

**Intercession of Bohus Hlavaty, chief of board of directors of Tatry Mountain resorts, a.s.**

Dear shareholders and business partners

Many visitors are looking for health, relax and fun in the mountains. I am glad, that one of our companies, which are helping them with this, is also company Tatry Mountain resorts, a.s., which is operating Ski resort Jasna Low Tatras and a number of hotels in Demanovska valley and when company Tatranske lanove drahy, a.s. became part of the company.

It is a pleasure for me to introduce you Annual report of Tatry mountain resorts, a.s. for year 2009. At the end of June 2009, shareholders of Jasna Low Tatras, a.s have decided to increase the joint stock to 253 mil. Euro and rename the company to Tatry mountain resort, a.s. Continuously by cooperation with J&T Bank acceptance of new share emission at Bratislava stock exchange has been realized. The aim of the company is operating the most important mountain ski resorts, hotels and implementing development and real estate projects in High and Low Tatras. Company bought Tatranske Lanove drahy, a.s., company which is providing mountain resorts High Tatras – Tatranska Lomnica, Stry Smokovec and Liptovska Teplicka. The transfer has been handled on 19<sup>th</sup> October 2009. Common cooperation forms synergic effect, better effectivity and the base for target investment.

In Tatry Mountain resorts we have linked up trend from the last years and company has continued in investing to resorts development, improving the quality of services and expanding the opportunities for visitors. Jasna Low Tatras resort is in the whole state meaning the one of the most searched and the widest winter sports resort in Slovakia, resorts in High Tatras are the most visited in summer season and in winter season their importance is still grooving. The aim of long term strategy of current management is to build the biggest ski resorts in middle and Eastern Europe in Jasna and High Tatras and increasing the visit rate also in the other part of the year.

The most important part in the process of starting winter season 2009 was good quality areas preparation and early start of synthetic snowing of the new snowing system with 205 snowing points at the 15 km of slopes. As one of the important part I consider also building of a new cable car in Otopne center in Jasna – from this season there are two operators in the resort. This is a new way of cooperation, not typical for Slovak business environment. New operator, company Webis s.r.o. has realized this investment in the resort also with EU funds support. The main philosophy of this new model is, that two business subjects are closely cooperating in one business area and in this case in operating of ski resort Jasna Low Tatras.

The demanding clients have been interested by a la carte restaurant Lukova in the museum style, same as other better food services at the slopes, by hotels and in hotel Grand, which became a Ski in ski out hotel thanks to new cable car. VIP sector at Biela Put also with its services has been improved comparing to last year.

Skipass Tatry, offered by resorts has in Slovakia matchless more than 51 km of ski slopes.

Jasna is mostly winter ski resort; High Tatras are still mostly touristic resort. Due to changing climatic conditions and mainly clients growing demands on diversity and quality services, weather it goes about attractions, taking care for clients comfort, catering possibilities at the slopes and developing possibilities and also other activities and guests own realization. As it was already mentioned also this year new operation premises has been raised and new base for common progressing of the most important tourists destinations has been created in Slovakia under one leadership.

Company has been progressing also in area of marketing communication oriented on main market goals. After remarkable decreasing of polish clients caused by changing to Euro and

decreasing of polish currency, the price police have been changed. We started selling Ski packages during summer season, other subjects in the region have been involved in skipass packages creation and we also started a massive campaign in Poland. Definitely we are continuously communicating also in the other markets, mostly in Slovakia, Czech Republic and in Russian speaking countries and Great Britain.

I have to mention, that as skiing, alpine skiing, hiking, Tatra fancier I am satisfied not only with economic indicators of our activities, but also with the fact that Demanovska valley, Tatranska Lomnica and Stary Smokovec are living as tourism resorts, inhabitants have work and thousands of people can be looking for what they need – health, active relax and fun.

It was breaking year for us in the time of economical crises and this undertakes us to determine new ambitious aims to the future. Their common denominator is next company development and trust of our clients and business partners. I am sure, that even of the pressure and impact of financial and economical crises, we will manage this. Also thanks to the team of colleagues and co-workers, on whose professionalism we can always rely on and whom the big thanks for all this belongs. I strongly believe, that the resorts Jasna Low Tatras and High Tatras Tatranska Lomnica, Stary Smokovec will keep the favor of actual clients and that the new quests will be allured by wide range and better quality offer of our services

In Demanovska dolina, day 1.3.2010

Ing. Bohus Hlavaty  
Chief of board of directors  
Tatry Mountain resorts, a.s

## **Company**

Company Jasna Low Tatras a.s. was launched by delimitation of state estate Javorina in year 1992, when the joint-stock company Ski Jasna a.s. was launched. In year 2003 the company name has been changed to Jasna Low Tatras, a.s.

The day of 26.09.2009 the company name has been changed again to Tatry Mountain resorts, a.s.

The company operates hotels, cable ways and ski lifts at the north and south side of the biggest mountain of Low Tatras, Chopok. At the north part lays ski resort Jasna, which is the biggest resort with the best natural conditions for downhill skiing in Slovakia.

At the end of the economical year 19.10.2009, Tatry mountain resorts, a.s. bought Tatranske lanove drahy by buying its shares and became a 100% owner of this company.

In year 2009 markable change in the owners' structure of Tatry mountain resort, a.s. has been made.

<b>Owners: k 31.10.2009</b>	<b>Share in % 2009</b>
Tatry mountain resort services, a.s.	13,33%
Small shareholders	0,34%
G1 INVESTMENTS LIMITED	0,00%
J&T Bank	9,99%

J&T Global Services	9,99%
Perspective	1,52%
Poštová banka	9,32%
TINSEL	18,42%
Contigy	18,03%
Diamond hotels Cyprus BAXON REAL ESTATE LIMITED	7,06% 12,00%

Company increased the elementary assets of 5 693 400 pcs equality shares, booked shares, bearer stocks, while rated value of one share is 33, 00 Eur. Rate of issue of subscribed stock was 38 Eur. The increase of the elementary assets has been done by main share holder Tatry mountain resorts services, a.s.

