



# HALF-YEAR REPORT 2015/16

TATRY MOUNTAIN RESORTS, A. S.  
AND ITS SUBSIDIARIES  
FOR THE PERIOD FROM NOVEMBER 1, 2015 TO APRIL 30, 2016





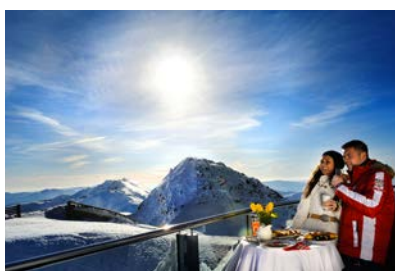
**Bohuš Hlavatý**  
Chairman of the Board  
of Directors and CEO of TMR

Dear Shareholders,

Despite the fact that we experienced yet again one of warmer and drier winters, we can call it a success. We are pleased that our clients were not put off by the weather and they spent their getaways during the winter season 2015/16 in the Tatras. In our Slovak resorts we were able to offer our clients the most kilometers of ski trails with good snow conditions despite less than ideal snow conditions at the beginning of the winter. During Christmas holidays and the Golden week our hotels were yet again fully occupied. The visit rate in the Tatra resorts during the spring break was comparable to Christmas time. The season was relatively long, with strong Easter holiday, and lasted till the end of April. The number of skier days in the mountain resorts for the past half-year increased year-over-year by 6.8%. Our total revenues grew 15.6%, and our operating profit before depreciation improved by 10.9%; like for like by 14.4%. Net income increased by 45.7% and reached EUR 5.482 million. Besides the higher visit rate, this growth was achieved partly by our strengthening online sales via Gopass; by offering special deals to our clients in the Gopass program; by an increased sale of season passes thanks to our discounted presale of Smart Pass; and especially by our focus on the quality of services provided not only on the slope, but also in dining and lodging. Moreover, these increases were helped to also with attractions and events organized in our resorts, such as Ice Dome at Hrebienok or the widely successful Women's World Cup that we managed to organize in Jasná again after 32 years. In the past six months we also managed to finish the Chalets Jasná Otupné project, as part of which we closed on sale of nine new chalets. By the end of the year we are planning extensive investments in our Tatra and Polish resorts, leisure parks, and real estate projects, which are expected to positively impact our results in periods to come.

June 24, 2016

Bohuš Hlavatý



# INTERIM REPORT BY THE BOARD OF DIRECTORS FOR THE PERIOD OF NOVEMBER 1, 2015 TO APRIL 30, 2016

## 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 Slovakia with emerging operations in Poland and the Czech Republic. 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, Leisure Parks, 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 Liptov\*\*, Hotel Ski & Fun\*\* and Kosodrevina Lodge. TMR indirectly via CAREPAR a.s. (19%) owns 9.5% 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 Szczyrkowsky Ośrodek Narciarski S.A. (SON), a 75% share in Silesian Amusement Park (Śląskie Wesołe Miasteczko), and 7.3% in an educational-entertainment project through a Polish company Korona Ziemi Sp. z o.o.

## SIGNIFICANT EVENTS

### Investments

At the Annual General Meeting (AGM) held in April 2016 the Board of Directors presented the investment plan for the current calendar year with an estimated budget of EUR 44 mil.

EUR 23 mil. will be flow into development of the Tatra resorts Jasná and Vysoké Tatry. By the winter season 2016/17 at the location of Krupová - Srdiečko - Kosodrevina in Jasná a new 15-person gondola will have been added; as well as a new snow grooming vehicle and additional snowmaking. As a result, the resort's transportation capacity will increase by 2,800 persons per hour, and 4 km of trails with snowmaking will be added. In Jasná the first phase of the real estate project

Jasná Center will begin with adjustments to the music club Happy End and remodeling of an old administrative building 'Old Post Office' into a new hotel. In Tatranská Lomnica 44 rooms of Grandhotel Praha will be renovated, and a Tatry Motion outlet will be opened in Starý Smokovec. Aquapark Tatralandia will introduce a new attraction – a surf wave simulator.

In the Polish SON resort the investments planned for the current year are being postponed due to the process of obtaining necessary permits. In Silesian Amusement Park new theme zones with new attractions will be added; an entry zone; dining; and stores.

The realization of this year's investments began at the end of the first half-year 2015/16.

### Awards, News & Events

As part of its loyalty program Gopass, TMR launched a mobile app Gopass, which enables orientation in a ski resort; provides information on status of ski trails, cableway operations, and weather; enables easy and safe ski pass shopping even right at the entrance to cableways and the aquapark; or provides a review of special deals and dining options.

On November 22 the resort of Jasná Nízke Tatry was awarded a prize at the prestigious *World Ski Awards* for the best Slovak ski resort for 2015. Having won this award Jasná joined the world's top 24 ski resorts.

The winter event *Winter Music Opening*, Hollywood style, kicked off the winter season in the Low Tatras. As for the après-ski program in the Tatras, visitors could join an organized night alpine ski track in Jasná. Fans of the first ride could use the *Fresh Track* offer and ski before the official opening of the trails. During the third annual *Von Roll Culinary Week* visitors enjoyed unique culinary experience. TMR this past winter yet again presented the unique *Full Moon Dinner* at the peak of Chopok Mountain in Rotunda restaurant and a regular culinary *Tatra Dinner of Experiences* in the restaurant Von Roll Luková with a ride by snow-grooming vehicle, as well as in the Start restaurant in Tatranská Lomnica. At Skalnaté pleso *Sky of stars dinner* was served with a ride by snow-grooming vehicle and a 5-course culinary menu. In Grandhotel Starý Smokovec in the High Tatras *Tea at five* was served and cultural events were held in the *Tatra ice dome*.

