



HALF-YEAR REPORT 2016/17

TATRY MOUNTAIN RESORTS, A. S.
AND ITS SUBSIDIARIES
FOR THE PERIOD FROM NOVEMBER 1, 2016 TO APRIL 30, 2017



Ing. Bohuš Hlavatý

CEO and Chairman of the Board of Directors
Tatra mountain resorts, a. s.

Dear Shareholders,

Compared to prior seasons, we experienced a rather favorable weather this past winter. Snow conditions were great, even at the beginning of the season, which reflected on the growth of the visit rate in our resorts in both Slovakia and Poland. During Christmas holidays and the 'Golden week' our hotels were yet again fully occupied. Among the Tatra attractions Tatra Ice Dome at Hrebienok with a Gothic motive, ice sculptures and a regular music program was the most popular one again this past season. The number of skier days in the mountain resorts rose year-over-year by 13.3%. In total our revenues grew 8.5%, and our operating profit before depreciation improved 24.5%. Net income increased by 101.4% to EUR 11.040 mil. The unique product on the Slovak market - Smart season pass, the loyalty program GOPASS, and growing online ski pass sales also contributed to the positive results. The results clearly show that our clients registered in our loyalty program are more satisfied with the offered products and services that are customized for them. With these special deals aimed to satisfy clients' unique needs we are able to offer higher quality services at attractive rates. We see our cooperation with all the lodging operators who utilized our 'Ski pass on the pillow' service as a successful one, as well as our cooperation with district tourist organizations. We believe that this setup will continue to work also in the upcoming summer season. By the end of the year we still have extensive capital investments ahead of us in both Tatra and Polish resorts, leisure parks, and real estate projects, which are expected to positively impact our results in periods to come.

June 26, 2017

Bohuš Hlavatý
Bohuš Hlavatý

INTERIM REPORT BY THE BOARD OF DIRECTORS FOR THE PERIOD OF NOVEMBER 1, 2016 TO APRIL 30, 2017

PROFILE OF TMR

Tatra 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****, Hotel FIS***, Mountain hotel Hrebienok, and Hotel Kukučka****. 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**, Kosodrevina Lodge, and lodging facility Otopné. 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. (Szczyrk), a 75% share in Legendia - Silesian Amusement Park (Legendia - 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 2017 the Board of Directors presented the investment plan for the current calendar year with an estimated budget of EUR 83 mil.

This year TMR is focusing its investment activity mainly on the Polish mountain resort Szczyrk and Silesian Amusement Park Legendia, where it plans to invest 57 mil. EUR. In Legendia attractions have been renovated; the entry gate has been modernized; new ticket offices, stores, and a stylish café have been added; and the park got a new brand, LEGENDIA. Also the pedestrian zone got recoated; new greenery has been planted; and a new attraction has been added - Lech Coaster - which will open to public from July 2017.

Investments in the Szczyrk resort will be directed mainly into infrastructure. Outdated transportation systems will be replaced with new and modern ones, and transportation will get more efficient. Through the modernization the resort will gradually gain a variety of dining services, ski equipment rentals, sports stores, i.e. the full base service, which will boost Szczyrk's image as a major ski resort. Thus, before the season the resort will get a new 10-person gondola; two 6-person chair lift cableways; and a blue ski track. The project includes a construction of snowmaking and a retention water reservoir.

TMR will invest another EUR 26 mil. in Slovakia in the resorts of Vysoké Tatry, Jasná Nízke Tatry and Aquapark Tatralandia. Key investments include the completed cableway at Krupová-Kosodrevina; new snowmaking; two new snow-grooming vehicles; and the completion of Hotel Pošta****. Works on the first stage of the project Jasná - Center East are underway, as well. A two-story building will be a haven for ski instructors, a ski locker room for the visitors; it will provide dining services with a view of Mt. Chopok, connected with the ticket office, info center, and a sports store. In Tatralandia a new family attraction - a fun park Tatrapolis is being built with exhibitions of 12 metal miniature world famous structures. In the High Tatras' Grandhotel**** Praha in Tatranská Lomnica renovation



works are wrapping up on the last Classic rooms. This year Hotel FIS*** at Štrbské Pleso is undergoing a major renovation of 62 rooms. TMR also plans to widen the terrace of Hotel FIS***, as well as the terrace in the restaurant part of Mountain hotel Hrebienok**, modernize the interior of the entry station of the cableway to Lomnický Peak, and to build a new pier in the boat harbor at Štrbské Lake.

At the same time TMR will be undergoing numerous minor investments, such as asphaltting the parking lot at Krupová, adjustment to tracks and snowmaking, and operating investments in the hotels, restaurants, and sports stores. Other expenditures will be spent on project documents for investment projects of the following years.

Awards, News & Events

TMR has created an online platform called "What kind of Tatras do we want" in order to encourage a wider public debate about further development of the Tatra region. The initiative is not focused only on the field of tourism but aims to add more topics to the discussion such as development of transport and infrastructure, human capital and cultural wealth of the Tatras.