<b>Emission no. SK 1120010287</b>	
<b>Share kind – common, bearer share</b>	
5 693 400 akcií ( pcs )	
Nominated value of one share : 33 €	Nominated value in total : 187 882 200 €

The day of 13.10.2009 the change of accounting and taxation period of calendar year to accounting and taxation period of economical year has been approved, starting from 1<sup>st</sup> November to 31<sup>st</sup> October, valid from 1<sup>st</sup> November 2009.

Statutory body composition in company to 31.10.2009:

<b>Board of directors</b>	<b>Supervisory board</b>
Ing. Bohuš Hlavaty President	Ing. Igor Rattaj President
Ing. Andrej Devečka member	Ing. Patrik Reisel member
Ing. Jozef Hodek member	Jozef Slabý member

Executive leaders of the company to 31.10.2009

<b>Executive directory</b>	
Ing. Branislav Babík	Director of hotel sections
Ing. Ján Štetka	Operation director of LTD
Branislav Kačkovič	Operation hotel director

Company employs besides temporary employees also employees with fixed working period, which covers employees need mostly in the winter time.

Average number of employees in year 2009 was 214, from this 4 in senior managers. Company owns two 4 stars hotels (Grand and Tri studnický) and two 2 star hotels (Ski and Liptov). At the south side of Chopok company owns hotel Kosodrevina and hotel Srdiecko. Than to the company belongs hotel in the process of construction close to hotel Liptov and ski lifts and cable cars at the north and south side of Chopok, besides two ski lifts, which belongs to the other subject.

**Tatry Mountain resorts, a.s.**  
**Market position, business activities**

**Main information**

Resort Jasna Low Tatras is included in the highest category of tourism centers in international meaning and between Slovak resorts has the 1<sup>st</sup> place. It lies in the beautiful mountain environment at the north and south slopes of Chopok in National Park Low Tatras.

The main idea of resort routing is creating the knowledge about its wide usage not only during the winter tourism season, but also stable during the whole year.

Tatry mountain resort, a.s. operates five hotel facilities and one cottage, where offers accommodation, food and supplementary services, same as operates personal mountain transport appliances.

**Hotels**

In hotels Tri Studnický, Grand, Ski Zahradky & bungalows, Liptov and Srdiecko is offered 775 fixed beds and 227 spare beds. Jasna offers stays for wide range of clients, from individuals, via families with kids, seniors, corporate clients to school groups and business travelers Thanks to technical and space equipment the hotels are the ideal place for events organization as seminars and conferences. These fill the place mostly in the period between the seasons, which is created due to decreasing of traditional vacationers demand curve.

Architecturally unique hotel Tri Studnický, which is situated 6 km far from Liptovský Mikuláš and 6 km from center Jasna, is ideal place for company events chamber character. With whole accommodation capacity 100 beds and 10 spare beds, with cooking specialties in hotel restaurant and light extravagant interior, this hotel is able to satisfy also more demanding clients.

Hotel Grand is modern 4 star hotel, which is fitting by its architectural structure to the panorama of this mountains. After entrance room reconstruction, lobby and restaurant the quality of offered tourism services has grown up. It is situated in Jasna center, in altitude 1100 m above sea level. Hotel dispose wide range of room and material equipment, helping to organize rafts, receptions, big company events, seminar events as business meetings, seminars, conferences, companies' presentations and etc. Good equipped, conference hall with air condition is available, with capacity of 200 seats and few small rooms. Accommodation hotel capacity is 157 double rooms with possibility of 56 spare beds, from these 2 double rooms, 2 single rooms and 2 apartments and 2 quadruple family mezonet apartments. Certainly it is offering a quality wellness center, fitness. The comfort for the hotel guest is in the winter time increased by wide range rooms of NTC sport services Jasna.

New Grand Jet Restaurant for skiers has been opened on 26.12.2009 together with the start of the new 8 seats gondola Grand Jet. Restaurant lies very close to the cable car. Restaurant is furnished in easy but stylish furniture with capacity of 74 places for sitting. It is offering mostly ready hotel dishes or fast food character dishes in convenient prices.

Après Ski Grand Jet of Hotel Grand offers news for skier as Après Ski bar Grand Jet at the place of reconstructed hotel terrace, close to new cable car. It is furnished by stylish barreled sitting with capacity of 24 seats. Menu is offering warm and cold dishes, alcoholic and soft drinks.

Mountain hotel Ski Zahradky is situated in ski and tourism center Zahradky, in the altitude of 998 m above sea level, 1 km from Jasna. Very close to the hotel (50m) is international accomplished ski slope FIS and starting point of 6 seats cable car. The hotel capacity is 39 double rooms and 3 apartments with possibility of 40 extra beds, 7 bungalows are part of this hotel complex and each has 4 triple rooms.

Mountain Hotel Liptov lies in the center of Jasna, in the altitude of 1200 m above sea level, 200 m from ski center Otopne, in the Velicke mountain lake neighborhood Hotel capacity is 120 places for organizing seminar character events. Hotel capacity is 140 beds and 75 extra beds. In actual period it is used for as staff accommodation and it is in renting period.

Hotel Srdiecko became part of the company portfolio in autumn 2006. It is situated in Low Tatras, at the southern part of Chopok, in altitude of 1213 m, right in the center of Chopok south resort. Very close to the hotel is starting point for 4 seat cable car Sediecko-Kosodrevina and ending station of ski lift Krupkova- Srdiecko, on which the evening skiing is provided. The hotel capacity is offering 28 double rooms with opportunity of 1 extra bed, 7 double rooms with separated beds without possibility of extra bed, 1 single room, 2 triple rooms with extra bed option and 3 apartments. Currently the hotel is rented.

Cottage Kosodrevina is situated in the root of southern slopes of Low Tatras, in Bystrianska valley. It lies in altitude of 1500 m, at tourist hiking trail, which is connecting western peaks of Low Tatras under Chopok. It is rented in actual period.

Company bought and sold guest house Energetic during the year 2009.

## **Gastronomy**

Company is operating 8 food service facilities. At the north site self service restaurant Lukova, a la carte museum restaurant Pizza Von Roll, which is unique by its architecture and special gastronomy services in European meaning. The reconstructed cable car technology is kept inside, which was built and started operation in year 1954 in trail Lukova Chopok and was operating until 1997 and therefore becomes a specific and unique museum.