In February Jasná held the adrenaline free ride race CGC Jasná Adrenaline. During March 5 – 6 TMR hosted *Women's World Cup in Giant Slalom and Slalom* in Jasná. By hosting the World Cup Jasná has returned on the map of world skiing. The event was accompanied by numerous



concerts, competitions, apres-ski parties, and a fashion show. During the event around 30 thousand visitors came to Jasná. In April *FIS Europa Cup* in snowboarding was held in Jasná, and the international race in downhill skiing, *Masters Cup*, at Štrbské Pleso.

TMR again launched the presale of *Smart Pass* – a season pass for the following season at discounted rates via the Gopass e-shop.

## General Meeting

The Annual General Meeting (AGM) of TMR was held on April 28, 2016 in Grandhotel Starý Smokovec in Vysoké Tatry. Shareholders approved Individual Financial Statements as of 31/10/2015; and adopted the proposal to divide the net profit for the fiscal year 2014/15 in the amount of EUR 19 ths. as following: 10% of net profit will be used to replenish the reserve fund, and the rest will be remain in retained earnings. Shareholders reelected the Company auditor, KPMG Slovensko spol. s.r.o. Shareholders further reelected a Supervisory Board member, František Hodorovský, whose previous term had expired. Furthermore, changed to the Articles of Association were adopted; they related to expansion of TMR's business activities; the decrease of the number of directors of the Board of Directors from six to four; and the decision-making process of the Board of Directors.

As part of the business plan for the current year the Board of Directors presented a financial plan with annual revenues of EUR 76.0 mil, a planned yoy increase of 7.2%. EBITDA is planned at EUR 25.0 mil, which is 2.4% more than the last year's operating profit. For more details on TMR's General Meeting visit <http://tmr.sk/investor-relations/regulated-information/general-meetings/>.

## REVENUES AND INCOME

### Revenues

The winter season 2015/16 could be summarized as a successful one, despite the fact that the winter was rather mild and dry, with a slow start in terms of snow conditions and temperatures enabling snow-making. For the observed six-month period from November 1, 2015 to April 30, 2016 the TMR Group (Tatry mountain resorts, a.s. and its subsidiaries) achieved consolidated total revenues of EUR 46.780 mil. (40.483), an increase of EUR 6.297 mil. (+15.6%) year-over-year. Out of that, sales accounted for EUR 46.419 mil. (40.248).

### Key Performance Indicators (KPIs)

The number of skier days<sup>1</sup> in Mountain Resorts increased yoy to 1.324 mil. (1.239) – an increase of 6.8%, whilst the visit rate grew mostly in Vysoké Tatry and Jasná. The average revenue per visitor in Mountain Resorts decreased by 3.4% to EUR 16.56 (17.14<sup>2</sup>) mainly with online sales and in the SON resort. The drop in the average revenue from online sales was caused by a 31% increase in the skier days sold through the Gopass e-shop at discount rates.

For the observed period Leisure Parks recorded a 5.6% fall in the number of visitors to 210 ths. (223), while its average revenue per visitor was 12.4% higher, reaching EUR 11.64 (10.35). KPIs do not include Silesian Amusement Park, as it was closed during the winter season. As for ancillary services, in the dining facilities on the slope and in Tatralandia the average client spending was close to the level of last year at EUR 3.75 (3.77). Sports Services & Stores reported a 7.4% higher spending

per visitor at EUR 2.04 (1.90).

As for Hotels' KPIs, average occupancy of the hotel portfolio grew by 1.1 percentage points to 53.6% (52.5), whilst majority of the hotels improved their occupancy rates. Average daily rate per room (ADR) on the portfolio level increased by 6.4% to EUR 77.32 (72.70), whilst majority posted an improvement in its average rate. The number of rooms in the owned and managed hotels for the observed period totaled 704 (694). 10 rooms in five new Chalets Jasná Otupné were added.

### Revenues by Segments

The main segment, Mountains & Leisure, which accounted for 69.6% of total revenues, posted revenues of EUR 32.564 mil. (30.553), a 6.6% increase yoy. Mountain Resorts' revenues were positively impacted by growth in the visit rate, mainly in the Tatra resorts, and by growth of online ski pass sales, especially season tickets, closing the half-year period at EUR 21.516 mil. (20.744), with a growth of +3.7%. Leisure Parks' revenues posted an increase of 10.7% reaching EUR 2.617 mil. (2.364); they were generated solely by Aquapark Tatralandia since Silesian Amusement Park was closed during the period. Dining revenues posted an improvement of 10.2% with EUR 5.456 mil. (4.951), with the biggest boost by Tatralandia's restaurants. Sports Services & Stores, correlated somewhat with the performance of Mountain Resorts, recorded a 19.3% increase in revenues, totaling EUR 2.975 mil. (2.494), mainly thanks to the improved visit rate in the Tatra resorts and thanks to the higher average spending per visitor for these ancillary services.

The second segment, Hotels, boosted total revenues with its 20.9% share and grew 3.6% to EUR 9.759 mil. (9.423). The results of the Hotels segment can be explained by the growth in ADR and by a slight growth in occupancy on the portfolio level. Effective marketing and sales and focus on loyal customers also contributed. The results were again supported by full capacity of the hotels, especially in peak periods, such as New Year's and "Golden week" (the period after Christmas till Epiphany). With the hotel stays we observed an increase in guests from the neighboring countries, although the majority were domestic, followed by Czech and Polish-speaking guests who returned mostly in groups.

