR 232,000 refers to the increase in social and health insurance costs. The opening of new facilities: cableways, restaurant services and stores resulted in an increase in headcount by 8% (as at 30 April 2014: 1,214; as at 30 April 2013: 1,119), which means an increase in personnel costs by EUR 538,000 and a 5% increase in unit costs per employee, i.e., EUR 379,000.

2. Depreciation and amortization

The increase in depreciation is caused by newly acquired non-current assets launched into operation in November and December 2013 in the total amount of EUR 34.9 million. The aforementioned capital investments include an 8-seat cableway at Lúčky, Jasná Resort, a 15-seat cabin cableway Štart – Skalnaté pleso at the Tatranská Lomnica Resort, renovation of the Rotunda Restaurant and Hotel at Chopok, in the Jasná resort, the development of the new accommodation facilities, Chalets Jasná de Luxe, and completion of a number of capital investments from prior years.

3. Interest expense

The Company's higher indebtedness resulted in an increase in interest expenses. In the reported period, the Company completed drawing the investment loan granted by Tatra banka, a.s. in the total amount of EUR 30 million, and, last but not least, the Company issued interest-bearing bonds totalling EUR 180 million.

	1.11.2013 - 30.4.2014	1.11.2012 - 30.4.2013
Interest expense		
Bonds	-2,120	-
Loans and leases	-622	-231
Total	-2,741	-231

The interest expense on bonds includes an accumulated interest income (reduction of costs) from the TMR I bonds in the amount of EUR 582,000. The accumulated interest income was settled upon payment of the bonds. The total income obtained from the issued TMR I and TMR II bonds amounted to EUR 180,582,000. For further details see Note 6. Issued Bonds.

4. Investments in associates

On 5 March 2014, the Group acquired a 97% ownership interest in Szczyrkowski Ośrodek Narciarski S.A. (hereinafter "SON") seated at Szczyrk, Republic of Poland. SON operates a ski resort in Szczyrk, in the Polish part of the Beskid Mountains. The Group acquired the ownership interest for EUR 7,053,000 and became the major shareholder of SON. The ownership interest is recognised in the financial statements, line Investments in Associates. Presently, the assets and liabilities are subject to valuation for consolidation purposes.

5. Equity

Tatry Mountain Resorts' extraordinary General Meeting, held on 22 August 2013, decided on a decrease in the company's share capital from EUR 221,338 ths. to EUR 46,950 ths., i.e. by the amount of EUR 174,388 ths.. As at 31 October 2013, that amount was recognized as a liability to shareholders with the plan to make payment within one year. The change of share capital took effect on 22 October 2013, the day when the decrease of share capital was registered with the relevant Commercial 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. Payments to shareholders resulting from the decrease in share capital were made by the Company beginning February 2014. The funds for the payment were raised by the Company through the issuance of TMR I and TMR II

Tatry mountain resorts, a.s. and subsidiary companies

bonds. As at 30.4.2014, the amount of outstanding payments to shareholders resulting from the decrease in share capital totalled EUR 717,000. The liability is recognised under Other current liabilities .

6. Issued bonds

On 17 December 2013, the Group issued its first bonds, the TMR I bonds, in the amount of EUR 70 million. The senior securities secured by a right of lien in the nominal value of EUR 1,000, with a fixed interest rate of 4.5% p.a. and with a semi-annually paid coupon, mature in 2018.

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





	30.4.2014				31.10.2013		
	Currency	Interest rate	Maturity	Face value	Carrying amount	Face value	Carrying amount
TMR I bonds	EUR	4.5%	2018	70,000	70,476	-	-
TMR II bonds	EUR	6%	2021	110,000	110,525	-	-
				<u>180,000</u>	<u>181,001</u>	<u>-</u>	<u>-</u>

	Bonds TMR I	Bonds TMR II	Total
Face value of bonds	70,000	110,000	180,000
Transaction costs	-689	-1,012	-1,701
Balance	69,311	108,988	178,299
Accumulated interest	1,165	1,537	2,702
Carrying amount as at 30.4.2014	<u>70,476</u>	<u>110,525</u>	<u>181,001</u>

Both bonds were paid on 11.2.2014 in the total amount of EUR 180,582,000, including accumulated interest income on the TMR I bonds in the amount of EUR 582,000. For further details see Note 3. Interest expense.

7. Subsequent events

On 17 June 2014, the Company paid out the coupon on the TMR I bonds in the amount of EUR 1,575,000.

			
Bohuš Hlavatý Chairman of the Board of Directors	Jozef Hodek Member Board of Directors	Tomáš Kimlička Person in charge of financial statements	Marian Klas Person in charge of accounting



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