Snack bar Rovna Hola is situated on the vertex point of 6 seated cable car Zahradky, offers possibility of fast food services for the clients in the modern reconstructed premises. Fis bar is après ski bar situated right next to the starting point of 6 seated cable car Zahradky, offers drinks and fun for all age categories. Après ski bar Biela Put is situated next to starting point of 4 seated cable car Biela put, offers fun for clients while skiing same while evening skiing. At the south there are Après ski Bar Srdiecko, Restaurant Kosodrevina with big summer terrace and Ice Bar Zadne Derese.

During the summer season in cooperation with National park of Low tatras we have been able to realize recreation and educational hiking trail named Karkulka. The purpose of building this trail was to teach kids and their parents how to get back to the nature. At the same time also motivate them to be more active on fresh air, getting to know the Slovak beauties and get the environmental and ecological knowledge. Our aim was to teach kids and their parents

something about National Park of Low tatra by entertaining form, so the kids can recognize animals and flowers, to feel good and getting the relation to holiday in Slovakia. 10 educational boards have been installed while realization of this project. In the premises of Pizza Von Roll restaurant at Lukova a unique museum of skeletonized animals have been created.

### **Cable ways**

Besides hotel facilities company owns also cable ways and ski lifts on the northern and southern slopes of Chopok, in ski resorts Chopok South (Zahradky, Jasna, Otupne) and Chopok South (Srdiecko, Kosodrevina). 26 ski slopes makes together 32 km of ski slopes. They are adjusted by eleven machines Kassbohrer type PiBu – 100, 200, 300, 400 and the most efficient 600 with reels. Almost 13 km from all this slopes is inedible snowed, more than 2 km are with artificial light. There are 8 (8.42 km) light slopes, 8 (13.553 km) middling light and 8 (7.635 km) hard slopes. Three free ride zones with various difficulty levels are available on northern side and 2 zones on eastern side. Two cross country skiing trails – at Lucky 5 km long, tourist and Zadne Vody 6 km long, racing. 25 freight facilities have capacity of 22 185 people per hour all together: 1 six-seated cable way, 4 four-seated, 1 double-seated, 1 cable car and 18 ski lifts. Ski slopes, cable ways and ski lifts are operated depending on snow and weather conditions in period from 1.12. to 11.5 in time from 8.30 to 15.30 or 16.30.

### **Sport Jasna – ski school**

Professional team is ensuring a complex of outdoor services in winter and also in summer, whole year for all resorts' visitors after successful knowledge learnt from Austrian NTC ("New Technology center") Sport GmbH Company. It is providing ski services, snowboard school, kids ski school, rental services, depot services and sport shops.

For enthusiastic skiers we have prepared new test ski center at Biela Put with the most modern skies all categories. For families with children we are preparing in our ski schools - Maxilands new animation programs, so the skiing for children becomes more popular and funny. "Sales street – promenade" was started by opening new Grand Jet shop right next to Grand jet cable car.

### **Hotel facilities occupancy**

#### **1. Number of guests in year 2009**

Tatry mountain resorts, a.s. has been operating three hotel facilities during the year 2009, Hotel Grand, Hotel Ski and Hotel Tri Studnický. Other facilities have been rented. Hotel facilities have been visited in year 2009 in period from 1.1 to 31.10.2009 by 17 568 guests, what is comparing to year 2008 a decrease of 2742 guests, in percentage meaning decrease of 13%.

Hotel Ski & Bungalows decrease of 20%. Grand noted decrease of 2% and Tri Studnický increase of 19% of guests.

In year 2009 the hotel facilities have been visited by 10.492 domestic guests, what is comparing to same period in year 2008 increase of 1932 guest, this is 18%.

Hotel GRAND	Number of domestic guests	Number of guests together	Coefficient of decrease/increase
1. quarter	2 583	4 287	1,07
2. quarter	1492	2260	0,84
3. quarter	1228	1997	0,58
October*	754	924	1,44
<b>Total</b>	<b>6 057</b>	<b>9 468</b>	<b>0,98</b>
Hotel SKI	Number of domestic guests	Number of guests together	Coefficient of decrease/increase
1. quarter	875	2 510	0,88
2. quarter	526	725	1,37
3. quarter	671	1 276	0,46
October*	49	69	0,51
<b>Total</b>	<b>2 112</b>	<b>4 580</b>	<b>0,80</b>
Hotel TRI STUDNIČKY	Number of domestic guests	Number of guests together	Coefficient of decrease/increase
1. quarter	719	1 426	1,2
2. quarter	346	597	0,75
3. quarter	628	1 109	1,08
October*	256	388	1,73
<b>Total</b>	<b>1949</b>	<b>3520</b>	<b>1,19</b>

\* Due to converting to economical year ending with month October, 10 months results are accounted

Period	Interest of domestic visitors		
	GRAND	SKI	TRI STUDNIČKY
1. quarter	60,25 %	34,86 %	50,42 %
2. quarter	66,00 %	72,55 %	57,95 %
3. quarter	61,49 %	52,58 %	56,62 %
October*	81,60 %	71,01 %	65,97 %
<b>Total</b>	<b>67,34 %</b>	<b>57,75 %</b>	<b>57,74 %</b>

## 2. Number of overnight stays in year 2009

The quests spent in hotel facilities of Tatry Mountain resorts, a.s. 46 848 overnight stays in total, what is comparing to year 2009 decrease of 4 501, in percentage meaning decrease of 8.7%. The biggest number of overnight stays was noticed in 1<sup>st</sup> quarter at hotels Grand, Liptov, Srdiecko and guest house Entergetik have been rented in year 2009.

Period	Number of overnight stays			Hotels together
	GRAND	SKI	TRI STUDNIČKY	
1. quarter	13 274	8 929	3 161	<b>25 364</b>
2. quarter	4 496	2 230	1 053	<b>7 779</b>
3. quarter	3 827	4 707	2 510	<b>11 044</b>
October*	1 651	370	640	<b>2 661</b>
<b>Total</b>	<b>23 248</b>	<b>16 236</b>	<b>7 364</b>	<b>46 848</b>

### 3.1. Average occupancy in year 2009

In year 2009 average hotels' occupancy was 33.30 %, what is comparing to year 2008 decrease of 2.26%. This was caused by global economic crisis. The fear from loosing the job and feeling to saving more has been the reason of decreasing the demand on hotel services.