The share of revenues from the Real Estate segment for the first time grew to 9.5% of total revenues. During the observed six-month period TMR reported revenues from sale of nine chalets of the real estate project Chalets Jasná Otupné and ten bungalows of Holiday Village Tatralandia. Together with revenues from the lease of the accommodation capacities – Kosodrevina Lodge, Hotel Ski & Fun, and Hotel Lip-tov - the segment revenues reached EUR 4.457 mil. (0.508).

### EBITDA

Earnings before interest, tax, depreciation, and amortization (EBITDA) increased EUR 1.680 mil. yoy, +10.9% to EUR 17.073 mil. (15.393). On a like-for-like basis excluding the impact of Silesian Amusement Park EBITDA was up 14.4%. Consumption of material and goods increased yoy 12.4%, whereas operating and personnel expenses were 22.9% higher. The growth of EBITDA was achieved especially by the sale of Chalets Jasná Otupné, by Mountain Resorts, costs of which are mostly fixed; as well as efficient management and revenue growth of Dining. Operating profitability expressed as EBITDA margin slightly fell to 36.5% (38.0) due to the closed operation of Silesian Amusement Park, which continued to incur only fixed costs.

Most segments and subsegments of TMR posted an increase in EBITDA: Mountain Resorts (+4.5%), Leisure Parks (-39.5%, +32.4% excluding Silesian Amusement Park)<sup>3</sup>, Dining (+33.9%), Sports Services & Stores (+37.8%), Hotels (+1.5%), and Real Estate (+6,820.5%).

<sup>1</sup> 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 in Mountain Resorts.

<sup>2</sup> The average revenue per visitor in Mountain Resorts for the prior period 1H 2014/15 was recalculated according to a new method with season passes; the base for the number of skier days sold is now 15 days instead of 30.

<sup>3</sup> Even though Silesian Amusement Park was closed during the winter season, it continued to incur operating expenses for pre-season maintenance and preparation.

## EBIT

Operating profit (EBIT) soared 21.8% to EUR 10.490 mil. (8.615) yoy, whereas depreciation and amortization decreased to EUR 6.583 mil. (6.778).

## Net Profit

TMR's consolidated net profit reached EUR 5.482 mil. (3.763), an increase of 45.7%. Interest expense incurred from the issue of two tranches of bonds totaling EUR 180 mil. and from drawing of bank loans decreased yoy to EUR 5.414 mil. (5.528). Income tax was reported at EUR -9 ths. (-9) for the reported period. Total comprehensive income after revaluation of available-for-sale securities to fair value and currency translation differences reached EUR 5.022 mil. (3.782). Earnings per share were EUR 0.852 (0.561).

| Key Results by Segments        | Revenues      |               |                | EBITDA        |               |                | EBITDA Margin |              |                   |
|--------------------------------|---------------|---------------|----------------|---------------|---------------|----------------|---------------|--------------|-------------------|
|                                | 1H 2015/16    | 1H 2014/15    | Change yoy (%) | 1H 2015/16    | 1H 2014/15    | Change yoy (%) | 1H 2015/16    | 1H 2014/15   | Change yoy (p.p.) |
| <b>Mountains &amp; Leisure</b> | <b>32 564</b> | <b>30 553</b> | <b>6,6%</b>    | <b>13 574</b> | <b>12 740</b> | <b>6,5%</b>    | <b>41,7%</b>  | <b>41,7%</b> | <b>0,0%</b>       |
| Mountain Resorts               | 21 516        | 20 744        | 3,7%           | 10 563        | 10 107        | 4,5%           | 49,1%         | 48,7%        | 0,4%              |
| Leisure Parks                  | 2 617         | 2 364         | 10,7%          | 442           | 731           | -39,5%         | 16,9%         | 30,9%        | -14,0%            |
| Dining                         | 5 456         | 4 951         | 10,2%          | 1 814         | 1 354         | 33,9%          | 33,2%         | 27,4%        | 5,9%              |
| Sports Services & Stores       | 2 975         | 2 494         | 19,3%          | 756           | 548           | 37,8%          | 25,4%         | 22,0%        | 3,4%              |
| <b>Hotels</b>                  | <b>9 759</b>  | <b>9 423</b>  | <b>3,6%</b>    | <b>2 681</b>  | <b>2 641</b>  | <b>1,5%</b>    | <b>27,5%</b>  | <b>28,0%</b> | <b>-0,6%</b>      |
| <b>Real Estate</b>             | <b>4 457</b>  | <b>508</b>    | <b>777,7%</b>  | <b>818</b>    | <b>12</b>     | <b>6820,5%</b> | <b>18,3%</b>  | <b>2,3%</b>  | <b>16,0%</b>      |
| <b>Total</b>                   | <b>46 780</b> | <b>40 483</b> | <b>15,6%</b>   | <b>17 073</b> | <b>15 393</b> | <b>10,9%</b>   | <b>36,5%</b>  | <b>38,0%</b> | <b>-1,5%</b>      |

