

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2014

Prepared in accordance with International Financial Reporting Standards as adopted by the EU

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Contents

Statement of consolidated comprehensive income	3
Statement of consolidated financial position	5
Statement of consolidated changes in equity	9
Statement of consolidated cash flows	10
Notes to the annual consolidated financial statements	12

Translator's explanatory note : This is a free translation of the original Romanian financial statements of SC Tursim, Hoteluri, Restaurante Marea Neagră SA. In the event of any discrepancy between this translation and the original document, the original Romanian financial statements shall prevail.

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA

**STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

(All amounts are presented in RON)

For the financial year ended at 31 December	Note	Row	(RON)	(RON)
			2014	2013

Continuing operations

<i>Income from accommodation</i>		1	17,585,735	12,271,329
<i>Income from catering</i>		2	8,731,786	9,361,993
<i>Rental income</i>		3	272,410	240,797
<i>Other income included in turnover</i>		4	3,110,291	6,284,743
<i>Income from disposals of tangibles and non-current assets held for sale</i>		5	15,665,454	1,941,321
<i>Other income</i>		6	1,709,978	2,300,464
<i>Revenues associated with the costs of the completed production</i>		7	147,476	176,277
Total Operational Income		8	47,223,130	32,576,923

<i>Expenses related to inventories</i>		9	7,080,456	7,019,743
<i>Utility expenses</i>		10	2,209,065	2,688,897
<i>Employee benefits expense</i>		11	7,639,346	7,986,362
<i>Depreciation and amortization expenses</i>		12	6,481,986	6,411,321
<i>Expenses related to disposed fixed assets and assets held for sale</i>		13	7,905,542	1,237,320
<i>Other taxes</i>		14	2,735,620	1,516,893
<i>Expenses related to external services</i>		15	4,007,457	3,106,876
<i>Other expenses</i>		16	954,242	629,351
Total Operational expenses		17	39,013,714	30,596,762

The result of operational activities		18	8,209,416	1,980,161
---	--	----	------------------	------------------

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA

**STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014**

(All amounts are presented in RON)

For the financial year ended at 31 December	Note	Row	(RON)	(RON)
			2014	2013
<i>Financial income</i>		19	316,604	1,839,182
<i>Financial expenses</i>		20	575,732	1,992,406
Net financial result		21	(259,128)	(153,224)
Result before taxation		22	7,950,288	1,826,937

<i>Current income tax expense</i>		23	1,939,044	128,250
<i>Deferred income tax expenses</i>		24	(1,764)	256,013
<i>Deferred income tax income</i>		25	20,413	0
Result for continuing operations		26	6,033,421	1,442,674

Other comprehensive income				
<i>Increase/(decrease) of revaluation surplus</i>		27	(13,303,858)	0
<i>Tax related to other comprehensive income</i>		28	(725,362)	(132,557)
Other comprehensive income after taxation		29	(7,995,795)	(132,557)

Total comprehensive income for the period		30	(174,064)	1,310,116
--	--	-----------	------------------	------------------

Earnings per share (RON/share) 0,0054 0,0100

Diluted earnings per share (RON/share) 0,0054 0,0100

The consolidated financial statements were approved by the Board of Directors on March 11, 2015 and were signed by:

ADMINISTRATOR
CHAIRMAN OF THE BOARD OF DIRECTORS
LUCIAN IONESCU

PREPARED BY:
CHIEF ACCOUNTANT
DUMITRA MIU

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

AS AT 31 DECEMBER 2014

(All amounts are presented in RON)

As at 31 December	Note	Row	(RON)	(RON)
			2014	2013

Assets

Non-current assets				
<i>Tangible assets</i>				
<i>Freehold land and land improvements</i>	8	1	81,127,814	83,834,643
<i>Buildings</i>	8	2	98,659,078	106,383,330
<i>Plant and machinery, motor vehicles</i>	8	3	12,846,706	14,725,268
<i>Fixtures and fittings [...]</i>	8	4	9,708,459	10,624,403
<i>Tangible assets in progress</i>	8	5	1,732,008	1,658,909
<i>Intangible assets</i>				
<i>Other intangible assets</i>	9	6	42,445	68,295
<i>Trade receivables and other receivables</i>		7	50,000	0
<i>Investment property</i>	8;10	8	3,351,613	3,109,159
<i>Deferred tax assets</i>		9	1,922,807	0
Total fixed assets		10	209,440,930	220,404,007

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

AS AT 31 DECEMBER 2014

(All amounts are presented in RON)

As at 31 December	Note	Row	(RON)	(RON)
			2014	2013

Current Assets				
<i>Inventories</i>	12	11	942,313	1,241,400
<i>Other investments, including derivatives</i>	11	12	1,336	1,336
<i>Current tax assets</i>		13	0	347,517
<i>Trade receivables and other receivables</i>	13	14	4,438,333	11,183,239
<i>Accrued expenses</i>	14	15	35,153	42,661
<i>Cash and cash equivalents</i>	15	16	12,499,360	1,027,187
<i>Non-current assets held for sale</i>	16	17	7,350,672	11,437,218
Total Current Assets		18	25,267,166	25,280,557

Total Assets		19	234,708,096	245,684,564
---------------------	--	-----------	--------------------	--------------------

Equity				
<i>Share capital</i>	17	20	57,894,994	57,894,994
<i>Share premium</i>		21	1,895,814	1,895,814
<i>Reserves</i>	18	22	20,980,920	19,569,568
<i>Revaluation differences</i>	18	23	99,572,027	112,875,885
<i>Result for the period</i>	19	24	6,033,421	1,442,674
<i>Retained earnings</i>	19	25	42,229,372	42,065,079
<i>Other elements of equity</i>	20	26	(10,861,023)	(11,323,005)
Total Equity		27	217,745,525	224,421,009

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

AS AT 31 DECEMBER 2014

(All amounts are presented in RON)