HOTEL	y. 2009	y. 2008
Grand	30,50 %	30,06 %
Tri studničky	35,70 %	40,32 %
Ski&bungalows	33,70 %	36,30 %
<b>Total</b>	<b>33,30 %</b>	<b>35,56 %</b>

#### Hotel Grand

Hotel Grand has been occupied in year 2009 in average of 30.50%, while comparing to year 2008 noticed an increase of 0.04%. This was caused mostly by closing the hotel in month November due to reconstruction of basement part.

#### Hotel Ski and bungalows

Hotel has been occupied in year 2009 in average of 36%, comparing to year 2008 noticed a decrease of 2.6%.

#### Hotel Tri studnický

Hotel has been occupied in year 2009 in average of 35.7 %, comparing to year 2008 noticed a decrease of 4.3 %.

### 4. Average length of stay in 2009

Visitors spent in hotels' facilities 3.59 days in average, what is comparing to year 2008 increase of length of stays for 1 day. According to period is the longest average stay in winter months. From the hotels, the longest average stay has hotel Ski and during the whole year relatively balanced.

Average length of stay in 2009

Period	Average length of stay			
	GRAND	SKI	TRI STUDNIČKY	Total
1. quarter	3,1	3,37	1,96	<b>2,81</b>
2. quarter	2,1	2,75	1,63	<b>2,16</b>
3. quarter	2,1	2,57	2,06	<b>2,24</b>
October*	2,4	16,9	1,9	<b>7,07</b>
<b>Total</b>	<b>2,5</b>	<b>6,39</b>	<b>1,89</b>	<b>3,59</b>

### Ski resort visit rate

### 5. Resort visit rate



In year 2009 a 2% more skipasses were sold, what was 6400 tickets and resort was visited by 11% skiers less, this is 39 326 skiers.

Comparing no of skiers and tickets per years

Month

No of tickets

No of skiers

Total

## Resume

The year 2009 was from economic, financial management and account balance point of view signed by worldwide financial crises. The biggest influence at economic result of the company was caused by increasing amortization and cost loan interest, what signed also on profit value per one share in year 2009 in the value – 0.1 Eur.

Chart: profit development per share

Joint-stock company reached economic result before taxation in value of 587.234,69 Euro in year 2009. Management of the company believes, that the development of the coefficients in year 2010 will stop this progress and creates good conditions for next grow and invest development. We have all market, technical, financial and human potential for this.

## Incomes

The main part of the company's incomes are incomes from: selling goods in restaurant facilities in our hotels, accommodation capacities, operation of mountain transport facilities – cable cars and ski lifts in ski resort Jasna in summer and winter season, incomes from estate renting and financial incomes from bank deposits, from exchange difference and other extra incomes connected with selling company shares.

The main income generators in the company are incomes coming from cable cars and ski lifts. In the structure of other incomes, the incomes from accommodation are the domain. Detailed structure of realized incomes from the main activity comparing to two past years is shown in the table below. Own production is presented by incomes from food production in restaurants of our hotels. Item other services are including incomes for supplementary services in hotels (sauna, massages, and fitness), incomes from outdoor activities, from phone calls at hotel rooms and etc.

Item	2009	2008	2007	2006	2005	2004	2003
Cable cars and lifts	5 547 225	7 418 841	7 273 086	6 936 367	5 891 854	4 921 596	4 142 634
Accommodation	1 412 846	2 196 940	2 196 541	2 100 744	2 002 556	1 968 300	1 861 216
Own production	16 446	2 440 682	2 343 623	2 359 391	2 251 411	1 559 417	1 330 346
Goods	166 513	178 882	162 119	118 038	89 292	476 864	419 903
Other services	2 857 798	1 113 722	601 706	436 766	208 757	371 672	134 767

Interest of main income items at the whole incomes in year 2009 are illustrated in the following chart.

Chart: Interest in % at incomes in year 2009

We reached the biggest incomes in our hotels at hotel Grand, which can offer besides winter season its services also in the off-season oriented on congress tourism. On the other site hotels Liptov and Ski are older hotels, which don't have so good conditions for their utilization in spring or autumn season and therefore their incomes are mostly oriented to winter months. Hotel Tri Studnický is specific by its position; this is suitable for business partners mostly in the off-season. Better usage of this hotel for congress tourism is determined to missing congress premises.

Incomes from ski school are the once coming from ski hours, renting of ski equipment and selling goods.

## **Expenses**

One of the main management aims is to keep the expenses on friendly low level. Satisfactory expense controlling together with reaching increased incomes lead to positive economic income achievement.

### **Personal expenses**

The biggest expenses items of the company besides amortization are mostly labor cost, energy and material costs and some chosen services (real estate rental, marketing, leasing). Company is running a business in the services which are requiring high interest of human sources. We are influenced by seasonal character of offering services, what insist additional requirements for labor power effectivity. Other limiting factor is labor market legislative influencing the level of company labor cost. Whole state salary level in tourism sector is low comparing to other economic sectors. Competition is big and occupy our facilities during the whole year round is very complicated. Despite of this company by its activity positively influences on employment rate in the region.

Manpower mobility in this region is small, tourism sector has its particularity and while we are not able to offer constant and good paid job perspective for our employees, many of them will leave to work abroad. We feel this situation very deep in our company and fluctuation factor is showing high number. In the cable cars and ski lifts resort we are employing the biggest number of seasonal employees. This is the same when it goes about ski school.

### **Energy and material**

Our facility operation is energy demanding. Cable cars and ski lifts, synthetic snowing, heating in hotel facilities in winter season, gas consumption in the kitchens, water consumption in hotel premises and kitchens, all this are the biggest energy sources consumptions.

Table is showing overview of energy consumption in the past 5 years ( in Euro)

	2009	2008	2007	2006	2005
Total energy consumption	949 428	1 404 999	1 075 251	918 044	891 257
Electric energy consumption	818 302	1 189 139	897 564	704 408	718 980

Gas Consumption	122 811	188 741	156 111	174 301	142 667
Water Consumption	8 315	27 119	21 576	39 335	29 609

## Rental

Rental item is introduced by payments to estate owners, on which the ski slopes are built. Rental contracts are closed with owners Darina Pethova Lipt. Mikulas and partially with Lesy SR state enterprise Banska Bystrica, with forest owners association Zavazna Poruba. The biggest volume of estates is represented by estates in Plostin land registry.