| Selected Consolidated Unaudited Results (IFRS)             |               |               |
|--|---------------|---------------|
| in €'000   | 1H 2015/16    | 1H 2014/15    |
| Sales  | 46 419        | 40 248        |
| Other Operating Revenues                                   | 361           | 235           |
| <b>Total Revenues</b>                                      | <b>46 780</b> | <b>40 483</b> |
| Consumption of Material and Goods                          | -7 170        | -6 377        |
| Personnel and Operating Costs                              | -22 962       | -18 683       |
| Other Gain/ Loss   | 425           | -30           |
| <b>EBITDA</b>  | <b>17 073</b> | <b>15 393</b> |
| <i>EBITDA Margin</i>                                       | 36,5%         | 38,0%         |
| Depreciation & Amortization                                | -6 583        | -6 778        |
| <b>EBIT</b>  | <b>10 490</b> | <b>8 615</b>  |
| Interest Income  | 677           | 695           |
| Interest Expense   | -5 414        | -5 528        |
| Income from Financial Instruments, net                     | -262          | -10           |
| <b>Pre-tax Income</b>                                      | <b>5 491</b>  | <b>3 772</b>  |
| Income Tax   | -9            | -9            |
| <b>Net Profit</b>  | <b>5 482</b>  | <b>3 763</b>  |
| Revaluation of available-for-sale securities to fair value | -6            | 7             |
| Currency Translation Differences                           | -454          | 12            |
| <b>Total Comprehensive Income</b>                          | <b>5 022</b>  | <b>3 782</b>  |
| <b>EPS (€)</b>   | <b>0,852</b>  | <b>0,561</b>  |

## FINANCIAL POSITION

As at the end of the first half-year 2015/16 the value of current liquid funds (Cash and cash equivalents) totaled EUR 5.613 mil. (EUR 10.596 mil. as of 30/04/2015) as opposed to EUR 8.219 mil. at the end of the previous financial year 2014/15.

The total amount of the Company's loans and borrowings for the last six-month period decreased to EUR 214.818 mil. (226.523) as opposed to EUR 222.421 mil. at the FY end. The debt-to-equity ratio came to 198.3% (213.5), and the total level of debt fell yoy to 66.5% (68.1) in comparing to 68.3% at the FY end.

The accounting value of total assets decreased since the FY end by EUR 6.007 mil. to EUR 354.914 mil. (361.171). Current assets decreased for the six months to EUR 42.039 mil. (39.944) versus EUR 47.155 mil. at the FY end. Fixed assets decreased since the FY end by EUR 479 ths. to EUR 272.352 mil. (275.901).

| Financial Position in €'000 (unaudited) | April 30 | April 30 | October 31 |
|---|----------|----------|------------|
|   | 2015/16  | 2014/15  | 2014/15    |
| Total Assets                            | 354 914  | 361 171  | 360 921    |
| Non-current Assets                      | 312 875  | 321 227  | 313 766    |
| Fixed Assets                            | 272 352  | 275 901  | 272 831    |
| Other Non-current                       | 40 523   | 45 326   | 40 935     |
| Current Assets                          | 42 039   | 39 944   | 47 155     |
| Liquid Assets                           | 5 613    | 10 596   | 8 219      |
| Equity                                  | 108 355  | 106 095  | 103 331    |
| Liabilities                             | 246 560  | 255 076  | 257 590    |
| Non-current Liabilities                 | 226 459  | 234 819  | 227 426    |
| Current Liabilities                     | 20 101   | 20 257   | 30 164     |
| Total Debt                              | 214 818  | 226 523  | 222 421    |

## CASH FLOW

Cash flow generated from operating activities for the given half-year period equal EUR 11.464 mil. (16.768). Cash flow from investing activities was reported in the amount of EUR -5.257 mil. (-7.916), out of

which capital expenditures added up to EUR -5.682 mil. (-1.151). Cash flow from financing activities reached EUR -8.813 mil. (-2.159).

| Cash Flows in €'000                       | 01/11 - 30/04 |         | 01/11 - 31/10 |
|---|---------------|---------|---------------|
|   | 2015/16       | 2014/15 | 2014/15       |
| Net Cash from Operating Activities        | 11 464        | 16 768  | 23 440        |
| Net Cash from Investing Activities        | -5 257        | -7 916  | -2 143        |
| Net Cash from Financing Activities        | -8 813        | -2 159  | -16 982       |
| Net Increase in Cash and Cash Equivalents | -2 606        | 6 693   | 4 316         |



## OUTLOOK TILL THE END OF FY 2015/16

By the end of FY 2015/16 Management expects to achieve a 7.2% growth in annual revenues, or EUR 76.0 mil. and a yoy EBITDA growth of 2.4% to EUR 25.0 mil. Having successfully completed the winter season, Management now believes the financial targets are achievable. TMR's results till the end of FY 2015/16, i.e. till October 31, 2016, will be impacted by the summer season in the mountain resorts, leisure parks – Aquapark Tatralandia and Silesian Amusement Park, in TMR hotels, as well as in the ancillary services. Any impact of potentially unfavorable weather will be offset by the all-year operation of successful Tropical Paradise in Tatralandia. Diversification of TMR's business model has been strengthened by the acquisition of Silesian Amusement Park, where new attractions will be launched already this season. The mountain tourist summer season officially began on June 18 with the opening of tourist hike trails and will run through October. TMR opened the season with fun tourist events in the resorts and leisure parks. 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 a circus in Tatralandia, Drakopark Chopok, downhill mountain cart rides, or Maxiland summer park in Jasná.

## OTHER FINANCIAL INFORMATION

### Related Party Transactions

For the first half of 2015/16 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 Europe and the Baltic States (CEB) in 2015 was impacted by economic growth of 3% thanks to increased private consumption, investments, and lower import fuel costs. Slovakia's GDP grew 3.6% in 2015. In 2016 CEB's GDP is expected above 3% and GDP of Slovakia at 3.2%.<sup>4</sup> 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. Some economies of CEB may be negatively impacted by the military conflict in the east part of Ukraine and by the continuing recession in the Russian Federation, which may impact the visit rate in TMR resorts by clients from 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 Leisure Parks TMR is also among the top two players in the local market, as well as in the Polish market, although visitation of leisure parks 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, services expansion, and organizing of marketing events.