The Company fully recognizes corporate responsibility in relation to environment and nature. Thus, it joined and is actively supporting the national ecological project called Tatra knights. TMR believes that responsible entrepreneurship involves responsible approach to next generations through ecological awareness from the age of early students to young adults. The Tatra knights project contained two parts. The first one was for elementary and high school students who had to accomplish set ecological tasks. The second part was attended by TMR employees who will execute three winning student projects in the new future.

In December TMR leased and started to operate 45 rooms of Hotel Kukučka**** together with its restaurant in Tatranská Lomnica.

In December TMR also organized the First Tatra Christmas collection of gifts in Grandhotel Praha, which concluded with a charity concert.

TMR launched the winter season with Tatra Ice Dome on November 25 at Hrebienok. The skiing season in the High Tatras was kicked off with the first skiing on November 26 at Štrbské Pleso. On December 3 Winter Music Opening - World Cruise Edition opened the season in the Low Tatras. Visitors of the Tropical Paradise in Aquapark Tatralandia welcomed the New Year 2017 in the swimming pools with clear, sea, and thermal water. During the event Tatra Ice Master at Hrebienok during three days ice sculptors from nine countries revived 45 tons of ice and turned them into 30 unique ice sculptures. Fans of fresh "manchester" could enjoy the Fresh Track product in Jasná. Štrbské Pleso, and Tatranská Lomnica and ride with a guide before the official track operating hours. As part of the 75th anniversary of the operation of the cableway to Lomnický Peak there were five night cableway rides available with a tour to the cableway's original engine room and Encian Gallery. In Jasná celebrities played soccer, competed on the surf wave and on skis during Celebrity Winter Cup. Visitors could enjoy culinary experiences during the fourth annual Von Roll Culinary Week.

In February families with children enjoyed the multi-genre festival Snow Dogs in the High Tatras. The midterm school break were accompanied by the world championship in plastic bags downhill ride - Speed bag race. Also this year TMR offered the unique Full Moon Dinner at the top of Mt. Chopok in the restaurant Rotunda and the regular Tatra Dinner Experiences in the Von Roll Lukova restaurant with a snow-grooming vehicle ride as well as in the Start restaurant in Tatranská Lomnica. Fans of extreme experiences could enjoy freezing March temperatures during Snow camp and thus enjoy extreme conditions of winter camping at Skalnaté pleso. At the beginning of March the adrenaline freeride race - CGC Jasna Adrenaline took place in Jasná. Skiers had fun welcoming the spring in the 50's style during Bikini skiing, this year titled "Made in Germany". Demänovka ratrak stage party was popular mainly among après-ski fans. The Smart season pass club members enjoyed the Hero season trophy race in giant slalom in Jasná and Tatranská Lomnica. In April visitors had a unique opportunity to ride to Mt. Chopok in an Easter egg with an accompanying program. Tatra May festival took place at the end of April and the beginning of May with a full program, spring grilling at Skalnaté pleso and at Hrebienok. Liptov Aréna Tatralandia together with the fashion icon Lydia Eckhardt organized a pre-show of the great fashion show Dreams.

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, 2017 in Grandhotel Praha****, Tatranská Lomnica c in Vysoké Tatry. Shareholders approved Individual Financial Statements as of 31/10/2016; and adopted the proposal to divide the net profit for the fiscal year 2015/16 in the amount of EUR 4.814 mil. in such a way that 10% will be used to replenish the reserve fund and the remainder in the amount of EUR 4.333 mil. will remain in the Company as retained earnings. KPMG Slovensko spol. s.r.o. was reelected as TMR's auditor. Also, shareholders reelected a Supervisory Board member, Roman Kudláček, whose prior term had expired.

As part of the Business plan for the current financial year the Board of Directors presented a financial plan with annual consolidated revenues of EUR 90.0 mil., equal to a 10.8% increase year-over-year. Earnings before interest, taxes, depreciation, and amortization (EBITDA) are planned for EUR 29.0 mil., a 15.5% increase compared to last year's EBITDA. 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 2016/17 could be summarized as a successful one in terms of snow conditions and temperatures enabling snowmaking. For the observed six-month period from November 1, 2016 to April 30, 2017 the TMR Group (Tatry mountain resorts, a.s. and its subsidiaries) achieved

consolidated total revenues of EUR 50.738 mil. (46.780), an increase of EUR 3.958 mil. (+8.5%) year-over-year. Out of that, sales accounted for EUR 50,428 mil. (46.419).

Key Performance Indicators (KPIs)

The number of skier days¹ in Mountain Resorts increased yoy to 1.500 mil. (1.324) - an increase of 13.3%. The average revenue per visitor in Mountain Resorts increased by 4.7% to EUR 17.33 (16.56).

For the observed period Leisure Parks recorded a 2.8% growth in the number of visitors to 216 ths. (210), while its average revenue per visitor was 6.6% higher, reaching EUR 12.40 (11.64). KPIs do not include Legendia - 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 12.8% higher than last year at EUR 4.22 (3.75). Sports Services & Stores reported a 5.9% higher spending per visitor at EUR 2.16 (2.04).