## Overview of important operation expenses

Development of operation expenses in the last 5 years is shown in the table below. Fuelling consumption is mainly presented by diesel consumption for vehicles taking care of ski slopes preparation in winter season. Accessories consumption is mostly presented by repairing cable cars and ski lifts, where accessories consumption is used for vehicles taking care of ski slopes preparation.

Other material in including mostly consumed material at hotels. To most important items of consumed material belongs mostly: information boards and other material

	2009	2008	2007	2006	2005
Material consumption	1 443 578	3 381 199	2 572 363	1 683 928	1 237 635
: most important items from this	0	0	0	0	0
Material consumption – kitchen	617 398	868 187	852 818	872 071	594 271
Other material consumption	32 245	54 172	235 179	183 596	64 927
Fueling consumption	161 617	232 324	174 301	175 496	155 215
Repair material consumption	150 504	87 234	85 939	140 377	98 022
Glass and porcelain consumption	11 527	9 925	21 476	20 381	11 054
Vehicle accessories consumption	63 349	89 292	35 584	93 706	109 739
Cleaner consumption	22 756	25 128	26 754	27 916	31 302
Building material consumption	1 228	10 556	7 303	86 968	5 012
Stationery consumption	6 937	11 751	11 153	19 551	22 008
Wiring material consumption	8 308	9 261	10 755	18 489	15 966
Napkins consumption	6 098	7 070	7 701	12 282	16 796
Lubricants consumption	13 793	24 066	14 008	19 916	11 585
Newspapers, magazines and books consumption	30 302	4 946	4 116	4 415	3 718
Drinks protection consumption	6 982	9 195	8 664	8 763	7 933
Small material consumption	104 284	286 969 *	-	-	-
Advertising material consumption to 16,60 €	18 661	68 114	-	-	-

\* Change of fines accounting to 30 t. sk/ 996 Euro from 1.1.08

In the group of cost for bought services are to the most important expenses belong: advertising, telecommunication, washing and ironing, security and service and repair

expenses. Progress of chosen expenses items in the last three years is shown in the table below (data in Euro)

	2009	2008	2007	2006
Bought services	2766988	2 821 616	2185288	2252473
The most important items in this:				
Advertising	146746	390858	323076	348071
Leasing payments	0****	0****	0****	150169
Rental estate	355829	33499	285966	246863
Rental – other	191104	310894	148410	102071
Auditing expenses	81940	11020	9626	16 597***
Telecommunication expenses (internet)	50462	76180	74852	65326
Washing, cleaning	12048	23769	94503	88628
Security	20707	46505	86968	40065
Administration	36696	102934	109481	46505
Music and program	4812	35683	40397	57923
Information technology expenses	27228	30572	26124	19916
Water rate expenses	18986	31368	34820	36912
Other expenses	376112	179313	138684	240191
Carriage	271230	124510	106884	113523
Legal services	22428	25991	25858	24995
Service and repair	141871	242647	472615	481279
Travel expenses	4610	25128	36380	35252
Sales support	29501	95300	6141	4415
Mandate services	47 837*	82 288*	-	-
Administration	627109	294 032*	-	-
Cleaning	88666	100 909*	-	-
Mountain rescue	30674	37 443*	-	-

## Amortization

Company registers actives in amortization prices of 71.410.788 Euro. Year 2003 was year when we markedly started to divide accounting and fiscal amortization in the meaning of amortization revaluation of technological entities of cable cars and ski lifts.

This mostly relates to new investments, ski lifts Doppelmayer and one six-seated cable car. The economic result is influenced by amortization high in each profit centers of the company. Company has capital, account and fiscal amortized, but which is furthest used.

Acquisition capital value, which is fully account and fiscal amortized and is in use is in value of 11803 461 euro in acquisition prices in following local structuring:

### Local structuring

Structure	In
-----------	----

Tatry Mountain resorts, a.s. and related company

	thousand Sk
Hotel Tri Studničky	488 518
Hotel SKI	410 738
Hotel GRAND	624 129
GASTRO	24 536
Majetok v prenájme	458 663
LD Záhradky	532 105
	6 785
LD Sever	659
	2 058
LD Juh	186
Lyžiarska škola	254 952
Budova admin.	165 975
Hotel Tri Studničky	488 518

### Financial expenses, insurance

The biggest part of the insurance is insurance for mountain rescue services, hotels' insurance, ski lifts and cable cars facilities, kassbohrers and inventories insurance. Realized and not realized exchange profit and lost in year 2009 is shown in the table below:

In Euro	Incomes	Expenses
Realized Exchange profit and lost	612	0
Not realized exchange difference	0	0

Compared to exchange lost to 31.10 in year 2009 in value of 0 Euro the exchange incomes are 612 Euro.

Balance sheet	2009	2008	2007	2006
Goods income	182 959	177 355	162 119	182 832
Expenses used for sold goods amortization	121 165	107 482	86 537	80 163
Commercial margin	61 794	69 873	75 583	102 669
Incomes from selling own products and services	9 844 869	13 171 712	12 414 990	11 768 472
Production	9 544 869	13 203 147	12 414 990	11 769 335
Production consumption	5 158 995	6 202 815	4 757 651	4 860 917
Added value	4 447 668	7 070 145	7 732 922	7 011 087
Total of personal expenses	2 394 160	3 469 860	3 227 843	2 827 392
Taxes and fees	33 788	38 870	52 579	42 920
Long term intangible property amortization and long term tangible property	2 990 337	3 516 431	2 555 766	2 135 531
Anticipated sales from long term property and property	2 089 414	2 522 174	166 102	4 859 523

Salvage value of soled long term property and soled material	1 624 379	1 899 887	46 040	4 746 996
Usage and cancellation back ups into incomes from economic operation and accounting of complex creation NBO	427 429	378 543	222 399	147 281
Back up creation for economic operation and complex expenses accounting of future periods	-11 064	238 266	292 339	299 973
Other expenses on economic operation	23 801	238 266	292 339	178 085
Economic result from economic operation	-90 890	807 608	1 946 857	1 737 436
Economic result from financial operation	-496 344	-474 905	-77 309	80 097
- deferred tax	86 715	70 637	162 318	197 504
Income tax from common operation	86 715	70 637	162 318	197 504
Economic result from common operation	-673 949	262 066	1 707 230	1 620 062
Economic result from extraordinary operation	0	0	0	- 26621,5229
Economic result for accounting period	- 673 949	262 066	1 707 230	1 593 441

## Economic results

Share profit reached value – 0.1, what is for 72.2 % less comparing to last year. The reason of reached result is caused by whole world financial crisis, which also caused lover interest in services offered by company. The reached result was mostly contributed by cable car and ski lifts center and hotel Grand.