In the Real Estate segment revenues depend on sale and/ or lease of residences, lodging facilities, and commercial space in TMR's real estate projects. Further growth of the segment in sale and/or lease of land, residences and commercial space depends on the situation on the real estate market in the Tatra region.

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 and WIBOR as of the pay date, based on which these interest rates are set.

As TMR issued bonds in 2013/14 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. The ability to repay liabilities from these bonds also significantly increases liquidity risk.

By acquiring the 75% interest in Silesian Amusement Park TMR committed to invest EUR 30 mil. into the modernization of the park during next five years, which may add to increased level of debt and liquidity risk of the Company.

For more information regarding risks refer to Risk Factors and Risk Management and Note 34 of Consolidated Financial Statements in the Annual Report 2014/15, available at [www.tmr.sk](http://www.tmr.sk).

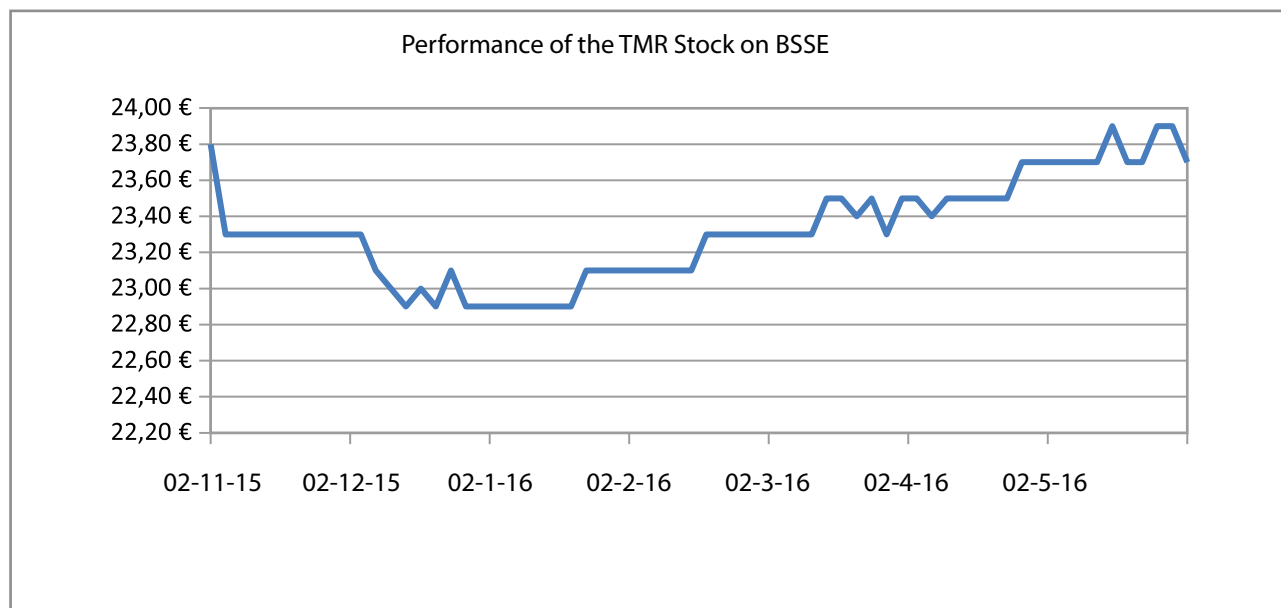
### Human Resources

The average number of TMR employees for the first half of 2015/16 is 1,174 (1,205), which is 2.6% less than for the same period last year.



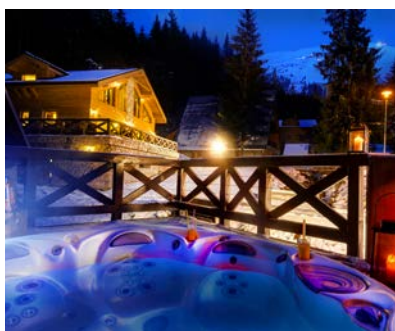
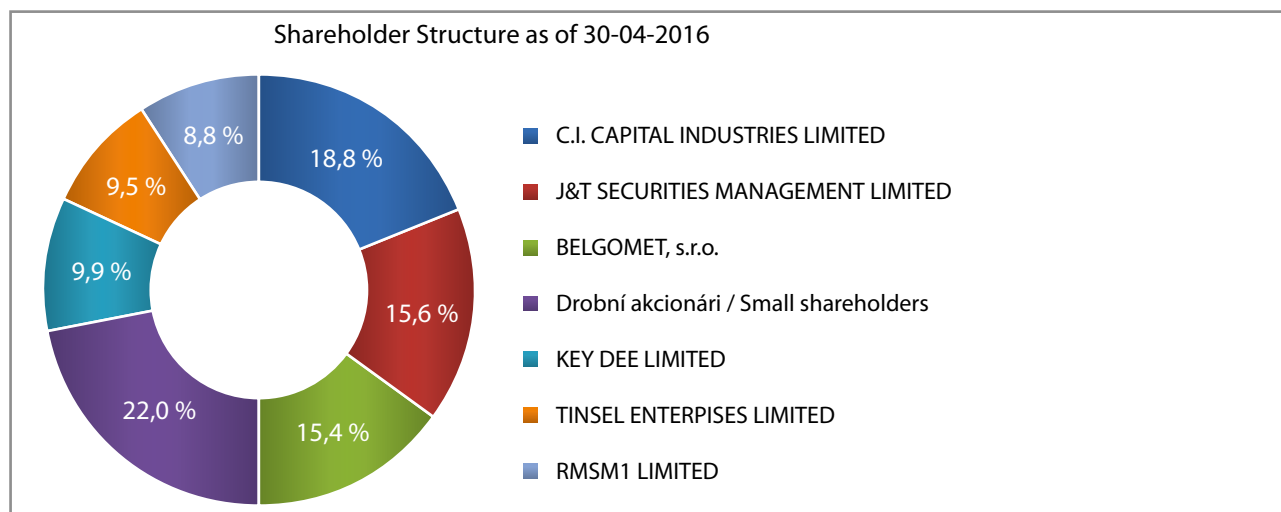
<sup>4</sup> Regional Economic Prospects in EBRD Countries of Operations: May 2016  
[www.ebrd.com/what-we-do/economic-research-and-data/data/forecasts-macro-data-transition-indicators.html](http://www.ebrd.com/what-we-do/economic-research-and-data/data/forecasts-macro-data-transition-indicators.html)