31 December	Note	Row	(RON)	(RON)
			2014	2013
Liabilities				
Long-term liabilities				
Trade payables and other liabilities, including derivatives	21	28	11,734	100,168
Provisions	22	29	23,020	24,943
Deferred tax liabilities	7	30	10,780,521	11,477,476
Total Long-term liabilities		31	10,815,275	11,602,587
Current liabilities				
Short-term loans	21	32	0	6,563,576
Trade payables and other debts, including derivatives	21	33	5,893,840	2,787,188
Deferred income	4	34	49,340	154,527
Provisions	22	35	204,116	99,370
Deferred tax liabilities		36	0	56,306
Total Current liabilities		37	6,147,296	9,660,968
Total Liabilities		38	16,962,571	21,263,556
Total Equity and Liabilities		39	234,708,096	245,684,564

The consolidated financial statements were approved by the Board of Directors on March 11, 2015 and were signed by the:

ADMINISTRATOR
CHAIRMAN OF THE BOARD OF DIRECTORS
LUCIAN IONESCU

PREPARED BY:
CHIEF ACCOUNTANT
DUMITRA MIU

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA

**STATEMENT OF CONSOLIDATED CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)**

Explanation	Share capital	Share premium account	Revaluation surplus	Legal reserve	Other reserve	Retained earnings	Result for the period	Other elements of equity	Total equity
Balance at 1 January 2013	57,894,994	1,895,814	113,894,733	3,872,747	13,456,009	41,084,182	3,379,192	(11,589,784)	223,887,887
Loss/ Net profit for the year				48,535			1,442,249		1,490,784
Transfer to reserves			(1,018,848)		2,192,276	980,897	(3,378,768)	134,222	(1,090,220)
Other comprehensive income									0
Changes in the fair value of financial investments held for sale									0
Revaluation surplus								132,557	132,557
Transactions with owners in their capacity as owners									0
Dividends distributed to shareholders									
Balance at 31 December 2013	57,894,994	1,895,814	112,875,885	3,921,282	15,648,285	42,065,079	1,442,674	-11,323,005	224,421,008
Loss/Net profit for the year				317,638	427,905	427,905	6,033,421	5,723	7,212,592
Transfer to reserves			(13,303,858)		665,810	(263,612)	(1,442,249)	0	(14,344,334)
Other comprehensive income									0
Change in fair value of financial investments available for sale									0
Revaluation surplus								456,259	456,259
Transactions with owners in their capacity as owners									0
Dividends distributed to shareholders									0
Balance at 31 December 2014	57,894,994	1,895,814	99,572,027	4,238,920	16,742,000	42,229,372	6,033,421	(10,861,023)	217,745,525

The consolidated financial statements were approved by the Board of Directors on March 11, 2015 and were signed by the:

ADMINISTRATOR
CHAIRMAN OF THE BOARD OF DIRECTORS
LUCIAN IONESCU

PREPARED BY:
CHIEF ACCOUNTANT
DUMITRA MIU

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

**STATEMENT OF CONSOLIDATED CASH FLOWS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)**

Explications	Row	2014	2013
+/- Profit or Loss		6,033,421	1,442,250
+ Depreciation included in cost		6,481,987	6,673,151
- Changes in inventories (+/-)		(4,385,590)	10,923,383
- Changes in receivables (+/-)		(6,968,009)	(59,389)
+ Variation of suppliers and Advance payments from customers (+/-)		297,984	(186,976)
- Variation other asset items (+/-)		(6,496,553)	(283,820)
+ Variation in other liabilities (+/-)		(17,394,378)	3,975,478
= Cash flow from operating activities (A)		13,269,166	1,323,729
+ Disposals of tangible non-current assets		23,539,714	4,593,890
- Purchase of tangible non-current assets		10,336,707	12,533,351
= Cash flow from investing activities (B)		13,203,007	(7,939,461)
+ Loans variation (+/-), as:			
+ short-term loans receivable		17,292,000	15,000,000
- refunds of short-term loans		32,292,000	8,436,424
- refunds of medium and long term loans		0	223,715
- Dividends paid		0	995,507
= Cash flow from financial activities (C)		(15,000,000)	5,344,354
+ Cash at beginning of the period		1,027,187	2,298,565
+ Net Cash Flow (A+B+C)		11,593,554	(1,271,378)
= Cash at end of the period		12,499,361	1,027,187

The consolidated financial statements were approved by the Board of Directors on March 11, 2014 and were signed by the:

ADMINISTRATOR
CHAIRMAN OF THE BOARD OF DIRECTORS
LUCIAN IONESCU

PREPARED BY:
CHIEF ACCOUNTANT
DUMITRA MIU

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014 (All amounts are presented in RON)

NOTE 1 – REPORTING ENTITY

These financial statements are consolidated financial statements, in accordance with IAS 27.4.

The consolidated financial statements comprise the financial statements of SC Turism, Hoteluri, Restaurante Marea Neagră SA and its subsidiary SC Balneoterapia Saturn SRL

Turism, Hoteluri, Restaurante Marea Neagra S.A. ("The Parent Company") is a company founded in 1991 that works in Romania in accordance with Law 31/1990 and Law 297/2004 regarding the capital market.

The Parent Company name is Turism, Hoteluri, Restaurante Marea Neagra S.A. (abbreviated THR Marea Neagra S.A.). The company has the legal form of "joint stock company (JSC)" and is an entity with unlimited life.

The company is headquartered in Mangalia, Lavrion Street, no. 29, Zip code 905500

Contact details of the company are:

Telephone: 0241752452

Fax: 0241755559

Website: www.thrmareaneagra.ro

e-mail: thrmareaneagra@yahoo.com

Unique registration code in the Trade Register: 2980547

Fiscal registration code: RO 2980547

Number of Registered business: J 13/696/1991

According to the statute, the main activity of the Company is CAEN code: 5510 Hotels and other similar accommodation facilities.

The company operates in Romania, being present on other geographic markets.

Regulated market where the issued securities are traded: Bucharest Stock Exchange (market symbol: EFO).

Subscribed and paid up share capital: 57,894,993.9 RON divided in 578,949,939 shares. In reporting the years there have been no changes in the number of shares. Of the total shares issued and outstanding at 31.12.2013:

- THR does not hold redeemed shares;
- Subsidiary does not own shares.

The main characteristics of the securities issued by T.H.R. Marea Neagra S.A.: common, dematerialized, ordinary, indivisible and of equal value, issued at a nominal value of 0,10 lei / share.