## Year 2010 Expectations

Company is awaiting results increase in year 2010. Company is expanding its business activities into High Tatras in Tatranska Lomnica by repurchase 100% share of Tatranske Lanove drahy. Company is planning to expand its business activities and establishing new in this area as well.

It will also continuously participating on better quality of ski slopes, improving the effective of snowing slope system and particular hotels, food facilities and cable cars stations reconstruction. We are planning to keep the financial income stability and increasing profit in financial area. We will keep tracking of decreasing the expenses or their effective usage.

Potential risk and unsafety are becoming mostly from eventual weather forecast, which has key meaning for the company, mostly when it goes about cable cars earnings in the winter season. As a possible solution of this unsafety we would like to diversify the portfolio of our services and so decrease the season influence and business risk.

As the slopes are part of the national part and protected territory, expanding of ski slopes or building new once is always connected with state nature preservation offices cooperation. Company is planning to keep furthest this cooperation, that the negative impact at environment is minimalized.

## Supplementary information

Company made no expenses in research and development area in year 2009.

Company increased its basic capital by 5 693 400 pcs of capital stock, booked stock and unregistered stock, while rating value of one unregistered stock is 33.00 Euro. Subscribed stock emission exchange was 38 Euro. Basic capital increase has been done by main share holder Tatro mountain resort services, a.s. Increased basic capital together with capital surplus has been paid by bill receivable in value of 216 349 200 Euro. Bill receivable has been open against J&T Prite Equity B.V. The acceptance has been partially paid latter by acceptances from the other companies and partially in cash. Actual balance of assets in acceptances is in value of 191.138.200 Euro.

Increase of the main assets has been done by the main shareholder Tatro mountain resorts services, a.s.

19<sup>th</sup> of October 2009 Tatro Mountain resorts, a.s. bought shares of Tatranske lanove drahy, a.s., 059 60 Vysoke Tatro, Tatranska Lomnica 7, corporate identification number: 31 396 216

Tatro mountain resort, a.s. as only shareholder of Tatranske lanove drahy, a.s. approved on annual general meeting on 29 October 2009 the basic capital increase to total value of 26.522.006 € Euro by monetary increasing from current value of 7.269.486 € for value of 19.252.520 €, for total value 26.522.006 Euro by subscribing new capital shares on name in amount of 580 pcs, with rating value 33.194 Euro per each share and emission exchange value of 33.194 Euro of each share.

Company does not have any organization part abroad. The company gained own shares, temporary portfolio and obligations.

After accounting period ending, company bought shares of Grand Hotel Praha, a.s. and 50% of share in Interhouse, s.r.o. in December 2009.

### Profit proposal dealing

Company reached a lost of 673 949 euro in year 2009. Annual general meeting will decide about the lost charging. The statutory authority proposal is, that the generated lost will be done by its accounting on not paid lost of past periods.

§ 20 section 1, Accounting act information about:

- a) **Accounting entity progress, status, in which it is , about important risk and unsafety, : information is presented in balanced and comprehensive form, status and forecast analysis, contains important financial and non-financial coefficients, including also information about activity influence of accounting entity on environment and on employment, pointing on data shown in statement of finances.**

Company reached worse economic result in year 2009 comparing to the last year. This was caused by changing accounting period from calendar to economic year in period from 1.1 to 31.10.2009, which was shorten by 2 months, in this period the incomes from month December are missing. Besides this fact, this economic sector is influenced by world wide financial economic crises, which was also signed under not satisfied economic result of the company. Company finished accounting year with economic result in loss of 673 949, - Euro. Share profit was decreased from 0.26 Euro to 0.1 Euro.

Reached incomes from own products and services sale are in value of 9.544.869 Euro. The economic result have been mostly influenced by this cost items - raw material, material and energy consumption in value of 2.392.007 Euro, personal cost 2.394.160 Euro and bought services in value of 2.766.988 Euro.

Company obligations, which are consisting from circular and non-circular capital, reached the value of 18.467.325 Euro. Loan density from this amount is in value of 10.559.815 Euro.

Company increased its basic capital by 5 693 400 pcs of capital stock, booked stock and unregistered stock, while rating value of one unregistered stock is 33.00 Euro. Subscribed stock emission exchange was 38 Euro. Basic capital increase has been done by main share holder Tatry mountain resort services, a.s. Increased basic capital together with capital surplus has been paid by bill receivable in value of 216 349 200 Euro. Bill receivable has been open against J&T Prite Equity B.V. The acceptance has been partially paid latter by acceptances from the other companies and partially in cash. Actual balance of assets in acceptances is in value of 191.138.200 Euro.

The value of subscribed basic capital is 221 534 129 euro to 31.10.2009 and it is paid in full value. The basic capital consists from 1 013 798 shares in rating value of 33.19 € and 5 693 400 shares in rating value of 33 Euro.

19<sup>th</sup> of October 2009 Tatry Mountain resorts, a.s. bought shares of Tatranske lanove drahy, a.s., 059 60 Vysoke Tatry, Tatraska Lomnica 7, corporate identification number: 31 396 216

Tatry mountain resort, a.s. as only shareholder of Tatranske lanove drahy, a.s. approved on annual general meeting on 29 October 2009 the basic capital increase to total value of 26.522.006 €Euro by monetary increasing from current value of 7.269.486 € for value of 19.252.520 €, for total value 26.522.006 Euro by subscribing new capital shares on name in amount of 580 pcs, with rating value 33.194 Euro per each share and emission exchange value of 33.194 Euro of each share.

The rebranding of the company from Jasna Nizke Tatry, a.s. to Tatry mountain resorts, a.s. has been approved on annual general meeting taken place on 29.6.2009.

