



NEW ERA OF THE TATRAS



**INDIVIDUAL AND CONSOLIDATED
SEMI-ANNUAL REPORT
BY TATRY MOUNTAIN RESORTS, A.S.
AND ITS SUBSIDIARIES AS
OF APRIL 30, 2010**

Note:

This English document is a faithful translation of the original Slovak version, but should not be considered as completely accurate due to the unavailability of English equivalents for certain Slovak terms. Consequently, this English document is intended for general information only.



Dear shareholders and clients,

The Tatras are the sole alternative to the traditional Alpine mountain resorts in Central and Eastern Europe. They cannot be compared by size and height to them, but the possibility of fast transportation into the alpine areas and all kind of entertainment possibilities in different orientated centers substitute this all.

This is also the reason why we have concentrated our business right here. We are proud at the Tatras and we want to improve their offer that is competitive not only within Slovakia, but also within the rest of Europe.

The winter season brought us many positives. At the first place it showed us, that we have created a good base for future season's success.

We are aware of our leadership position in tourism area and therefore we are trying to be more innovative and our services to be the best. An example of this is the launch of successful accommodation packages, return of Polish people and skiers from Russian speaking countries. We achieved very good results in offering additional services as ski schools, rentals, gastronomy, we introduced new Grand Jet gondola into the operation, but also noticed a record visit rate of our web pages. Same as all others, we had to fight also with weather disfavour – wind, absence of natural snow and absence of freezing, late start of winter season.

We already invested a total value of EUR 45 million of capital expenditures into the infrastructure within last three years. Despite of what we already have invested in the Tatras, we can call this status as a phase of pre-development. Our investment case offers a unique chance to participate on converting this perfect opportunity into a prospering enterprise. We are planning more infrastructure investments in a value of approx. EUR 90 million in the resorts and other developers' projects investments in Tatranská Lomnica and in Jasná. A complex of investments will be created which is not a result of ordinary and natural development. We want to ensure development, when an assumption to a success will be transformed into the success itself. Therefore everyone can be part of this success. Company as a public traded company launched its campaign of share disposal, where besides of dividends a benefit of guarantee is offered for the members of Shareholders' club as well. I believe that the number of shareholders will extend and we will meet not only at our web pages, but also in the resorts.

I am introducing you a material, which is summarizing winter season 2009/2010 results.



AS A LEADER AMONG SKI RESORTS IN SLOVAKIA WE HAVE COLLECTED OUR ACHIEVEMENTS INTO SIX MAIN AREAS.

■ ACCOMMODATION PACKAGES

Accommodation packages including Ski passes noticed big success in this season. Up to 25% of skiers used the ski passes via accommodation packages. The average length of stay has been extended thanks to them and also larger number of multiple day Ski passes was sold than in the last season. We are expecting interest increase in coming season, because accommodation demand curve and also end-customers demand for packages had an upward trend during the whole winter season. Thanks to well set and early enough discussed accommodation packages our hotel capacity has been significantly higher – we noticed an increase up to 68% in hotels in the High Tatras and up to 20% in hotels in Jasná.

■ HOTEL SUCCESS

We noticed an increased accommodation demand– in resort of Jasná Nízke Tatry, in the Hotel Grand mostly. It became a ski in-ski out hotel thanks to the new cable car in Jasná Nízke Tatry and therefore the interests in hotel accommodation increased. This overhang actively supported the occupation not only in the Hotel Grand, but due to the possibility of guests' transportation at the Hotel Tri Studničky the occupancy of this hotel increased as well.