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014 (All amounts are presented in RON)

NOTE 1 – REPORTING ENTITY (CONTINUED)

The subsidiary is SC Balneoterapia Saturn SRL (“The Subsidiary”), headquartered in Mangalia, Lavrion Street, no. 29, Constanta County
The contact details of the company are:

Telephone: 0241.752.452

Unique registration code in the Trade Register: 14271182

Number of Registered business: J 13/1910/2001

The company’s shares are not traded on a regulated market. The shareholders evidence is held by the administrators using the register of shareholders

Largest group in which the entity works as a subsidiary: **S.I.F. TRANSILVANIA S.A.**

The smallest group in which the entity works as a subsidiary: **S.I.F. TRANSILVANIA S.A.**

Registered office of S.I.F. TRANSILVANIA S.A. is: Brasov, Nicolae Iorga Street, no.2, Brasov county.

Group’s consolidated financial statements of SIF Transilvania SA can be obtained from the registered office.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in preparing these consolidated financial statements in accordance with IFRS as adopted by EU, are presented below. These policies have been consistently applied to all financial years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU.

These financial statements are consolidated financial statements of THR tMarea Neagră SA and Balenoterapia Saturn SRL.

The accruals principle and the going concern principle have been applied when preparing these financial statements

The company has prepared the annual financial statements for the year ended 31 December 2014 in accordance with International Financial Reporting Standards as adopted by European Union, applicable to companies whose securities are admitted to trading on a regulated market, according to the Order of the Minister of Finance no. 881/2012 regarding the application of International Financial Reporting Standards by companies whose securities are admitted to trading on a regulated market and the Order of the Minister of Finance no. 1286/2012 approving the Accounting Regulations in accordance with International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, including subsequent amendments and additions.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)**

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The accounts of the Subsidiary are listed in RON, in accordance with the Romanian Accounting Standards ("RAS"). These accounts were restated to reflect the existing differences between the financial statements in accordance with RAS and those in accordance with IFRS. This was made to restate the separate financial statements, under all material aspects, with IFRS adopted by the EU.

The most significant changes brought to the financial statement prepared in accordance with RAS, to restate them to IFRS requirements adopted by the EU are:

- Incorporating more elements into more comprehensive categories;
- Reclassification of fixed assets into investment property and non-current assets held for sale;
- Recognizing deferred tax assets and deferred tax liabilities in accordance with IAS 12 "Income taxes"; and
- Presentation requirements in accordance with IFRS.

The accounts of the Parent Company are listed in RON, in accordance with IFRS as adopted by the European Union. The financial statements have been authorized for issue by the Board of Directors on March 11, 2015.

In accordance with IAS 29 and IAS 21, the consolidated financial statements of an entity whose functional currency is the currency of a hyperinflationary economy should be presented in the current unit to the date of the financial statements, therefore non-monetary items should be restated using a general price index which was given at the date of acquisition or contribution. IAS 29 stipulates that an economy is considered hyperinflationary if, among other factors, the cumulative inflation exceeds 100% over a period of 3 years.

The steady decrease of inflation and other factors related to the characteristics of the economic environment in Romania, indicate that the economy whose functional currency was adopted by the Company, ceased to be hyperinflationary, affecting periods beginning January 1, 2004. The amounts expressed in measuring current unit at 31 December 2003 are treated as the basis for the carrying amounts in the unconsolidated financial statements of the Company.

The effects of hyperinflation on share capital would generate an accounting adjustment which never would have had an impact on the size of equity and would not fully reflect the legal nature of the holdings of shareholders in SC Turism, Hoteluri, Restaurante Marea Neagră S.A., fact that could generate confusions among the shareholders, due to the difference resulting to the subscribed share capital of the Company, according to statutory provisions, on the one hand, and on the other hand obtaining such information is appreciated as non-redundant in the context of global financial information.

Presentation of Financial Statements

The consolidated financial statements are presented in accordance with IAS 1 "Presentation of Financial Statements". The Company has adopted a presentation based on assessing the nature and liquidity of assets in the statement of financial position and a statement of income and expenses according to their nature in the statement of comprehensive income, considering that these methods of presentation provides information that is more relevant than other methods that would have been permitted by IAS 1.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)**

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of valuation

The consolidated financial statements are prepared using the cost method, except land and buildings which are revalued at fair value. Fair value method is applied, except for assets or liabilities for which the fair value cannot be determined reliably.

Valuation of assets and liabilities was made as:

- **Inventories** are valued at the lower value between cost and net realizable value.
- **Tangible assets** are measured initially at:
 - i) The acquisition cost, for those acquired for consideration;
 - ii) The input value, for those received as a contribution in kind to the establishment of share capital or increase of share capital;
 - iii) at fair value at the acquisition date, for those received as free of charge.For subsequent recognition, the Company has adopted the revaluation model.
- **Intangible assets** are initially measured at cost. After recognition intangible assets are accounted based on the cost model, at cost less any accumulated depreciation and any accumulated impairment losses.
- **Investment properties (buildings and land)** are determined at the fair value by an independent valuer by :
 - 1. determining replacement value;
 - 2. estimating accrued depreciation;
 - 3. determination of the remaining value of construction ;
 - 4. direct comparison method by reference to market prices in a similar and comparable in area.
- **Financial investments** are recognized at cost.
- **Non-current assets held for sale** are measured at the lower value of carrying amount and fair value less cost to sell.
- **Cash and cash equivalents** are presented in the balance sheet at cost.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates and judgments

The preparation of financial statements in accordance with IFRS as adopted by the European Union involves the use of estimates, judgments and assumptions by management that affect the application of accounting policies as reported amounts of assets, liabilities, income and expenses. The estimates and assumptions associated with these estimates are based on historical experience and other factors considered reasonable in the context of these estimates. The results of these estimates form the basis of judgments about the carrying amounts of assets and liabilities that cannot be obtained from other sources of information. The results may differ from these estimates.

The estimates and underlying assumptions are reviewed periodically. Revisions of accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period or in the period in which the estimate is revised and future periods if the revision affects both current period and future periods.