As the slopes are part of the national part and protected territory, expanding of ski slopes or building new once is always connected with state nature preservation offices cooperation. Company is planning to keep furthest this cooperation, that the negative impact at environment is mineralized.

Potential risk and unsafety are becoming mostly from eventual weather forecast, which has key meaning for the company, mostly when it goes about cable cars earnings in the winter season. As a possible solution of this unsafety we would like to diversify the portfolio of our services and so decrease the season influence and business risk.

Whole state salary level in tourism sector is low comparing to other economic sectors. Competition is big and occupy our facilities during the whole year round is very complicated. Despite of this company by its activity positively influences on employment rate in the region.



**b) character meaning occasions, which happened after accounting period ending, for which the annual reports is evaluated**

After accounting period ending, company bought shares of Grand Hotel Praha, a.s. and 50% of share in Interhouse, s.r.o. in December 2009.

**c) Expected future accounting entity activity progress**

Company is awaiting results increase in year 2010. Company is planning continuously participating on better quality of ski slopes, buying new Kassbohrers improving the effective of snowing slope system and particular hotels, food facilities and cable cars stations reconstruction. We are planning to keep the financial income stability and increasing profit in financial area. We will keep tracking of decreasing the expenses or their effective usage.

**d) Expenses on research and development areas activities**

Company has no expenses in research and development area.

**e) Acquisition of own shares, 27a) temporary scripts, trade shares and stocks, temporary scripts and trade shares of mother accounting entity according to 22 Accounting Act (where 27a) under line is § 161d section 2 commercial code)**

Company increased its basic capital by 5 693 400 pcs of capital stock, booked stock and unregistered stock, while rating value of one unregistered stock is 33.00 Euro. Subscribed stock emission exchange was 38 Euro. Basic capital increase has been done by main share holder Tatry mountain resort services, a.s. Increased basic capital together with capital surplus has been paid by bill receivable in value of 216 349 200 Euro. Bill receivable has been open against J&T Prite Equity B.V. The acceptance has been partially paid latter by acceptances from the other companies and partially in cash. Actual balance of assets in acceptances is in value of 191.138.200 Euro.

**f) Profit proposal dealing or loss adjustment**

Annual general meeting will decide about the lost charging. The statutory authority proposal is, that the generated lost will be done by its accounting on not paid lost of past periods.

**g) Information required according to special regulations**

Occasions according to special regulations do not exist.

**h) If accounting entity has organization part abroad**

Company does not have any organization part abroad.

**§20 section 5 of accounting act**

**If it is for active, passives and financial situation of accounting entity judgment, which is used as tool according to special regulation (Act no. 566/2001 Low codex about securities and investment services and about change and some acts amending) important, accounting entity is obligate to inform about this information in annual report as well:**

- a) goals and methods controlling in accounting entity, including its policy to secure main plane business types, by which the secure derivates will be used**

Company is not applying any derivates for risk securing

- b) price, credit, liquidity and cash flow risk, which the accounting entity is exposed**

Company is monitoring financial risk, financial flows and watching liquidity parameters. Company is not threatening by price risk.

#### **§ 20 section 6 Accounting Act**

- a) Reference to company leading codex, in which it is referring to or which it decides to respect, information where the company leading codex is public available**

Tatry mountain resort, a.s. does not have company leading and administration codex.

- b) All important information about operation methods and data, where the information about operation methods are published**

All main information about operation methods are included in Articles of corporation Tatry mountain resorts, a.s., in Organizacny poriadok a.s. and in file of operation acts, which are published in company head office. The employees are informed in full statutory of this text.

- c) Information about deviations from Company controlling codex (for e.g. § 18 act no 429/2002 about Stock exchange as amended) and deviation reasons or information about not applying Company controlling codex and reasons, for which it decided for.**

Controlling code is fully replaced by main organization norms and this serve functions as administration system and company management: Articles of association, Organization codex, Economic rules management, regulations, instructions and minutes from the company management meeting.

- d) Description about Internal control system description and risk processing**

The supreme control body of the company is Supervisory board, which oversees the performance of the Board of Directors, and it conducted business. The Supervisory Board presents the conclusions of the inspection activities to the General Assembly. Supervisory Board are elected and recalled by the General Assembly. Powers of the Supervisory Board are listed in the company.

- e) Information about general meeting activities, its competences, description of shareholders competences and operations methods**

The top organization body is general meeting, which is operating in sphere of action according to commercial code and Articles of corporation. General assembly consists from all

shareholders attending. Shareholder is authorized to attend at general meeting, voting, requesting information and explanations about company's affairs or persons controlled by company, which are connected with general meeting subject negotiations and claiming the ideas. The shareholders voting rules achievement is not delimited in Articles of corporation. Number of shareholder votes is defining by its share rating value ratio to basic capital amount.

The general meeting has been arranged in period 1.1-31.10.2009:

1. 29.6.2009 duly general meeting approved – duly statement of finances, annual report, profit dealing, capital stock increase by non-monetary deposit of Tatry mountain resorts services, a.s., approved rebranding from Jasna Nizke Tatry a.s. to Tatry mountain resorts, a.s.
2. 31.10.2009 extraordinary general meeting in order to negotiate and approve the company's auditor, decision about fusion with Tatranske lanove drahy,as.

**f) Information about Board of directors structure and activities and its councils**

Board of directors is public authority of the company, consists of three members:

Board of directors	
Ing. Bohuš Hlavatý	president
Ing. Hodek Jozef	member
Ing. Andrej Devečka	member

Board of directors is operating company's activity and is authorized to act in company's name in all things and acting for the company against third parties. Board of directors is accounting for its activity to supervisory board and general meeting. Board of directors does not have own status. It does not have councils as well.

Board of directors has negotiated and approved during the year:

- 4.2.2009 – decision about data conversion in commercial register, change of Articles of corporation
- 31.3.2009 – individual statement of finances approved, profit dealing proposal
- 31.8.2009 – company rebranding, decision about TLD, a.s. purchase, company's authorities change, decision about Guest house Energetik.
- 23.10.2009 – winter season preparation evaluation, evaluation for general meeting, financial situation evaluation

**g) Information according to § 20 section 7 Accounting act**

Accounting entity which emitted securities and this has been accepted for trading at regulated market, has an obligation to inform about this data in the annual report:

- a) Basic capital structure including the data about securities, which have not been taken for trading at regulated market in any member state or European economic space with share kind initiation, description of duties for each share kind and their percentage share on the whole basic capital.