■ UNIQUE GRAND JET GONDOLA

New Grand Jet gondola in Jasná Nízke Tatry is worldwide unique. For the first time in the world the orange colored glasses were used, which are successful on chair-lifts with the shield in the world as well, in Slovakia often called as a bubble. This attractive and worldwide new cable car from Doppelmayr confirms resort leadership position as it is the best what is actually accessible on the market. The investor and operator of the cable car WEBIS, spol. s r.o. confirmed that its attractiveness has been awarded by skiers as well. From the last season there have been two operators in the resort – TMR and WEBIS. It is a new kind of cooperation, not typical for Slovak business environment. The main philosophy of this new model is, that this two business subjects are cooperating closely without mutual financial and shareholders interface in one business area namely at the operation of ski resort Jasná Nízke Tatry.

■ RECORD-BREAKING FEBRUARY, RETURN OF POLISH PEOPLE

The main winter season vacation month February was very successful. It was caused mainly by Polish clients return and effective marketing campaign in Slovakia. The positive outcome of this month also contributed to positive development of the Polish Zloty exchange rate.



At the beginning of winter season, December 2008, Polish exchange rate due to financial crisis in relation to Euro grown from 3.5 up to 4.75 in February 2009 (last year winter season). This caused a fallout of Polish clients in winter 2008/2009. Exchange rate has slowly strengthened in this season from 4.2 in December 2009 up to 3.9 in March 2010, which has also strengthened the purchasing power of Polish citizens abroad and has encouraged them to winter holiday stay in Eurozone. At the same time strong marketing campaign meant that Slovakia became a number one of winter season. Quality offer, access points and good price was competitive with the Alpine and also

domestic Polish resorts. For the first time in the history our resorts were massively published in Poland by over 1000 pieces of billboards, TV spots 190, regional radio campaign, a great product campaign in the fitness center and sports stores, advertising insertion and product brochures to 400,000 pieces of magazines distributed nationwide. As well as web campaigns in Polish browser and the creation of special landing site www.nartyslowacja.pl based on the analysis of the Polish skier.





■ RETURN OF RUSSIAN SPEAKING CLIENTS

Active cooperation with tour organizers, info trips and aimed PR helped to the return of clients from Russian speaking countries. These clients are not coming for the whole winter season, but mostly in period around New Year and beginning of January. But they are filling a period, which other clients use less. This applies especially to the New Year period according to Gregorian calendar. For this reason the return of these clients is very important for resorts and hotel occupancy.

■ LIPTOV REGION CARD – COOPERATION IN LIPTOV

Clients have been interested also in discount card product – Liptov Region Card, which we have invented and launched within Liptov region. In addition, it successfully started and fulfills cooperation in region in residential packages, as it was mentioned at the beginning, contributed to the increase of multiple days ski passes sale, same as increase of average number of overnight stays in accommodation facilities.

■ WEB PAGES RECORDS

The growing interest in our resorts is also reflected in web sites attendance, which has reached historical records. Daily visit rate has risen up to more than 9000 unique visitors, with the highest daily attendance up to 22 903 visitors this winter. Percentage increase of average daily attendance in the winter 2009/2010 compared to winter of 2008/2009 was more than 50%. Skiers were looking through the resorts webpage for accommodation, a form facilitating a quick search of a residence or exact accommodation package, effectively located in the upper right web site corner.

■ ACHIEVED GROWTH IN SKI SCHOOL AND GASTRO

Supplementary services in the resorts were working more effective and better comparing to the last years. Historically we reached better results in gastro facilities and sport service facilities (ski school, rental, service and sport shops) in this winter season. Clients in the resort have chosen better quality services operated under resort mark. For example incomes in sport shop in Jasná increased of 52% between the years, regarding the incomes in the ski school in High Tatras we noticed an increase of 43% between the years. A definite income growth per client is obvious as well, which means 25% in Jasná and 16% in High Tatras.

These successes were a clear confirming of leadership position of our ski resorts in a segment of offering mountain winter tourist services.

IN SOME ASPECTS WINTER SEASON 2009/2010 FAILED IN OUR EXPECTATIONS

■ LATE WINTER START

Late winter start negatively influenced beginning of winter season. In addition the raining during Christmas holiday and New Year, which is a strong holiday period by default, caused visit rate decrease and lower incomes comparing to the same month in past periods. Due to this reason the incomes have not reached expected level.