Changes in estimates, by their nature are not related to prior periods and are corrections of an errors.

As an exception to the presentation of the effect of the change in estimate shown above, if such a change gives rise to changes in assets and liabilities or capital, the effect of this change will be presented through an adjustment of assets, liabilities or equity in the period in which the change has taken place.

Judgments made by management in applying IFRS that have a significant effect on the consolidated financial statements and estimates that involve a significant risk of a material misstatements in the next year are disclosed in Note 26.

2.2 General aspects of applied accounting policies

If a standard or an interpretation specifically applies to a transaction, other event or condition, accounting policies applied to that element, it is chosen by applying the standard or interpretation in question, considering any implementation guide issued by the IASB for the standard or interpretation in question.

The accounting policies are consistently applied to transactions, other events and similar conditions, except when a standard or an interpretation requires or permits the classification of categories, for which different policies may apply to the previous.

Changing an accounting policy is permitted only under the following conditions:

- This change is required by a standard or an interpretation;
- The change will provide reliable and relevant information about the effects of transactions, events and conditions.

Significant errors of previous periods found on the recognition, measurement, presentation or disclosure of elements of financial statements should be corrected retrospectively in the first set of financial statements that are authorized for issuance by:

- restating the comparative amounts for the period or prior periods in which the error occurred; or
- restating the opening balances of assets, liabilities and equity for the farthest period presented, if the error occurred before the farthest prior period presented.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards and interpretations available in the current period

Based on the provisions of each standard, the company has developed accounting policies in accordance. If the Standards provide alternatives solutions or exceptions, have been established policies opted for.

The company has applied starting from 2012, including 2014, the following International Financial Reporting Standards :

IAS 1	Presentation of financial statements	Fundamental Accounting Principles, structure and content of financial statements, mandatory posts and the concept of true and fair view, completed with amendments applicable from 1 January 2013.
IAS 2	Inventories	Defining of the accounting process applicable to inventories in the historical cost system: evaluation (first in - first out, weighted average cost and net realizable value) and the perimeter of allowed costs.
IAS 7	Statement of Cash Flows	Analysis of cash variations, classified into three categories: cash-flows from operating activities, cash-flows from investing activities, cash-flows from financing activities.
IAS 8	Accounting policies, Changes in Accounting Estimates and Errors	Defining the classification, the information that need to be disclosed and accounting treatment of certain items in the income statement.
IAS 10	Events after the reporting period	Requirements for when events after the end of the reporting period should generate an adjustment to the financial statements: definitions, terms and conditions, particular cases (dividends).
IAS 12	Income Taxes	Definition of tax accounting processing on the period result and detailed stipulations on deferred taxes, supplemented by amendments applicable from 1 January 2013

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)**

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IAS 16	Property, plant and equipment	Accounting treatments, net book value calculation and relevant principles regarding depreciation for most types of property, plant and equipment.
IAS 17	Leases	Defining lessee and lessor, accounting treatments regarding location-financing contracts and simple location contracts.
IAS 18	Revenue	Revenue recognition principles for ordinary activities from certain types of transactions and events (fair value principle, the principle of linking expenditure to income, the percentage of advancement services, asset sharing, etc.).
IAS 19	Employee benefits	Accounting principles regarding employee benefits: short and long term benefits, post-employment benefits, advantages on equity and allowances on termination of employment, with revisions made in 2011, applicable from January 1, 2013.
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	Accounting principles for direct or indirect public aid (clear identification, concept of fair value, restraining subsidized connection etc.).
IAS 21	The Effects of changes in Foreign Exchange Rates	Accounting treatments of abroad activities, foreign currency transactions and restarting financial statements of a foreign entity.
IAS 23	Borrowing Costs	The definition of borrowing costs and accounting treatments: the notion of qualifying asset, how to incorporate borrowing costs in the amount of qualified assets.
IAS 24	Related Party Disclosures	Details of related party relationships and transactions (legal and natural persons) who exercises control or significant influence over one of the group's companies or the management.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)**

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IAS 26	Accounting and Reporting by Retirement Benefit Plans	Principles and information on the retirement schemes (funds), distinguishing defined contribution schemes and defined-benefit.
IAS 27	Consolidate and Separate Financial Statements	Principles concerning the presentation of separate financial statements, defining the obligation of consolidation and control, the convergence of accounting rules within the group, other principles.
IAS 28	Investment in Associates	<p>Defining the evaluation and information principles regarding investments in associates, except those held by:</p> <ul style="list-style-type: none">a) Venture capital organizationsb) Mutual funds, unit trusts and similar entities, including insurance funds with an investment component which are considered to be at their fair value through profit or loss or classified as held for trading and accounted in accordance to IAS 39.
IAS 29	Financial Reporting in Hyperinflationary Economies	<p>The financial statements of an entity whose functional currency is the currency of a hyperinflationary economy should be presented in the current unit of measure at the financial statement preparation date, meaning non-monetary elements should be restated using a general price index from the date of purchase or contribution. IAS 29 provides that an economy is considered to be hyperinflationary if, among other factors, the cumulative index of inflation exceeds 100% over a period of three years.</p> <p>Continuous decrease of inflation and other factors related to the characteristics of the economic environment in Romania indicates that the economy whose functional currency was adopted by the Company, ceased to be hyperinflationary, affecting periods beginning 1 January 2004. Thus, amounts expressed in the measuring unit, current at 31 December 2003 are treated as the basis for the carrying amounts in the financial statements of the Company.</p>