As for Hotels' KPIs, average occupancy of the hotel portfolio fell by 2.1 percentage points to 51.5% (53.6), whilst majority of the hotels improved their occupancy rates. Average daily rate per room (ADR) on the portfolio level increased by 7.3% to EUR 82.93 (77.32), whilst majority posted an improvement in its average rate. The number of rooms in the owned and managed hotels for the observed period totaled 753 (704). In the observed period TMR began to operate 45 rooms of Hotel Kukučka and two chalets with 4 apartments were added to Chalets Jasná Otupné.

Revenues by Segments

The main segment, Mountains & Leisure, which accounted for 77.3% of total revenues, posted revenues of EUR 39.224 mil. (32.564), a 20.5% increase yoy. Mountain Resorts' revenues were positively impacted by growth in the visit rate, mainly in the Szczyrk resort, growth in the average revenue per visitor, and online ski pass sales, especially season tickets, closing the half-year period at EUR 26.221 mil. (21.516), with a growth of +21.9%. Leisure Parks' revenues posted an increase of 15.8% reaching EUR 3.031 mil. (2.617); they were generated solely by Aquapark Tatralandia since Silesian Amusement Park was closed during the period. Dining revenues posted an improvement of 20.9% with EUR 6.596 mil. (5.456), with the biggest boost by restaurants in the High Tatras. Sports Services & Stores, correlated somewhat with the performance of Mountain Resorts, recorded a 13.5% increase in revenues, totaling EUR 3.376 mil. (2.975), 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 22.4% share and grew 16.6% to EUR 11.374 mil. (9.759). The results of the Hotels segment can be explained by taking over the operation of Hotel Kukučka and by the growth in ADR on the portfolio level. Effective marketing and sales tailored to clients' needs 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 hotel stays domestic guests prevailed.

In the Real Estate segment during the observed six-month period TMR reported revenues of EUR 139 ths. (1.219 mil.)² from the lease of the accommodation capacities - Kosodrevina Lodge, Hotel Ski & Fun, Hotel Liptov, and Lodging Otupné.

EBITDA

Earnings before interest, tax, depreciation, and amortization (EBITDA) increased EUR 4.183 mil. yoy, +24.5% to EUR 21.256 mil. (17.073). Consumption of material and goods increased yoy 9.6%, whereas operating and personnel expenses were down 3.5%. The growth of EBITDA was achieved especially by the sale of bungalows Holiday Village Tatralandia, by Mountain Resorts, costs of which are mostly fixed; as well as Hotels and efficient management. Operating profitability expressed as EBITDA margin improved to 41.9% (36.5).

Most segments and subsegments of TMR posted an increase in EBITDA: Mountain Resorts (+36.2%), Leisure Parks (+49.4%),³ Dining (+5.5%), Sports Services & Stores (+2.7%), Hotels (+15.3%), and Real Estate (-47.5%).

EBIT

Operating profit (EBIT) soared 48.9% to EUR 15.615 mil. (10.490) yoy, whereas depreciation and amortization decreased to EUR 5.642 mil. (6.583).

Net Profit

TMR's consolidated net profit reached EUR 11.040 mil. (5.482), an increase of 101.4%. Interest expense incurred from the issue of two tranches of bonds totaling EUR 180 mil. and from drawing of bank loans increased yoy to EUR 5.650 mil. (5.414). Income tax was reported at EUR +19 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 11.470 mil. (5.022). Earnings per share were EUR 1.691 (0.852).

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

² The reported yoy revenue decrease is caused by a change in accounting for sales in real estate projects, which in 1H 2015/16 were recognized as revenues and in 1H 2016/17 as gain on sale.

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

Key Operating Results*	Revenues			EBITDA			EBITDA marža		
	1H 2016/17	1H 2015/16	Change yoy (%)	1H 2016/17	1H 2015/16	Change yoy (%)	1H 2016/17	1H 2015/16	Change yoy
Mountains & Leisure	39 224	32 564	20,5%	17 734	13 574	30,6%	45,2%	41,7%	3,5%
Mountain Resorts	26 221	21 516	21,9%	14 385	10 563	36,2%	54,9%	49,1%	5,8%
Leisure Parks	3 031	2 617	15,8%	660	442	49,4%	21,8%	16,9%	4,9%
Dining	6 596	5 456	20,9%	1 912	1 814	5,4%	29,0%	33,2%	-4,2%
Sports Services & Stores	3 376	2 975	13,5%	776	756	2,7%	23,0%	25,4%	-2,4%
Hotels	11 374	9 759	16,6%	3 092	2 681	15,3%	27,2%	27,5%	-0,3%
Real Estate	139	4 457	-96,9%	429	818	-47,5%	308,7%	18,3%	290,4%
Total	50 738	46 780	8,5%	21 256	17 073	24,5%	41,9%	36,5%	5,4%