■ LACK OF NATURAL SNOW

Winter season starts regularly in November and so as non-standard the season started on December 18, so weather also complicated the end of the season. Intense warming resulted in rapid loss of snow, especially natural one. In some locations depending on natural snow skiing was not possible almost whole winter. In High Tatras, in Tatranská Lomnica, in location Lomnické Sedlo the season started only in February and the best snow conditions were there paradoxically until spring, in April, at the end of the season. The skiing in area of Skalnaté Pleso - Čučoriedky was not possible due to the lack of natural snow and same as in Starý Smokovec at Hrebienok. In resort Chopok Juh, that is known for its great conditions for free ride skiing, lack of natural snow have also caused loss of revenue.





■ COMPETITION

In region of the High Tatras a low price strategy was used by the peer group companies which did not resulted into the number increase of tourists but to the reallocation of them.

■ WINDY WEATHER

We recorded high number of windy days in February, what is traditionally the strongest month in the season. Part of the cable cars was not able to operate during these windy days. Despite of this fact the revenues have been higher than last year, what supports the idea to built wind resistant transport facilities.

■ CLUSTERING NEED

The absence or difficult cooperation with the owners of lodging facilities was characteristic for the High Tatras likewise this season. Comparing with Jasná Nízke Tatry we noticed lower number of sold packages. Although from this implies the need for bonding – e.g. create Cluster Tatry, join the regional tourism associations and associations with competing resorts, create attractive package with more ski slopes kilometers.



ALL THIS RESULTED IN THE FOLLOWING:

- ✓ Markedly higher hotel revenues – High Tatras hotels by 30% and hotels in Low Tatras by 10%.
- ✓ Revenue fall on cable ways – between the years in High Tatras by 22.3% and in Jasná Nízke Tatry by 10.1%.
- ✓ Better revenues from gastro and sport services – in sport services it was up to 52% higher that last year, gastro facilities risen up to 90% growth.

One of the main positives was the management stabilization, which thanks to rationalization measures has brought higher work efficiency. This achieved cost reduction in areas – sport services, gastro.

All this aims to maintain EBITDA of last year and confirmation of our leadership position in segment of supplying services in mountain ski business area. Comparing to competing suppliers of ski services TMR reached better results, when showed only slight decrease in revenue volume and operating profit.

WINTER 2009/2010 RESULTS CLEARLY SHOW, HOW THE FURTHER RESORT DIRECTION SHOULD BE, WHAT REQUIRES A CHANGE AND WHAT IS SET UP WELL. FURTHER DIRECTION CAN BE SUMMARIZED AS FOLLOWS:

- ✓ **A significant overhang of accommodation demand in our hotels allows us to increase their efficiency.**
- ✓ **The next year we can rely on higher demand for packages in our hotels also in other facilities, thanks to cooperation within Liptov Card and thanks to creation of Cluster Tatry. Early start of conditions negotiations with owners will be also the key for next sale growth of accommodation packages.**
- ✓ **We will use the increased interest from tourist side from Russian speaking countries, we support positive trend by much higher activity in this area – we prepare also more info trips and we will work with aimed PR.**





■ RESORT VYSOKÉ TATRY

- ✓ We will increase the ski guarantee from Lomnické sedlo to Tatranská Lomnica by utilization of artificial snow for the area from Skalnaté pleso to Čučoriedky. Complementing the resort offers by other red slope, there will be more complex services offer and so we are expecting significant improvement of skiing conditions.
- ✓ By negotiating with the peer companies we will create more interesting offer for the end-client with better prices of the Ski passes – more km of slopes in better price for a Ski pass, which will run an increased number of accommodation packages in High Tatras
- ✓ Removal of waiting times in exposed terms by building a new cable car – new six-seated chair lift will be the most advanced system that offers color snap shield, RPD system – a special system for windy localities, heated seats and other news.
- ✓ New parking ski in-ski out for 350 vehicles will be offered so the often criticized parking place in Tatranská Lomnica will be removed and the reliance on municipal paid parking will be reduced.