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)**

IAS 31	Interests in Joint Ventures	Accounting principles and policies to joint venture operations performed, assets or holdings in a joint venture.
IAS 32	Financial instruments: presentation	Rules of presentation (classification of debt equity, expenses or income / equity).
IAS 33	Earnings per Share	Principles of determination and representation of earnings per share.
IAS 36	Impairment of Assets	Key definitions (recoverable amount, fair value less costs of disposal, value in use, cash-generating units), the frequency of impairment test, accounting for the impairment, for goodwill impairment.
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	Defining provisions and approach of estimating provisions, individual cases examined (including the problem of restructuring).
IAS 38	Intangible Assets	Definition and accounting treatments for intangible assets, recognition and measurement policies on the processing costs for research and development etc.
IAS 39	Financial Instruments: Recognition and Measurement	Recognition and measurement principles regarding financial assets and liabilities, the definition of derivatives, hedge accounting operations, the issue of fair value etc.
IAS 40	Investment Property	Establishing the evaluation method: fair value model or cost model, transfers between different categories of assets etc.
IFRS 1	First-time Adoption of International Financial Reporting Standards	The procedures for financial statements according to IAS / IFRS optional exemptions and mandatory exceptions to retrospective application of IAS / IFRS, supplemented by amendments applicable from 1 January 2013.
IFRS 5	Non-current Assets Held for Sale and Discontinued Operation	Defining an asset held for sale and discontinued operations, and the evaluation of these elements.
IFRS 7	Financial Information: Disclosures	Financial information related to financial instruments are referring primarily to: (i) information about the significance of financial instruments; and (ii) information about the nature and extent of risks arising from financial instruments, supplemented by amendments applicable from 1 January 2013.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IFRS 10	Consolidated Financial Statements	Establishing principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.
IFRS 11	Joint Arrangements	Establishing principles for financial reporting for entities that hold interests in jointly controlled commitments.
IFRS 12	Disclosure of Interests in Other Entities	Requires an entity to disclose information that will enable users of its financial statements to evaluate: the nature and risks associated with interests held in other entities; and the effects of those interests on the financial position, financial performance and its cash flows.
IFRS 13	Fair value measurement	The definition of fair value, establishing, in a single IFRS, a framework for measuring fair value, requiring the presentation of information on fair value.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3.1 Foreign currency translation

Presentation currency and functional currency

The financial statements are presented in RON, rounded to the nearest RON, which is the reference currency, RON is both functional currency and presentation currency.

Transactions and balances

Transactions in foreign currency are recorded in RON at the official exchange rate at the date of settlement of transactions, Monetary assets and liabilities in foreign currencies at the balance sheet date are translated to the functional currency at the exchange rate at the day,

The exchange rates of major foreign currencies were:

	31 December 2014	31 December 2013
EUR	4,4821	4,4847
USD	3,6868	3,2551

Operations in foreign currencies are recorded in accounting in both currencies, foreign exchange and RON. Apply these accounting policies:

- conversion transactions in a foreign currency to the functional currency (RON) is performed based on the exchange rate in effect at the time the transactions occur;
- cash and cash equivalents, receivables and liabilities recorded in a currency other than RON existing liabilities at the end of a financial year, are valued at the exchange rate announced by the central bank for the last banking day of the year.

Gains and losses resulting from the settlement of transactions in a foreign currency and the conversion of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss in financial result.

The conversion differences related to non-cash items such as equity securities, are reported as:

- As part of the gain or loss from the adjustment to fair value if the shares held for trading;
- Included in equity in value reserve at fair value in case of units held for sale.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3.2 Property, plant and equipment

Measurement at recognition

An item of property, plant and equipment that qualifies for recognition as an asset, is measured at cost.

Tangible assets are initially measured at cost (those acquired for consideration), or at the input value (those received as a contribution in kind to the establishment of share capital or increase of share capital), respectively at fair value at acquisition date (those received as free of charge).

Evaluation after recognition

For subsequent recognition, the Company has adopted the revaluation model.

The value of the revalued asset is its fair value at the date of revaluation. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. Revaluations are performed by independent appraisers certified by ANEVAR.

Revalued amount (in addition) substitutes the acquisition cost.

If a revaluation results in an increase in value, it should be credited to other comprehensive income and accumulated in equity under the heading "revaluation surplus" unless it represents the reversal of a revaluation decrease of the same asset previously recognized as an expense, in which case it should be recognized in profit or loss. [IAS 16,39]

A decrease arising as a result of a revaluation should be recognized as an expense to the extent that it exceeds any amount previously credited to the revaluation surplus relating to the same asset. [IAS 16,40]

The revaluation surplus included in equity in respect of an item of property and equipment is transferred directly to retained earnings when the asset is derecognized. It involves the transfer of the entire surplus when the asset is retired or disposed of. Transfers from revaluation surplus to retained earnings is not made through profit or loss. Amounts paid or payable, generated daily repairs and maintenance of tangible assets are recorded at cost-owned company under accrual accounting properly influencing the income statement for the period.

Amounts paid or payable generated by operations leading to increasing the value and / or the life, property and equipment owned by upgrading or those operations that lead to a significant improvement of the technical parameters, the growth potential of generating benefits economical by them, is capitalized (properly increase the carrying value of the respective assets).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)**

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation

Depreciation charge for each period are recognized in profit or loss unless they are included in the carrying amount of another asset.

Depreciation is calculated at book value (acquisition cost or revalued amount), less the residual value, using the straight-line method, over the estimated useful life of the assets. The depreciation is charged monthly to the statement of other comprehensive income. Depreciation of an asset begins when it is available for use, when it is in the location and condition necessary for it to function in the manner intended by management. Depreciation of an asset ceases at the earlier of the date the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IFRS 5 and the date when the asset is derecognized. Therefore, depreciation does not cease when the asset is used or is retired from active use unless the asset is fully depreciated.

When registering revaluations, accumulated depreciation is eliminated.

The residual value and useful life of an asset shall be reviewed at least at each financial year-end. If expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Land is not depreciated.

Depreciation of other tangible assets is calculated using the straight-line method, allocating costs related to the residual value according to the corresponding life

	Years	
	<u>2014</u>	<u>2013</u>
Buildings	50	50
Other equipment, furniture and other changes	as far as 12	as far as 12
Vehicles	as far as 14	as far as 14

Impairment of tangible assets

An asset is impaired when its carrying amount exceeds its recoverable amount.

At each reporting date, the entity should check if there are indicators of impairment of assets. If such indicators are identified, the entity shall estimate the recoverable amount of the asset.

If the carrying amount of an asset is decreased as a result of a revaluation, the decrease is recognized in the profit or loss. However, the reduction is recognized in other comprehensive income to the extent that the revaluation surplus shows a credit balance for the asset. Reduction recognized in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition

The carrying amount of a fixed asset shall be derecognized:

- (a) when disposed, or
- (b) When no future economic benefits are expected from its use or disposal.