Selected Consolidated Unaudited Results (IFRS)		
in €'000	1H 2016/17	1H 2015/16
Sales	50 428	46 419
Other Operating Revenues	310	361
Total Revenues	50 738	46 780
Consumption of Material and Goods	-7 860	-7 170
Personnel and Operating Costs	-22 170	-22 962
Other Gain/ Loss	547	425
EBITDA	21 256	17 073
EBITDA Margin	41,9%	36,5%
Depreciation & Amortization	-5 642	-6 583
EBIT	15 615	10 490
Interest Income	662	677
Interest Expense	-5 650	-5 414
Income from Financial Instruments, net	395	-262
Pre-tax Income	11 021	5 491
Income Tax	19	-9
Net Profit	11 040	5 482
Revaluation of available-for-sale securities to fair value	25	-6
Currency Translation Differences	405	-454
Total Comprehensive Income	11 470	5 022
EPS (€)	1,691	0,817

FINANCIAL POSITION

As at the end of the first half-year 2016/17 the value of current liquid funds (Cash and cash equivalents) totaled EUR 4.245 mil. (EUR 5.613 mil. as of 30/04/2016) as opposed to EUR 7.493 mil. at the end of the previous financial year 2015/16. The total amount of the Company's loans and borrowings for the last six-month period increased to EUR 246.881 mil. (214.818) as opposed to EUR 229.804 mil. at the FY end. The debt-to-equity ratio came to 210.2% (198.3), and the total level of debt slightly rose yoy to 67.8% (66.5) in comparing to 68.4% at the FY end.

The accounting value of total assets increased since the FY end by EUR 24,591 mil. to EUR 400.292 mil. (354.914). Current assets increased for the six months to EUR 75,228 mil. (42.039) versus EUR 67,336 mil. at the FY end. Fixed assets increased since the FY end by EUR 24.269 mil. to EUR 307.402 mil. (272.352).

Financial Position in €'000 (unaudited)	April 30	April 30	October 31
	Total Assets	2015/16	2015/16
Non-current Assets	400 292	354 914	375 701
Fixed Assets	325 064	312 875	308 365
Other Non-current	307 402	272 352	283 133
Current Assets	17 663	40 523	25 232
Liquid Assets	75 228	42 039	67 336
Equity	4 245	5 613	7 493
Liabilities	117 473	108 355	106 003
Non-current Liabilities	282 821	246 560	269 697
Current Liabilities	258 578	226 459	239 197
Total Debt	24 243	20 101	30 500
Celkový dlh	246 881	214 818	229 804

CASH FLOW

Cash flow generated from operating activities for the given half-year period equal EUR 9.235 mil. (11.464). Cash flow from investing activities was reported in the amount of EUR

-23.896 mil. (-5.257), out of which capital expenditures added up to EUR -29.318 mil. (-5.682). Cash flow from financing activities reached EUR 11.413 mil. (-8.813).

Cash Flows in €'000	01/11 - 30/04		01/11 - 31/10
	2016/17	2015/16	2015/16
Net Cash from Operating Activities	9 235	11 464	28 600
Net Cash from Investing Activities	-23 896	-5 257	-25 752
Net Cash from Financing Activities	11 413	-8 813	-3 574
Net Increase in Cash and Cash Equivalents	-3 248	-2 606	-726

OUTLOOK TILL THE END OF FY 2016/17

By the end of FY 2016/17 Management expects to achieve a 10.8% growth in annual revenues, or EUR 90.0 mil. and a yoy EBITDA growth of 15.5% to EUR 29.0 mil. Having successfully completed the winter season, Management now believes the financial targets are achievable. TMR's results till the end of FY 2016/17, i.e. till October 31, 2017, will be impacted by the summer season in the mountain resorts, leisure parks - Aquapark Tatralandia and Legendia - 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. The gradual execution of the investment plan of the modernization of Legendia should positively impact the year-end results. The mostly-awaited season driver in Legendia is Lech Coaster. The mountain tourist summer season in the Tatras officially began on June 16 with the official opening of summer attractions - boat rides at Štrbské pleso, Drakopark Chopok, as well as the new amusement park with metal miniatures, Tatrapolis in Tatralandia.

OTHER FINANCIAL INFORMATION

Related Party Transactions

For the first half of 2016/17 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 NBS, in 2016 Slovak economy grew dynamically, by 3.3%, although at a slower pace due to lower utilization of EU funding. A slight decline to 3.1% is estimated also for 2017. In the following periods the GDP growth is expected to be steep again. Household consumption and exports are expected to rise, also thanks to the new car manufacturing. A positive labor market development; investments supported by quantitative easing and by gradual utilization of the EU funds are also predicted.⁴ In Poland the GDP growth slowed down from 3.8% in 2015 to 2.7% in 2016. The decline was caused mainly by a low volume of public investments. In 2017 the public investments activity is expected to come back again, although the growth of private

investments is still at risk. The growth of Polish economy in 2017 is estimated at 3.2%.⁵ Since majority of visitors to TMR's resorts and hotels come from various countries, each of which has its own unique macroeconomic profile, operations of TMR can be heavily affected by worsening of the economic and geopolitical situation on these markets.