■ JASNÁ NÍZKE TATRY

- ✓ The construction of first section Záhradky-Priehyba begins to fulfill the dream of many skiers about comfortable connection between Chopok North and South by a cable car. As the cable car will be in forest zone, it reduces the reliance from convenient weather conditions and usage of RPD system allows transportation also during windy days. At the same time we definitely reduce waiting rows for cable cars.
- ✓ We recognize the importance to support the social life in resort during the night time. By better utilization of the building owned by us we gain new shopping zone in the left part of the Hotel Grand ground floor. This, together with this year opened après ski restaurant and bar in the Grand Hotel, offers guest a comprehensive menu. In the context of launching a new service GrandJet gondola and completing service areas in its surrounds – cash desk and sport store, we decided to extend the shop premises and to move ski service to this newly created zone. This service will be right in the center and achieve the higher efficiency as ski transfer costs from the original Grand Záhradky space and back fall.
- ✓ Hotel success and their higher occupancy brought up the pressure to build wellness services in hotel Grand and Tri Studničky. By offered improved services we create the basis for the increase in hotels efficiency.

■ OUR SUCCESS CAN BE YOUR SUCCESS AS WELL

We create good base for future season success what confirms, that other investments are the right direction for increasing efficiency and incomes of particular facilities. We see as very important resorts investments and validate our leadership position across contribution not only technological innovations, but also active works on common stumping in regions towards market stabilization and visit rate growth

Everyone can contribute, who is interested in TMR shares purchase to participate on Tatras growth. We have an ongoing campaign "Tatras New Era" in the media. Who should be interested in attractive TMR shares investment? The TMR shares should be bought to portfolio by a person, who looks for suitable title to which he will have a special relationship because of the unique natural characteristics that are extraordinary. TMR shareholder co-owns a café and cable car to second highest peak in central Europe, is becoming co-owner of all significant, what in Low and High Tatras was developed by man hand, get a sense of company's ownership, which is a leader in tourist industry in SR and will attempt a similar position in Central Europe.





EVALUATION OF ECONOMIC RESULTS

TMR Company prepares individual and semi-annual consolidated financial statements as of April 30, 2010.

The consolidated financial statement includes Tatty mountain resorts, a.s., Tatranské lanové dráhy, a.s., Grandhotel Praha, a.s., (hereinafter as "GPH") and Interhouse Tatty s.r.o. TMR has a 50% stake of shares in company Interhouse Tatty and consolidates this company by own property method. Company GPH and 50% stake of shares in Interhouse Tatty were bought on December 28, 2009, so in consolidated semi-annual statement are only 4 months results.

TMR in its individual financial statement reached the profit of EUR 4.765 thousand, this profit was mainly caused by positive factors in resorts described in the introduction of this report and incomes from claims and bills submitted.

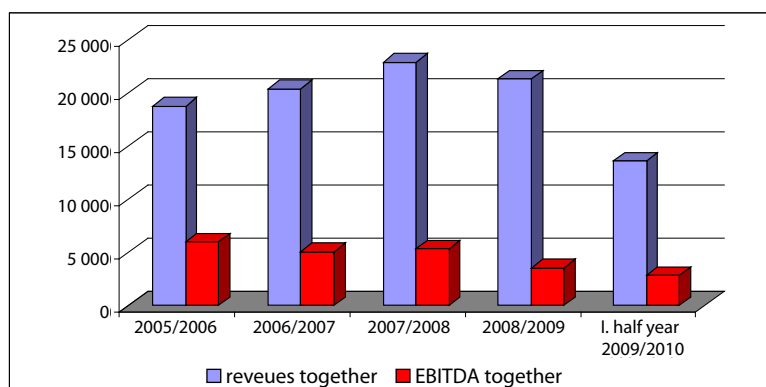
TMR reached economic result in value of EUR 1.941 thousand in first half of the year. This profit was mainly caused by positive factors in resorts described in the introduction of this report and incomes from claims and bills submitted.