## TMR STOCK PERFORMANCE



| Closing Price of TMR Stock | BSSE (EUR) | WSE (PLN) | PSE (CZK) |
|----------------------------|------------|-----------|-----------|
| 30. 4. 2016                | 23.70      | 107       | 640       |
| 30. 4. 2015                | 21.50      | 88        | 584       |

## SHAREHOLDER STRUCTURE

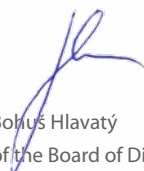




## Statement of the Board of Directors

The Condensed interim 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, 2016



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

**GDP** – Gross Domestic Product

**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.

**SPV** – Special purpose vehicle company

**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 2015 to 30 April 2016**

**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>  | <b>1.11.2015 –<br/>30.4.2016</b> | <b>1.11.2014 –<br/>30.4.2015</b> |
|---|----------------------------------|----------------------------------|
| Sales   | 46 419                           | 40 248                           |
| Other operating revenues  | 361                              | 235                              |
| <b>Total revenues</b>   | <b>46 780</b>                    | <b>40 483</b>                    |
| Consumption of material and goods   | -7 170                           | -6 377                           |
| Purchased services  | -12 637                          | -10 086                          |
| Personnel expenses  | -9 716                           | -8 161                           |
| Other operating expenses  | -609                             | -436                             |
| Gain on disposal of assets  | 425                              | -38                              |
| Reversal of value adjustments to receivables                                  | -                                | 8                                |
| <b>Earnings before interest, tax, depreciation and amortization (EBITDA)*</b> | <b>17 073</b>                    | <b>15 393</b>                    |
| Depreciation and amortization   | -6 583                           | -6 778                           |
| <b>Earnings before interest, tax (EBIT)</b>                                   | <b>10 490</b>                    | <b>8 615</b>                     |
| Interest income   | 677                              | 695                              |
| Interest expenses   | -5 414                           | -5 528                           |
| Gain/(loss) on financial instruments, net                                     | -262                             | -10                              |
| <b>Profit before tax</b>  | <b>5 491</b>                     | <b>3 772</b>                     |
| Income tax  | -9                               | -9                               |
| <b>Profit</b>   | <b>5 482</b>                     | <b>3 763</b>                     |
| Attributable to:  |                                  |                                  |
| - Holders of interest in the parent company's equity                          | 5 714                            | 3 756                            |
| - Non-controlling interest  | -232                             | 7                                |
| <b>Other comprehensive income</b>   |                                  |                                  |
| - items with no possible subsequent reclassification to gain/(loss):          |                                  |                                  |
| Revaluation of tangible assets upon transfer to investment property           | -                                | -                                |
| - items with possible subsequent reclassification to gain/(loss):             |                                  |                                  |
| Revaluation of available-for-sale securities to fair value                    | -6                               | 7                                |
| Foreign currency translation reserve  | -454                             | 12                               |
| <b>Total comprehensive income</b>   | <b>5 022</b>                     | <b>3 782</b>                     |
| Attributable to:  |                                  |                                  |
| - Holders of interest in the parent company's equity                          | 5 254                            | 3 775                            |
| - Non-controlling interest  | -232                             | 7                                |
| <b>Earnings per share (in EUR)</b>  | <b>0.852</b>                     | <b>0.560</b>                     |
| <b>Number of shares</b>   | <b>6,707,198</b>                 | <b>6,707,198</b>                 |