Weather unfavorable for summer tourist activities may negatively impact cableway sales in the mountain resorts till the end of the financial year. An unfavorable summer weather may also negatively impact the visit rate in the Polish Legendia, and thus also the return on investments from the park's modernization project. 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. This level of debt 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 2015/16, available at www.tmr.sk.

Human Resources

The average number of TMR employees for the first half of 2015/16 is 1,124, which is 4.3% less than for the same period last year.



⁴ View of the Banking committee of NBS on the Medium term prediction P4Q-2015, P4Q-2016. www.nbs.sk

⁵ European Bank for Reconstruction and Development. Regional Economic Prospects in EBRD Countries of Operations: May 2017

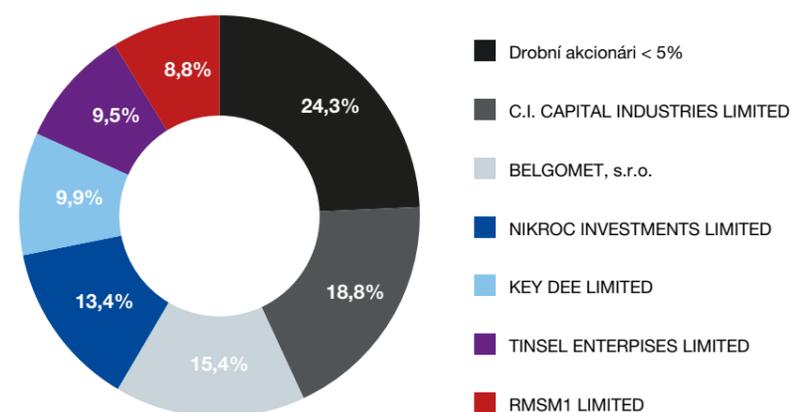
TMR STOCK PERFORMANCE

TMR Stock Performance on the BSSE



Closing Price of TMR Stock	BSSE (EUR)	WSE (PLN)	PSE (CZK)
30.4.2017	24,70	113	670
30.4.2016	23,70	107	640

Shareholder Structure as of 30-4-2017



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 2016 to 30 April 2017**

**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 Profit and Loss and Other Comprehensive Income

<i>In thousands of EUR</i>	1.11.2016 – 30.4.2017	1.11.2015 – 30.4.2016
Sales	50,428	46,419
Other operating revenues	310	361
Total revenues	50,738	46,780
Consumption of material and goods	-7,860	-7,170
Purchased services	-10,258	-12,637
Personnel expenses	-11,257	-9,716
Other operating expenses	-654	-609
Gain on sale of assets	547	425
Gain on revaluation of investment property	-	-
Reversal of value adjustments to receivables	-	-
Earnings before interest, tax, depreciation and amortization (EBITDA)*	21,256	17,073
Depreciation and amortization	-5,642	-6,583
Goodwill impairment losses	-	-
Earnings before interest, tax (EBIT)	15,614	10,490
Interest income	662	677
Interest expenses	-5,650	-5,414
Gain/(loss) on financial instruments, net	395	-262
Profit/(loss) before tax	11,021	5,491
Income tax	19	-9
Profit	11,040	5,482
Attributable to:		
- Holders of interest in the parent company's equity	11,340	5,714
- Non-controlling interest	-300	-232
Other comprehensive income		
- 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	25	-6
Foreign currency translation reserve	405	-454
Total comprehensive income	11,470	5,022
Attributable to:		
- Holders of interest in the parent company's equity	11,805	5,254
- Non-controlling interest	-335	-232
Earnings per share (in EUR)	1.691	0.852
Number of shares	6,707,198	6,707,198

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

The notes presented on page 6 form an integral part of the Condensed Interim Consolidated Financial Statements.

Tatry mountain resorts, a.s. and subsidiary companies

Consolidated Statement of Financial Position

<i>In thousands of EUR</i>	30.4.2017	31.10.2016
Assets		
Goodwill and other intangible assets	14,334	14,657
Property, plant and equipment	300,848	276,579
Investment property	6,554	6,554
Loans granted	1,018	2,746
Other receivables	2,311	7,829
Investments in associates	-	-
Total non-current assets	325,065	308,365
Inventories	7,796	5,591
Trade receivables	2,307	2,534
Assets held for sale	-	-
Loans granted	23,631	26,125
Other receivables	31,012	21,087
Financial investments	2,359	2,259
Cash and cash equivalents	4,245	7,493
Other assets	3,878	2,247
Total current assets	75,228	67,336
Total assets	400,293	375,701
Equity		
Share capital	46,950	46,950
Share premium	30,430	30,430
Profit/loss for the current period	11,340	3,061
Retained earnings and other funds	27,215	24,129
Foreign currency translation reserve	-135	-575
Total equity attributable to holders of interest in the parent company's equity	115,800	103,995
Non-controlling interest	1,673	2,008
Total equity	117,473	106,003
Liabilities		
Loans and borrowings	57,585	38,107
Provisions	153	157
Other non-current liabilities	-	-
Issued bonds	178,696	178,680
Deferred tax liability	22,143	22,254
Total non-current liabilities	258,577	239,198
Loans and borrowings	7,877	6,996
Trade payables	6,162	7,544
Provisions	447	482
Issued bond liabilities	2,722	6,022
Other current liabilities	7,035	9,456
Total current liabilities	24,243	30,500
Total liabilities	282,820	269,698
Total equity and liabilities	400,293	375,701

The notes presented on page 6 form an integral part of the Condensed Interim Consolidated Financial Statements.