The difference between profit in individual and consolidated statement was mainly caused by account depreciation, where in the consolidated financial statements the depreciation from a revalued asset while in the individual statements are from assets maintained at historical prices. The difference in depreciation is EUR 2.2 mil.. Other differences are deferred tax (EUR 243 thousand), interest costs and other related items of subsidiaries.

Source (in thousand EUR): Consolidated IFRS statement	1.11.2009 – 30.4.2010 (6 months)	1.1.2009- 31.10.2009 (10 months)
Incomes	12 600	9 815
Other operating incomes	107	579
Incomes in total	12 707	10 394
Material and goods consumption	-2 303	-1 612
Purchased services	-4 470	-4 127
Personal costs	-2 877	-2 480
Other operating cost	-142	-310
Profit from sale of assets	46	642
Formation and dissolution of provisions	-	11
EBITDA	2 961	2 518

TMR due to progressive purchase of assets into the group (acquisition of Tatranské lanové dráhy, a.s. 19.10.2009, 28.12.2009, acquisition of Grandhotel Praha, a.s. (owner of a hotel Grandhotel Praha) and 50% of Interhouse s.r.o. owner of Grandhotel Starý Smokovec)) prepares pro-forma consolidated results, which reflects the results of any already-owned assets in the TMR group over the past four years on a seasonal basis i.e. November-October.

Historic economic (pro-forma consolidated) results of TMR company in years 2006 till 2009 and the first half of the year 2010 point out a good assumption of a stable and sustainable growth in the future.



The chart shows the revenues and EBITDA of Tatty mountain resorts, a.s., Tatranské lanové dráhy, a.s., Grandhotel Praha, a.s. and Interhouse Tatty, s.r.o.



■ ADDITIONAL DATA

Consolidated statements of accounts were created according to International Financial Reporting Standards ("IFRS"), which were accepted by European Union (EU).

Financial situation of the group was stabilized in the first half of the year of accounting period 2009/2010 and seasonal influence was not so important. Accepted and carried actions ensured financial security during the whole year.

The TMR company and the companies included in the consolidation into the sector of research and development did not spend any costs during first half of the year in accounting period 2009/2010. TMR group did not gain own shares, temporary letters, is not keeping and has not issued obligations. TMR and also their subsidiaries do not have organization part abroad.

The Company does not use financial derivatives, which could ensure the financial risks. By diversified finance the group manages financial and credit risks. Cash flow and liquidity parameters are observed in regular intervals. Price risk has not significant impact on the company and the entire group operation. Internal Control team provides regular monitoring of financial plan and overall financial situation. The group observes the principles of good corporate governance within the meaning of the Code of corporate governance, which is part of Bratislava Stock Exchange rules and is available at www.bsse.sk

Basic information about administration and management method are contained in the Articles of association, organization order document and management acts file (directions), which are published in the company headquarter. Employees are familiar with them in full range. Management codex represents a system of corporate governance and basic organizational standards as: articles of association, organizational policy, management economic rules, directives, orders and minutes of management meetings. Internal control and risk operation are provided by regular management meetings, where the implementation and controlling of financial plan is monthly monitored and thus significantly reduces the risk of incorrect development of society.

Business diversification into different segments allowed a significant reduction of business risk and insecurities, which results from seasonality and thus the stability of the whole company was ensured. Diversification has markedly positive influence on employment stability within the company. Parts of the company's assets are located in a protected area and any interference with nature is always accompanied in cooperation with Nature preservation state authorities, that the environmental impact is minimal.

■ PROPOSAL ON DISTRIBUTION OF THE PROFIT AND SETTLEMENT OF LOSS

Economic results will be decided only after the accounted period is finished.