According to share emission

<b>Emission no.</b> SK 1120010287	<b>Share kind – common, bearer share, booked</b>
-----------------------------------	--

No of emitted shares ( pcs) : 5 693 400	Rating value in total: 187 882 200 €
Rating value of one share: 33 €	
<b>Emission no. SK 1120009156</b>	<b>Share kind – common, bearer share, booked</b>
No of emitted shares ( pcs): 255 000	Rating value in total : 8 464 449,35 €
Rating value of one share : 33,19 €	
<b>Emission no. SK 112 0006061</b>	<b>Share kind – common, bearer share, booked</b>
No of emitted shares ( pcs): 130 000	Rating value in total : 4 315 209,47 €
Rating value of one share : 33,19 €	
<b>Emission no. SK 1120005527</b>	<b>Share kind – common, bearer share, booked</b>
No of emitted shares ( pcs): 120.000	Rating value in total : 3 983 270,28 €
Rating value of one share : 33,19 €	
<b>Emission no. SK 112 000 2110 SKI</b>	<b>Share kind – common, bearer share, booked</b>
No of emitted shares ( pcs): 259 487	Rating value in total : 8 613 390,46 €
Rating value of one share : 33,19 €	
<b>Emission no. CS 1120009152 SKI</b>	<b>Share kind – common, bearer share, booked</b>
No of emitted shares ( pcs): 249 311	Rating value in total : 8 275 609,14 €
Rating value of one share : 33,19 €	

The basic capital consists from 1 013 798 registered shares in rating value of 33.19 € and 5 693 400 shares in rating value of 33 Euro.

Company is not issuing obligations.

**b) Securities convertibility restrictions**

Shares are admitted at regulated market of stock exchange, without convertibility restrictions

**c) Qualified participation on basic capital according to special regulation, 28aa)**

(Where note under line 28aa) is §8 letter f) Act no. 566/2001 of Law codex)

<b>Owners: to 31.10.2009</b>	<b>Share in % 2009</b>	<b>Share in % 2008</b>	<b>Share in % 2007</b>
Tatry mountain resort services, a.s.	13,33%	72,21 %	0,00%
Kalimrij Equity Management Limited	0,00%	25,15 %	25 %
Small shareholders	0,34%	2,64 %	2,64 %
G1 INVESTMENTS LIMITED	0,00%	0,00%	72,36%
J&T Banka	9,99%	0,00%	0,00%
J&T Global Services	9,99%	0,00%	0,00%
Perspective	1,52%	0,00%	0,00%
Poštová banka	9,32%	0,00%	0,00%
TINSEL	18,42%	0,00%	0,00%
Contigy	18,03%	0,00%	0,00%
Diamond hotels Cyprus	7,06%	0,00%	0,00%
BAXON REAL ESTATE LIMITED	12,00%	0,00%	0,00%

**d) Securities owners with special controlling rights, with description of this rights**

Share owners don't have special control rights

**e) System control methods of employees shares, if this rights connected with this shares are not applied directly by employees**

Employees share haven't been issues by the company

**f) Voting restriction**

Voting restrictions do not exist.

**g) Agreements between securities owners, which are known and which can lead to securities convertibility restrictions and voting restrictions**

Company does not have any agreements between securities owners, which can lead to securities convertibility restrictions and voting rights.

**h) Rules which are adjusting members denomination and recalling of statutory authority and regulation changes**

Board of directors' members and Board of directors' president are voted and recalled by general meeting. Companies' regulations are authorized by general meeting, on the base of Board of director's suggestions.

**i) Statutory authority powers, their rights to decide on issuing shares or shares backwards repurchase.**

Powers of Board of directors as a statutory authority are specified in Commercial code and regulations. It does not have special rights to decide on issuing shares or shares backwards repurchase.

**j) All important agreements, those contractor is and which gain efficiency, changing or which validity ends due to changes its control ratio, to which came in connection to offer acceptance, about its actions with case exception, if it's publishing discredit it, this exception will be not applied, if it is obligate to publish this data, within its duties validity determine according to special regulation**

Company is not part of this contractor described in this point.

**k) All agreements closed between it and its authority's members or employees, on which base the substitution should be offer, when their position or employment is finished by giving up this position, quitting the position, their callback, and notice from the employer site without noticing the reason or their position or employment is finished due to take over bit.**

Company didn't close the contract with content mentioned above.

**Business subject**

Restaurant services and hospitable activities, cable ways, sauna operation, sport recondition massages, ski lifts, garages and other areas for motor vehicles operation, accommodation

services with food services in this facilities – ski school courses, school trips, school in the nature and summer camps for children and young, real estate rental, effects rental in free business range, business intercession, services and works in free business range, advertisement boards rental, advertisement activities, ski and snowboard school operation, buildings performance and their changes, easy and small buildings performance and their changes, sales, rental and purchase real estate intervention, goods purchase for its sale to end customer in free business range, goods purchase for its sale to other business subjects in free business range, acquisition services with real estate administration connection, advertising and marketing services, free time organization for children besides travel agency activities, exchange office – purchase of financial resources in foreign currency for Slovak currency in cash, accommodation services in accommodation facilities with food services operation, ski slopes operation, ski slopes adjustment, cross-country adjustment, sport equipment and luggage transportation, depository, trainings, seminars and educational undertaking, cultural and social events, exhibitions organization, parking operation, parking areas operation for motor vehicles serving for minimum five vehicles parking, owned by other people than owner or real estate renter, real estate rental with other basic rental services offering, data services offering – internet rooms, jobox and play automats operation, repro services, travel agency operation, tourism guide, leasing and property rental, commodity consumption, information technology, production, heat deliveries ,road public transportation by maximum nice seated vehicles (including driver), besides taxi services, self outdoor – sport services offering, TV microwave signal distribution, internet and web pages design, real estate administration – real estate services acquisition operation, consulting and education activities, physical training facilities operation for regeneration and recondition, pre-school children babysitting.

### **Board of directors' announcement**

Statements of finances and annual report are elaborated according to characteristic regulations, offers truthful and constant view of actives, passives, finance situation and economic report of the company.