Tatry mountain resorts, a.s. and subsidiary companies
Consolidated Statement of Changes in Equity

<i>In thousands of EUR</i>	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
Balance as at 1 November 2016	46,950	30,430	4,449	146	-575	22,595	103,995	2,008	106,003
Transfer of retained earnings into the legal reserve fund	-	-	-	-	-	-	-	-	-
Profit for the current period	-	-	-	-	-	11,340	11,340	-300	11,040
Other comprehensive income, after tax	-	-	-	-	-	-	-	-	-
- items without subsequent reclassification into profit/(loss):	-	-	-	-	-	-	-	-	-
Revaluation of tangible assets upon transfer to investment property	-	-	-	-	-	-	-	-	-
- items with possible subsequent reclassification into profit/(loss):	-	-	-	25	-	-	25	-	25
Revaluation of available-for-sale securities to fair value	-	-	-	-	-	-	440	-35	405
Foreign currency translation reserve	-	-	-	-	440	-	-	-	-
Total comprehensive income for the period	-	-	-	25	440	11,340	11,805	-335	11,470
Transactions with owners posted directly into equity	-	-	-	-	-	-	-	-	-
Contributions to the fund	-	-	-	-	-	-	-	-	-
Effect of acquisition of a subsidiary	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-	-	-
Balance as at 30 April 2017	46,950	30,430	4,449	171	-135	33,935	115,800	1,673	117,473

Tatry mountain resorts, a.s. and subsidiary companies
Consolidated Statement of Changes in Equity (continued)

	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
Balance as at 1 November 2015	46,950	30,430	4,449	146	-493	19,535	101,016	2,315	103,331
Transfer of retained earnings into the legal reserve fund	-	-	-	-	-	-	-	-	-
Profit for the current period	-	-	-	-	-	5,714	5,714	-232	5,482
Other comprehensive income, after tax									
- items without subsequent reclassification into profit/(loss):									
Revaluation of tangible assets upon transfer to investment property	-	-	-	-	-	-	-	-	-
- items with possible subsequent reclassification into profit/(loss):									
Revaluation of available-for-sale securities to fair value	-	-	-	-6	-	-	-6	-	-6
Foreign currency translation reserve	-	-	-	-	-454	-	-454	-	-454
Total comprehensive income for the period				-6	-454	5,714	5,254	-232	5,022
Transactions with owners posted directly into equity									
Contributions to the fund	-	-	-	-	-	-	-	-	-
Effect of acquisition of a subsidiary	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-	-	-
Balance as at 30 April 2016	46,950	30,430	4,449	140	-947	25,249	106,271	2,083	108,354

The notes presented on page 6 form an integral part of the Condensed Interim Consolidated Financial Statements.

Tatry mountain resorts, a.s. and subsidiary companies

Consolidated Cash Flow Statement

In thousands of EUR

	1.11.2016 – 30.4.2017	1.11.2015 – 30.4.2016
OPERATING ACTIVITIES		
Profit	11,040	5,482
Adjustments relating to:		
Gain on disposal of property, plant and equipment and intangible assets	-547	-425
Depreciation and amortization	5,642	6,583
Foreign currency differences	-6	-454
(Release) / creation of value adjustments to receivables	-	-
Loss / (profit) from financial instruments, net (non-monetary part)	-289	158
(Profit) / Loss from revaluation of investments in property	3	-
Net interest expense / (income)	4,988	4,737
Gross change in provisions	-39	-1
Income tax	-19	25
Change in trade receivables, other receivables and other assets	-5,537	2,542
Change in inventories	-2,205	1,335
Change in trade payables and other liabilities	-3,805	-3,461
Cash flow from operating activities before tax	9,226	11,437
Income tax paid	9	27
Cash flow from operating activities	9,235	11,464
INVESTMENT ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	-29,318	-5,682
Proceeds from disposal of property, plant and equipment and intangible assets	547	425
Loans provided	-8,269	-
Repayment of loans provided	13,139	-
Procurement of financial investments	-	-
Proceeds from disposal of financial investments	-	-
Interest receivable	5	-
Cash flow from investment activities	-23,896	-5,257
FINANCIAL ACTIVITIES		
Repayment of liabilities from financial leasing	-537	-420
Financial leasing received	1,498	-
Repayment of received loans and borrowings	-3,821	-20,607
Proceeds from loans received	23,181	20,888
Repayment of the liability from decrease of the share capital	-	-
Issued bonds	-	-
Interest paid	-8,908	-8,674
Cash flow from financing activities	11,413	-8,813
Net increase/(decrease) of cash and cash equivalents	-3,248	-2,606
Cash and cash equivalents at the beginning of the year	7,493	8,219
Cash and cash equivalents at end of the year	4,245	5,613

The notes presented on page 6 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 reporting period the Group completed the construction and started operations of a new 15-seater cable way, with valley station in Krupová (Krupová – Kosodrevina), on the southern side of Chopok. The Group continued to finalize construction of Hotel Pošta and continued with modernization of fun-park in Chorzow (Slaskie Wesole Miasteczko). The Group began initial works for development and construction of three new cable ways in Szczyrk resort.