The gain or loss arising from the derecognition of a fixed asset shall be included in profit or loss when the item is derecognized.

Gains shall not be classified as revenue.

2.3.3 Intangible assets

Recognition and measurement

In recognition of an asset as an intangible asset the entity must demonstrate that the item meets the following:

The definition of an intangible asset. An intangible asset is separable, capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; and arises from contractual rights or other legal rights, whether those rights are transferable or separable from the entity or from other rights and obligations.

Recognition criteria:

- it is probable that the expected future economic benefits attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

An intangible asset shall be measured initially at cost. The cost of a separately acquired intangible asset comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and
- any directly attributable cost of preparing the asset for its intended use.

For intangible assets acquired free of charge or for symbolic consideration through a government grant, the entity recognizes the asset initially at nominal value plus any costs directly attributable to preparing the asset for its intended use.

Intangible assets according to generally accepted regulations cannot be acquired through exchange of assets, which are treated as separate deliveries.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recognition of expenses

Expenditure on an intangible item shall be recognized as an expense when it is incurred unless they are part of the cost of an intangible asset that meets the recognition criteria.

Expenditure on an intangible item that was initially recognized as an expense shall not be recognized as part of the cost of an intangible asset at a later date.

Evaluation after recognition

After recognition, an intangible asset is accounted for under the cost model, namely at its cost less any accumulated depreciation and any accumulated impairments.

Amortization

Computer software is amortized over a period between 1 year and 3 years, and licenses for the period of validity, using the straight-line depreciation method.

2.3.4 Cash and cash equivalents

Cash and cash equivalents are presented in the statement of financial position at cost. For the purpose of statement of cash-flows, cash and cash equivalents include petty cash, bank accounts, including deposits with a maturity of three months or less, cash in transit, other short-term financial investments with high liquidity with a maturity of three months or less and overdraft facilities.

2.3.5 Trade receivables

Trade receivables are categorized as financial assets.

A financial asset is recognized in the statement of financial position when, and only when the company becomes part of the certain contractual terms of the instrument.

Trade receivables are carried at original invoice amount less allowance (impairment test) recognized for doubtful receivables. The amount of the trade receivables allowance is calculated as difference between the carrying amount and the recoverable amount

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3.6 Financial assets and liabilities

Classification

The Company classifies financial instruments held in the following categories:

Financial assets and liabilities measured at fair value through profit and loss

This category includes financial assets or financial liabilities held for trading and financial instruments classified at fair value through profit or loss at initial recognition. A financial asset or liability is classified in this category if it was mainly purchased for speculative purposes or if it has been designated in this category by management.

Investments held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments that an entity intends and is able to hold to maturity and that do not meet the definition of loans and receivables and are not designated on initial recognition as assets at fair value through profit or loss or as held for sale. Held-to-maturity investments are measured at amortized cost.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than held for trading or designated on initial recognition as assets at fair value through profit or loss or as held for sale.

Financial assets held for sale

Financial assets held for sale are any non-derivative financial assets designated on initial recognition as available for sale or any other instruments that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Financial assets held for sale are measured at fair value in the statement of financial position. Changes in the fair value of financial asset, other than gains or losses from exchange rate variations, are recognized in equity. When the asset is derecognized, the gain or loss is transferred to profit or loss.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recognition

Financial assets and liabilities are recognized at the settlement date, respectively at the date on which the financial instruments are sold or purchased. Financial assets and liabilities are initially measured at fair value, plus directly attributable transaction costs, except for investments in shares which fair value could not be determined reliably and which are initially recognized at cost.

Amortized cost measurement

Amortised cost of a financial asset or financial liability is the amount at which the financial asset or liability is measured at initial recognition minus principal payments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount and minus any write down for impairment or uncollectability.

Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair value measurement assumes a transaction taking place in the active market for the asset or liability. A financial instrument is traded on an active market, if quoted price are available quickly and regularly for that certain financial instrument. Financial assets available for sale for which there is not an active market and for which it is not possible to determine a fair value, are measured at cost and annually tested for impairments.

For all other financial instruments, fair value is determined using valuation techniques. Valuation techniques include techniques based on the net present value, discounted cash flow method, the method of comparison to similar instruments for which there is an observable market price and other evaluation methods.

Identification and measurement of impairment

Financial assets measured at amortized cost

An entity is required to assess at each balance sheet date whether there are any indicators of impairment. A financial asset or group of assets is impaired, only if there are indicators of impairments as a result of one or more events that occurred after the initial recognition of the asset ("loss generating event"), and these events have an impact of the future cash-flows generated from the asset or from the group of assets, which can be measured reliably.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

If any such impairment indicators exist, the entity is required to perform a detailed impairment calculation to determine whether any impairments should be recognized or not. The impairment should be amounted to the difference between the asset's carrying amount and the net present value of estimated discounted cash flows using the initial effective interest rate.

If a financial asset measured at amortized cost has a variable interest rate, the discount rate for measuring any loss of damping is current variable interest rate, specified in the contract. The carrying amount of the asset is diminished by the use of an allowance account. Impairment losses are recognized in profit or loss.

In the subsequent period of an event occurring after the recognition of impairments will generate a decrease of the impairments previously recognized. The impairment loss is reversed either directly or by adjusting an allowance account. Reduction of the impairment loss is recognized in profit or loss.

Available-for-sale financial assets

The Company assesses at each balance sheet date whether there are indicators of impairment of the financial asset or group of financial. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the share below its cost is considered to determine whether the assets are impaired or not.

If such indicators of impairment exist for the available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from other comprehensive income and is recognized in profit or loss. Impairment losses recognized in the income statement and within equity instruments are not reversed through profit or loss. If, in a subsequent period, the amount fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

Given the intrinsic limitations of the applied methodologies and significant uncertainty of the valuation of assets in international markets and local, the Company's estimates may be revised significantly after the date when the financial statements are authorized for issue.