\* 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 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>   | <b>30.4.2016</b> | <b>31.10.2015</b> |
|--|------------------|-------------------|
| <b>Assets</b>  |                  |                   |
| Goodwill and other intangible assets   | 14 792           | 15 187            |
| Property, plant and equipment  | 265 798          | 266 277           |
| Investment property  | 6 554            | 6 554             |
| Loans granted  | 23 072           | 23 406            |
| Other receivables  | 2 659            | 2 342             |
| Investments in associates  | -                | -                 |
| <b>Total non-current assets</b>  | <b>312 875</b>   | <b>313 766</b>    |
| Inventories  | 4 013            | 5 348             |
| Trade receivables  | 3 097            | 1 734             |
| Assets held for sale   | 938              | 938               |
| Loans granted  | 3 453            | 6 677             |
| Other receivables  | 21 754           | 21 509            |
| Financial investments  | 225              | 385               |
| Cash and cash equivalents  | 5 613            | 8 219             |
| Other assets   | 2 946            | 2 345             |
| <b>Total current assets</b>  | <b>42 039</b>    | <b>47 155</b>     |
| <b>Total assets</b>  | <b>354 914</b>   | <b>360 921</b>    |
| <b>Equity</b>  |                  |                   |
| Share capital  | 46 950           | 46 950            |
| Share premium  | 30 430           | 30 430            |
| Profit/loss for the current period   | 5 714            | -677              |
| Retained earnings and other funds  | 24 124           | 24 806            |
| Foreign currency translation reserve   | -947             | -493              |
| <b>Total equity attributable to holders of interest in the parent company's equity</b> | <b>106 271</b>   | <b>101 016</b>    |
| Non-controlling interest   | 2 084            | 2 315             |
| <b>Total equity</b>  | <b>108 355</b>   | <b>103 331</b>    |
| <b>Liabilities</b>   |                  |                   |
| Loans and borrowings   | 26 827           | 27 867            |
| Provisions   | 55               | 56                |
| Issued bonds   | 178 560          | 178 520           |
| Deferred tax liability   | 21 017           | 20 983            |
| <b>Total non-current liabilities</b>   | <b>226 459</b>   | <b>227 426</b>    |
| Loans and borrowings   | 6 709            | 10 012            |
| Trade payables   | 5 646            | 5 939             |
| Provisions   | 121              | 121               |
| Issued bond liabilities  | 2 722            | 6 022             |
| Other current liabilities  | 4 902            | 8 070             |
| <b>Total current liabilities</b>   | <b>20 100</b>    | <b>30 164</b>     |
| <b>Total liabilities</b>   | <b>246 559</b>   | <b>257 590</b>    |
| <b>Total equity and liabilities</b>  | <b>354 914</b>   | <b>360 921</b>    |

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

## Consolidated statement of changes in equity

|   | Share capital | Share premium | Legal reserve fund | Funds from revaluation | Foreign currency translation reserve | Retained earnings | Equity attributable to holders of interest in the parent company's equity | Non-controlling interest | Total   |
|---|---------------|---------------|--------------------|------------------------|--------------------------------------|-------------------|---|--------------------------|---------|
| <i>In thousands of EUR</i>  |               |               |                    |                        |                                      |                   |   |                          |         |
| <b>Balance as at 1 November 2014</b>                                | 46,950        | 30,430        | 4,448              | 140                    | -115                                 | 20,212            | 102,065   | 247                      | 102,312 |
| <b>Total comprehensive income for the period</b>                    |               |               |                    |                        |                                      |                   |   |                          |         |
| Profit for the current period                                       | -             | -             | -                  | -                      | -                                    | 3,756             | 3,756   | 7                        | 3,763   |
| <b>Other comprehensive income, after tax</b>                        |               |               |                    |                        |                                      |                   |   |                          |         |
| Revaluation of available-for-sale securities to fair value          | -             | -             | -                  | 7                      | -                                    | -                 | -   | -                        | -       |
| Revaluation of tangible assets upon transfer to investment property | -             | -             | -                  | -                      | -                                    | -                 | -   | -                        | -       |
| Foreign currency translation reserve                                | -             | -             | -                  | -                      | 12                                   | -                 | 12  | -                        | 12      |
| <b>Total other comprehensive income</b>                             | -             | -             | -                  | -                      | -                                    | -                 | -   | -                        | -       |
| <b>Total comprehensive income for the period</b>                    | -             | -             | -                  | 7                      | 12                                   | 3,756             | 3,775   | 7                        | 3,782   |
| <b>Transactions with owners, recognised directly in equity</b>      |               |               |                    |                        |                                      |                   |   |                          |         |
| Contributions to the fund   | -             | -             | -                  | -                      | -                                    | -571              | -   | -                        | -       |
| Dividends paid  | -             | -             | -                  | -                      | -                                    | -                 | -   | -                        | -       |
| <b>Total transactions with owners</b>                               | -             | -             | -                  | -                      | -                                    | -571              | -   | -                        | -       |
| <b>Balance as at 30 April 2015</b>                                  | 46,950        | 30,430        | 4,448              | 147                    | -103                                 | 23,398            | 105,841   | 254                      | 106,095 |

**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 fund | Funds from revaluation | Foreign currency translation reserve | Retained earnings | Equity attributable to holders of interest in the parent company's equity | Non-controlling interest | Total   |
|--|---------------|---------------|--------------------|------------------------|--------------------------------------|-------------------|---|--------------------------|---------|
| <b>Balance as at 1 November 2015</b>                                 | 46,950        | 30,430        | 4,449              | 146                    | -493                                 | 19,535            | 101,016   | 2,315                    | 103,331 |
| <b>Total comprehensive income for the period</b>                     | -             | -             | -                  | -                      | -                                    | 5,714             | 5,714   | -232                     | 5,482   |
| Profit for the current period  |               |               |                    |                        |                                      |                   |   |                          |         |
| <b>Other comprehensive income, after tax</b>                         |               |               |                    |                        |                                      |                   |   |                          |         |
| - items with no possible subsequent reclassification to gain/(loss): |               |               |                    |                        |                                      |                   |   |                          |         |
| Revaluation of available-for-sale securities to fair value           |               |               |                    | -6                     |                                      |                   | -6  |                          | -6      |
| - items with possible subsequent reclassification to gain/(loss):    |               |               |                    |                        |                                      |                   |   |                          |         |
| Revaluation of tangible assets upon transfer to investment property  |               |               |                    |                        |                                      |                   |   |                          |         |
| Foreign currency translation reserve                                 |               |               |                    |                        | -454                                 |                   | -454  |                          | -454    |
| <b>Total comprehensive income for the period</b>                     | -             | -             | -                  | -6                     | -454                                 | 5,714             | 5,254   | -232                     | 5,022   |
| <b>Transactions with owners, recognized directly in equity</b>       |               |               |                    |                        |                                      |                   |   |                          |         |
| Contributions to the fund  |               |               |                    |                        |                                      |                   |   |                          |         |
| <b>Total transactions with owners</b>                                |               |               |                    | 140                    | -947                                 | 25,249            | 106,271   | 2,083                    | 108,354 |
| <b>Balance as at 30 April 2016</b>                                   | 46,950        | 30,430        | 4,449              | 140                    | -947                                 | 25,249            | 106,271   | 2,083                    | 108,354 |