2. Inventories

During the reporting period the Group continued in realization of a second stage of real estate investment project Chalety Otupné (Chalety Otupné 2), started initial works for construction of third stage of Chalety Otupné (Chalety Otupné 3) and continued with development of apartments for sale in Hotel Pošta. All these projects are intended for future sale or operation directly by the group. Value of these investments is recognized in the financial statements in Inventories.

3. Financial investments

During the reporting period the Group did not realized any new investments.

4. Subsequent events

On 13 June 2017 the Group paid out a coupon on the TMR 1 bonds in the amount of EUR 1,575 thousand. The Group founded a new subsidiary- Tatry mountain resorts CR, a.s., on 5 May 2017. The Group has a 100% ownership in the subsidiary and the company was founded for possibility of further expansion on foreign markets.

Bohuš Hlavatý
*Chairman of the
Board of Directors*

Jozef Hodek
*Member
Board of Directors*

Tomáš Kimlička
*Person in charge
of financial statements*

Marián Vojtko
*Person in charge
of accounting*

Tatry mountain resorts, a.s.
Condensed Interim Individual Financial Statements
for the period from 1 November 2016 to 30 April 2017

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

Tatry mountain resorts, a.s.

Separate Statement of Profit and Loss and Other Comprehensive Income

<i>In thousands of EUR</i>	1.11.2016 – 30.4.2017	1.11.2015 – 30.4.2016
Sales	48,734	45,592
Other operating revenues	252	338
Total revenues	48,986	45,930
Consumption of material and goods	-7,684	-7,092
Purchased services	-9,233	-11,732
Personnel expenses	-10,607	-9,371
Other operating expenses	-475	-598
Gain on disposal of assets	547	425
Gain on revaluation of investment property	-	-
Reversal of value adjustments to receivables	-	-
Earnings before interest, tax, depreciation and amortization (EBITDA)*	21,534	17,562
Depreciation and amortization	-4,974	-5,984
Goodwill impairment losses	-	-
Earnings before interest, tax (EBIT)	16,560	11,578
Interest income	1,233	745
Interest expenses	-5,604	-5,439
Gain/(loss) on financial instruments, net	258	-184
Profit before tax	12,447	6,700
Income tax	-11	-9
Profit	12,436	6,691
Other comprehensive income		
Revaluation of available-for-sale securities to fair value	26	-
Total comprehensive income	12,462	6,691
Earnings per share (in EUR)	1.854	0.998
Number of shares	6,707,198	6,707,198

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

The notes presented on page 6 form an integral part of the Condensed Interim Separate Financial Statements.

Tatry mountain resorts, a.s.

Separate Statement of Financial Position

In thousands of EUR

	30.4.2017	31.10.2016
Assets		
Goodwill and other intangible assets	7,135	7,151
Property, plant and equipment	272,886	259,627
Investment property	6,554	6,554
Loans granted	10,822	7,542
Other receivables	2,311	7,829
Investments in associates	14,717	14,641
Total non-current assets	314,425	303,344
Inventories	7,699	5,551
Trade receivables	2,355	2,524
Assets held for sale	-	-
Loans granted	36,929	31,042
Other receivables	21,008	20,037
Financial investments	2,283	2,259
Cash and cash equivalents	616	5,946
Other assets	1,442	1,062
Total current assets	72,332	68,421
Total assets	386,757	371,765
Equity		
Share capital	46,950	46,950
Share premium	30,430	30,430
Profit/loss for the current period	12,436	4,814
Retained earnings and other funds	28,737	23,897
Total equity	118,553	106,091
Liabilities		
Loans and borrowings	44,940	37,254
Provisions	157	157
Other non-current liabilities	-	-
Issued bonds	178,696	178,680
Deferred tax liability	20,523	20,523
Total non-current liabilities	244,316	236,614
Loans and borrowings	7,586	6,711
Trade payables	6,666	6,794
Provisions	217	217
Issued bond liabilities	2,722	6,022
Other current liabilities	6,697	9,316
Total current liabilities	23,888	29,060
Total liabilities	268,204	265,674
Total equity and liabilities	386,757	371,765

Tatry mountain resorts, a.s.
Separate Statement of Changes in Equity

In thousands of EUR

	Share capital	Share premium	Legal reserve fund	Funds from revaluation	Retained earnings	Total
Balance as at 1 November 2016	46,950	30,430	4,449	145	24,117	106,091
Transfer of retained earnings into the legal reserve fund	-	-	-	-	-	-
Profit for the period	-	-	-	-	12,436	12,436
Other components of comprehensive income, after tax						
- items without subsequent reclassification into profit/(loss):						
Revaluation of tangible assets on transfer of investments in property						
- items with possible subsequent reclassification into profit/(loss):						
Revaluation of available-for-sale securities at fair value				26		26
Total comprehensive income for the period				26	12,436	12,462
Transactions with owners posted directly into equity						
Contributions to the fund						
Total transactions during the year						
Balance as at 30 April 2017	46,950	30,430	4,449	171	36,553	118,553

The notes presented on page 6 form an integral part of the Condensed Interim Separate Financial Statements.