Derecognition

The company derecognizes a financial asset when the rights to receive cash flows from the financial asset expire or when the Company has transferred its rights to receive the contractual cash flows attributable to the financial asset in a transaction in which it has substantially transferred all the risks and rewards of ownership.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Any interest in transferred financial assets retained by the Company or created for the Company is recognized as a separate financial asset or liability.

The Company derecognizes a financial liability when its contractual obligations have been completed or when its contractual obligations are canceled or expires.

2.3.7 Employee Benefits

The Company makes payments to pension funds, health funds, unemployment funds, allowances and vacations for all staff. All employees of the Company are members of the state pension plan. These expenses are recognized in profit or loss for the period covered.

The Company does not operate any other pension plan or retirement benefits so it has no other obligations in respect of pensions.

2.3.8 Income tax

Recognition of current tax assets and liabilities

The current tax liability for the reporting period and prior periods is recognized to the extent that it is not paid.

If the amounts paid in current period and in prior periods exceeds the amount due for those periods, the excess is recognized as current tax asset.

Benefits relating to a tax loss that can be transferred in order to recover income tax of a previous period is recognized as current tax asset.

Liabilities (or assets) for the current period income tax and prior periods are measured at the amount expected to be paid (recovered) to/by the tax authorities, using the tax rates (and legislation) applicable at the balance sheet date.

Recognition of deferred tax assets and liabilities

tax is calculated, by using the balance sheet method, based on the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws), that have been enacted or substantially adopted at the balance sheet date and are expected to apply when the related deferred income tax is realized or the deferred income tax is settled.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The main temporary differences arise from the following operations:

- Application of tax incentives, consisting of additional deduction of 20% of the book value of assets, when the assets are available for use
- Application of accounting treatments different from the fiscal treatment regarding the recognition of investment properties
- The existence of settlement periods greater than one year
- Application of accounting treatments different from the fiscal treatment regarding the recognition of revaluation surplus
- Application of accounting treatments different from the fiscal treatment regarding the recognition of materials in the form of small inventory

Deferred tax arising from the fair value of non-current assets held for sale, which are directly credited or debited in equity will be subsequently recognized in profit or loss together with the deferred gain or loss.

Deferred tax assets are recognized to the extent that there is likelihood of future taxable profit of which can be recovered temporary difference.

A deferred tax asset must be recognized for all deductible temporary differences to the extent that it is probable taxable profit will be available against which the deductible temporary difference can be used, except the case when the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- i) is not a business combination;
- ii) at the time of the transaction, affects neither the accounting profit nor taxable profit (tax loss).

A deferred tax asset for the carried forward losses and unused tax credits will be recognized by the Company to the extent that it is probable to exist future taxable profits against which the losses and unused tax credits can be used.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3.9 Provisions

Provisions are liabilities of uncertain timing or amount.

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

If the Company expects a partial or full reimbursement of the expenditure required to settle a provision (eg insurance contracts) it shall:

- a) recognize a reimbursement only if it is certain that it will take place if the company will fulfill its obligations and the amount recognized for a reimbursement will not exceed the provision;
- b) recognize the amount refunded as a separate asset. In statement of comprehensive income, expenditure related to a provision may be presented after the recognized amount of repayment was decreased.

Provisions shall be reviewed at the end of the reporting period and adjusted to reflect the current best estimate. If an outflow of resources embodying economic benefits is not probable, the provision must be reversed.

No provision is recognized for costs that are incurred for this activity in the future.

Company records provisions for onerous contracts in situations where the expected benefits to be derived from a contract are lower than the unavoidable costs associated with contractual obligations.

Provisions are recognized when the company has a legal or constructive obligation arising from past events, when it is necessary to settle the obligation that an outflow of resources embodying economic benefits and when the amount of the obligation can be measured reliably.

2.3.10 Recognition of income

Revenues of the Company are accounted for by their nature (operational, financial).

Revenue should be measured at the fair value of the consideration received or receivable. In the case of a financial transaction, the fair value is determined by discounting all future receipts, using a default interest rate, the difference from the book value being interest income. When the outcome of a transaction involving the rendering of services cannot be estimated reliably, the income should be recognized only to the extent of the expenses recognized that are recoverable.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)**

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The amounts collected on behalf of third parties such as sales taxes, goods and services taxes and value added taxes are not economic benefits for the entity and do not result in increases in equity. Therefore, they are excluded from income. Similarly, in the case of a Management Agreement, the gross inflows of economic benefits include amounts collected on behalf of the principal and which do not result in increases in equity for the entity. The amounts collected on behalf of the principal are not revenues, instead revenues are represented by commissions.

Revenues from rendered services are accounted as the services are rendered. The provided services include the execution of works and any other operations that cannot be considered as delivery of goods. The stage of completion of the work is determined based on the situation of works that accompany the invoices, records receptions or other evidence regarding the stage of completion and services reception. For recognition is required to exist the probability that the economic benefits associated with the transaction will flow to the company, the final stage of the transaction at the end of the period and the costs incurred for the transaction and those for completion of the transaction can be measured reliably.

Interest incomes are recognized using the effective interest method proportional to the relevant period of time, based on the principal and the effective rate over the period to maturity or shorter period if it binds transaction costs, it is established that the company will obtain such income. When unpaid interest has accrued before the acquisition of an interest-bearing investment, the subsequent receipt of interest is allocated between pre-acquisition and post-acquisition; only the post-acquisition portion is recognized as revenue.

Income from financial assets, respectively dividends receivable from entities in which the Company holds equity, are recognized in the financial statements of the Company in the financial year when they are approved by the General Meeting of each entity.

The nominal value of shares that are received free of charge is also recorded as income from financial assets, as a result of direct incorporation of the profit for the last period in the equity of an entity in which shares are held.

Shares received free of charge after the issuer's share capital increases, increases made by incorporating the current year profit are accounted for as dividend income to the nominal value (cost), which were later recognized at fair value.

Income derived from the sale / disposal of investments held are recognized at the time when their ownership is transferred from the seller to the buyer, using settlement date accounting.

Revenues from sales of shares are recognized on a gross basis (transaction amount), and those resulting from transactions with short-term financial investments are recognized on a net basis (difference between the sales and cost).

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3.11 Dividend Payment

The company recorded obligation to pay dividends in the year in which the dividend distribution of profit is approved by the General Meeting of Shareholders.