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

## Tatry mountain resorts, a.s. and subsidiary companies

### Consolidated cash flow statement

| <i>In thousands of EUR</i>  | <b>1.11.2015 –<br/>30.4.2016</b> | <b>1.11.2014 –<br/>30.4.2015</b> |
|---|----------------------------------|----------------------------------|
| <b>OPERATING ACTIVITIES</b>   |                                  |                                  |
| Profit  | 5,482                            | 3,763                            |
| Adjustments relating to:  |                                  |                                  |
| Gain on disposal of property, plant and equipment and intangible assets       | -425                             | 38                               |
| Depreciation and amortization   | 6,583                            | 6,778                            |
| Foreign currency differences  | -454                             | 12                               |
| Reversal of value adjustments to receivables                                  | -                                | -8                               |
| (Gain)/loss on financial instruments, net                                     | 158                              | -10                              |
| Interest (income)/expense, net  | 4,737                            | 4,819                            |
| Change in provisions  | -1                               | -                                |
| Income tax  | 25                               | -                                |
| Change in trade receivables, other receivables and other assets               | 2,542                            | 2,327                            |
| Change in inventories   | 1,335                            | -55                              |
| Change in trade payables and other liabilities                                | -3,461                           | -611                             |
| Cash flow from operating activities before tax                                | <b>11,437</b>                    | <b>17,053</b>                    |
| Income tax paid   | 27                               | -285                             |
| Cash flow from operating activities   | <b>11,464</b>                    | <b>16,768</b>                    |
| <b>INVESTMENT ACTIVITIES</b>  |                                  |                                  |
| Acquisition of property, plant and equipment and intangible assets            | -5,682                           | -1,151                           |
| Proceeds from disposal of property, plant and equipment and intangible assets | 425                              | -38                              |
| Procurement of financial investments  | -                                | -6,727                           |
| Proceeds from disposal of financial investments                               | -                                | -                                |
| Cash flow from investment activities  | <b>-5,257</b>                    | <b>-7,916</b>                    |
| <b>FINANCIAL ACTIVITIES</b>   |                                  |                                  |
| Proceeds from paid bills of exchange  | -                                | -                                |
| Loans granted   | -1,154                           | -2,225                           |
| Instalments of granted loans  | 5,358                            | 7,223                            |
| Instalments of liabilities under financial leasing                            | -420                             | -412                             |
| Instalments of received loans and borrowings                                  | -19,453                          | -4,682                           |
| New loans and borrowings  | 15,530                           | 6,744                            |
| Repayment of the liability from decrease of the share capital                 | -                                | -                                |
| Issued bonds  | -                                | -                                |
| Interest paid   | -8,674                           | -8,807                           |
| Cash flow from financing activities   | <b>-8,813</b>                    | <b>-2,159</b>                    |
| Net increase/(decrease) of cash and cash equivalents                          | -2,606                           | 6,693                            |
| Cash and cash equivalents at the beginning of the year                        | 8,219                            | 3,903                            |
| <b>Cash and cash equivalents at end of the year</b>                           | <b>5,613</b>                     | <b>10,596</b>                    |

The notes presented on pages 16 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. Investments

During the observed period the Group started the implementation of an investment project in Tatrallandia (mobile surfing wave) and continues in construction of the new cableway Krupová – Kosodrevina from the south side of Mt. Chopok and realization of Hotel Pošta. The Group continues to proceed with the investment plans as presented to the General Meeting held on April 28, 2016.

#### 2. Inventories

During the period the Group initiated the realization of a second stage of real estate investment project Chalets Otupné (Chalets Otupné 2) and continues in the realization of the project Hotel Pošta – apartments for sale. Both projects relate to real estate development designated for sale or operation. The value of the investment is recognized in the financial statements under Inventories.

#### 3. Financial investments

On December 9, 2015 The Group sold its entire 19% share of securities in Melida, a.s. in the amount of EUR 154 ths. to CAREPAR, a.s. and at the same time purchased a 19% share in CAREPAR, a.s. The reason for this transaction was the long-time planned shareholder structure of the Melida, a.s. company and optimization of relationships among shareholders of Melida, a.s.

#### 4. Subsequent events

On June 17, 2016 the Group paid out a coupon on the TMR I bonds in the amount of EUR 1,575,000.




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Bohuš Hlavatý  
*Chairman of the  
Board of Directors*




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Jozef Hodek  
*Member of the  
Board of Directors*



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Tomáš Kimlička  
*Person in charge  
of financial statements*



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Marián Vojtko  
*Person in Charge  
of accounting*







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