Tatry mountain resorts, a.s.

Separate Statement of Changes in Equity (continued)

	Share capital	Share premium	Legal reserve fund	Funds from revaluation	Retained earnings	Total
<i>In thousands of EUR</i>						
Balance as at 1 November 2015	46,950	30,430	4,448	145	19,303	101,276
Transfer of retained earnings into the legal reserve fund	-	-	-	-	-	-
Profit for the period	-	-	-	-	6,691	6,691
Other components of comprehensive income, after tax						
- items without subsequent reclassification into profit/(loss):						
Revaluation of tangible assets on transfer of investments in property	-	-	-	-	-	-
- items with possible subsequent reclassification into profit/(loss):						
Revaluation of available-for-sale securities at fair value	-	-	-	-5	-	-5
Total comprehensive income for the period				-5	6,691	6,686
Transactions with owners posted directly into equity						
Contributions to the fund	-	-	1	-	-1	-
Total transactions during the year						
Balance as at 30 April 2016	46,950	30,430	4,449	140	25,993	107,962

The notes presented on page 6 form an integral part of the Condensed Interim Separate Financial Statements.

Tatry mountain resorts, a.s.

Separate Cash Flow Statement

In thousands of EUR

OPERATING ACTIVITIES

	1.11.2016 – 30.4.2017	1.11.2015 – 30.4.2016
Profit	12,436	6,691
Adjustments relating to:		
Gain on disposal of property, plant and equipment and intangible assets	-547	-425
Depreciation and amortization	4,974	5,984
Foreign currency differences	-	-
(Release) / creation of value adjustments to receivables	-	-
Loss / (profit) from financial instruments, net (non-monetary part)	-289	158
(Profit) / Loss from revaluation of investments in property	-	-
Net interest expense / (income)	4,370	4,694
Gross change in provisions	-	-
Income tax	10	-9
Change in trade receivables, other receivables and other assets	4,609	-1,444
Change in inventories	-2,148	1,355
Change in trade payables and other liabilities	-2,747	-3,418
Cash flow from operating activities before tax	20,668	13,586
Income tax paid	9	27
Cash flow from operating activities	20,677	13,613

INVESTMENT ACTIVITIES

Acquisition of property, plant and equipment and intangible assets	-18,217	-2,432
Proceeds from disposal of property, plant and equipment and intangible assets	547	425
Cost of acquisition of subsidiaries	-76	-
Loans provided	-31,361	-2,737
Repayment of loans provided	23,265	5,429
Expenses for acquisition of financial investments	-	-
Income from the sale of financial investments	-	-
Interest receivable	162	-
Cash flow from investment activities	-25,680	685

FINANCIAL ACTIVITIES

Repayment of liabilities from financial leasing	-537	-420
Financial leasing received	1,498	-
Repayment of received loans and borrowings	-3,530	-23,930
Loans and borrowings received	11,129	15,530
Repayment of liability from reduction of share capital	-	-
Bonds Issued	-	-
Interest paid	-8,887	-8,699
Dividends paid	-	-
Cash flow from financing activities	-327	-17,519

Net increase/(decrease) of cash and cash equivalents	-5,330	-3,221
Cash and cash equivalents at the beginning of the year	5,946	8,064
Cash and cash equivalents at end of the year	616	4,843

The notes presented on page 6 form an integral part of the Condensed Interim Separate Financial Statements.

Tatry mountain resorts, a.s.

Selected Notes to the Condensed Interim Separate Financial Statements

1. Investments

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3. Financial investments

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On 13 June 2017 the Company paid out a coupon on the TMR 1 bonds in the amount of EUR 1,575 thousand. The Company founded a new subsidiary- Tatry mountain resorts CR, a.s., on 5 May 2017. The Company has a 100% ownership in the subsidiary and the subsidiary was founded for possibility of further expansion on foreign markets.

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*Member
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*Person in charge
of financial statements*

Marián Vojtko
*Person in charge
of accounting*



STATEMENT OF THE BOARD OF DIRECTORS

The Condensed interim consolidated and separate 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 30, 2017



Bohuš Hlavatý

Chairman of the Board of Directors, CEO



Jozef Hodek

Member of the Board of Directors, CFO



TATRY
MOUNTAIN RESORTS

TATRY MOUNTAIN RESORTS, a.s. e-mail: info@tmr.sk, www.tmr.sk, tel.: 0850 606 202

foto: Marek Hajkovsky