■ INFORMATION ABOUT GENERAL MEETING ACTIVITIES, ITS COMPETENCES, DESCRIPTION OF SHAREHOLDERS COMPETENCES AND OPERATIONS METHODS

At the top of the organization is general meeting, which is operating in sphere of action according to commercial code and Articles of corporation. General Assembly consists from all shareholders presenting at this General Assembly. The shareholder is authorized to attend a General Assembly, to vote, to request information and explanations about company's affairs or persons controlled by company, which are connected with General Assembly subject negotiations and claiming the ideas. The shareholders voting rules achievement is not limited in Articles of corporation.

The General Assembly has been arranged in a period of November 1, 2009 to April 30, 2010.

On March 15, 2010 Extraordinary General Meeting was arranged in order to negotiate and approve decreasing of share capital of issues to value EUR 33, where nominal value of the share was EUR 33.193919

On April 22, 2010 Duly General Assembly was arranged in order to negotiate and approve:

- Statement of finances and annual report
- Approve the company's auditor
- Profit and loss dealing
- Decision about fusion with Tatranské lanové dráhy, a.s.



■ SHARE CAPITAL INFORMATION

Authorized, issued and fully paid-up share capital as of April 30, 2010 consists of 6,707,198 ordinary shares in nominal value of EUR 33 per share. Shareholders are entitled to the payment of dividends and share value on the voice general meeting of the Company shall be determined as the ratio of value per share to the total capital. Events are routine, computerized bearer. Issue number is SK 1120010287.

Shares are listed on parallel listed market of Bratislava Stock Exchange, with no restrictions on the transferability. Securities' owners have no special control rights. TMR has not issued employee shares and there are no voting rights restrictions connected with shares. TMR does not have information on agreements between shareholders which could lead to restrictions on transferability shares and voting rights. The Board has no specific jurisdiction to decide to issue or to buy back the shares.

■ SHAREHOLDERS STRUCTURE:

as of April 30, 2010	Number of shares	ownership %	voting rights%
CONTIGY DEVELOPMENT LIMITED	1 210 526	18,05%	18,05%
Deutsche Bank Aktiengesellschaft	921 051	13,73%	13,73%
Tatry mountain resorts services, a.s.	802 142	11,96%	11,96%
BAXON REAL ESTATE LIMITED	805 263	12,01%	12,01%
J&T GLOBAL SERVICES LIMITED	670 644	10,00%	10,00%
J & T BANKA, a.s.	668 468	9,97%	9,97%
Poštová banka, a.s.	626 000	9,33%	9,33%
TINSEL ENTERPRISES LIMITED	578 745	8,63%	8,63%
Small shareholders	424 359	6,32%	6,32%
Total	6 707 198	100%	100%

■ INFORMATION ABOUT COMPANY'S AUTHORITIES

The Supervisory Board reviews and approves financial plans and major investments and represents a Supreme Control Institution and conclusions of the controlling activities presenting to the General meeting. It currently has three members: two are elected by the General Assembly - I. Rattaj (Chairman), P. Reisel and a representative of the employees - J. Slaby.

Board is strategically managing, electing and recalling members of the top management, disposing a signing right and account shareholders for key decisions. Supervisory Board is also proposing an investment and financial plan and is responsible for its fulfillment. As of April 30, 2010 the Board had three elected members: B. Hlavatý (Chairman), J. Hodek (member), A. Devecka (member). The Board does not have its own status and no committees. Members and chairman of the Board are elected and recalled by the Supervisory Board. The Articles of association are approved by the General Meeting, based on the proposal of Board of Directors.

Operational management of the TMR provides top management, it is responsible for the implementation of financial and investment plan to the Board and has established a limited right of signature.

The company has established an audit committee. The Committee monitors the preparation of financial statements and recommends approval of the auditor auditing the financial statements. Audit committee members are elected by the General Assembly.