2.3.12 Activity segments

The Company's management reviews the Company's overall activity (using statutory information). Information regarding business segments has not been obtained.

2.3.13 New international standards not applied by the Company

The entity does not apply some IFRS or new stipulations regarding IFRS issued, but not in effect at the date of the financial statements. The company cannot estimate the impact of applying this stipulations and intends to apply them when they come into force. Among the issued, but not adopted standards, the company will not face the situation to prospectively apply neither of them. These are:

- Proposed amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, published in September 2014 and enforced on 1 January 2016.
- Proposed amendments to IFRS 7 Financial Instruments: Disclosure, issued in September 2014 and enforced on or after 1 January 2016.
- Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9, published in November 2013 and applied when IFRS 9. (At the time of issue of the revised version of IFRS 9 including the hedge accounting chapter, IFRS 9 had no stated mandatory effective date).
- Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures, published in December 2011 with the entry date on or after 1 January 2015.
- Proposed amendments to IFRS 9 Financial Instruments, issued on 28 November 2012, with effective date on 1 January 2015. These amendments were issued for convergence purposes with US GAAP.
- Final version of IFRS 9, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition of financial instruments, published in July 2014 with the entry date on or after 1 January 2018. Note: IFRS 9 (2014) supersedes IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013), but these standards remain available for application if the relevant date of initial application is before 1 February 2015.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Proposed amendments to IFRS 10 regarding the sale or contribution of assets between an investor and its associates or joint ventures, published in September 2014 with the entry date on or after 1 January 2016.
- Proposed amendments to IFRS 10 regarding the application of the consolidation exception, published in December 2014 with the entry date on or after 1 January 2016.
- Proposed amendments to IFRS 11 regarding the accounting for acquisitions of an interest in a joint operation, published in May 2014 with the entry date on or after 1 January 2016.
- Proposed amendments to IFRS 12 regarding the application of the consolidation exception, published in December 2014 with the entry date on or after 1 January 2016.
- IFRS 14 applies to a company's first annual financial statements in accordance with IFRS, starting from 1 January 2016 or after. IFRS 14 was published in January 2014.
- IFRS 15 applies to a company's first annual financial statements in accordance with IFRS starting from 1 January 2017 or after. IFRS 15 was published in May 2014.
- Proposed amendments to IAS 1, resulting from the disclosure initiative, published in December 2014 with the entry date on or after 1 January 2016
- Proposed amendments to IAS 16 regarding the clarification of acceptable methods of depreciation and amortisation, published in May 2014 with the entry date on or after 1 January 2016.
- Proposed amendments to IAS 41 for bringing bearer plants into the scope of IAS 16, published in June 2014 with the entry date on or after 1 January 2016
- Proposed amendments to IAS 19 resulted from September 2014 Annual Improvements to IFRSs with the entry date on or after 1 January 2016
- Proposed amendments to IAS 27 for reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in a company's separate financial statements, published in August 2014 with the entry date on or after 1 January 2016
- Proposed amendments to IAS 28 regarding the sale or contribution of assets between an investor and its associate or joint venture, published in September 2014 with the entry date on or after 1 January 2016.
- Proposed amendments to IAS 28 regarding the application of the consolidation exception, published in December 2014 with the entry date on or after 1 January 2016.

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)**

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Proposed amendments resulting from September 2014 Annual Improvements to IFRSs, published in September 2014 with the entry date on or after 1 January 2016.
- Proposed amendments regarding the clarification of acceptable methods of depreciation and amortisation, published in May 2014 with the entry date on or after 1 January 2016
- IFRIC 21 has been enforced in 2014, but it was not yet adopted by the EU.

NOTE 3 – OPERATING INCOME, LESS INCOME FROM ASSET SALES

The main activity of the company is tourist accommodation services, catering and entertainment. In 2014, the company recorded next tourist traffic:

							Day-tourist
Month	National House of Public Pension –Treatment	Transilvania Travel -external-	Agencies	On their own	Other beneficiaries	Online	TOTAL
Conducted in 2014	161,883	16,268	149,897	20,133	25,465	8,185	381,831
Income and expenses budget(BVC)	161,120	18,658	162,006	32,413	26,711	12,886	413,794
Differences from BVC	763	(2,390)	(12,109)	(12,280)	(1,246)	(4,701)	(31,963)
Percentage achieved BVC	100.47%	87.19%	92.53%	62.11%	95.34%	63.52%	92.28%
Conducted in 2013	172,212	18,642	121,192	28,489	21,257	10,706	372,498
Differences from 2013	(10,329)	(2,374)	28,705	(8,356)	4,208	(2,521)	9,333
Percentage achieved from 2013	94.00%	87.27%	123.69%	70.67%	119.80%	76.45%	102.51%

As can be seen, in 2014 we achieved a tourism circulation of 381,831 of day-tourist, increasing by 2,51% compared to the one recorded in 2013 and a decreasing by 7,72% compared to that used when budgeting the incomes and expenses for the year.

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)**

NOTE 3 – OPERATING INCOME, LESS INCOME FROM ASSET SALES (CONTINUED)

Suitable the tourist traffic, the company recorded operating income following:

RON

Indicator	2014	2013	Index 2014/2013 (%)
Turnover, including	29,700,222	28,158,861	105,47%
<i>Income from accommodation</i>	17,585,735	12,271,329	143,31%
<i>Income from catering</i>	8,731,786	9,361,993	93,27%
<i>Rental income</i>	272,410	240,797	113,13%
<i>Other income included in turnover</i>	3,110,291	6,284,743	49,49%
<i>Income from disposed fixed assets and non-current assets held for sale</i>	15,665,454	1,941,321	806,95%
<i>Other income</i>	1,709,978	2,300,464	74,33%
<i>Revenues associated with the costs of the completed production</i>	147,476	176,277	83,66%
Total operational income	47,223,130	32,576,923	144,96%

RON

Deferred income	2014	2013
Advances for utilities	0	3,866
Advances collected from sale of assets		
Interest accrued income on sales in installments	0	94,670
Total deferred income from operating activities	0	98,536
Investment subsidies	49,340	55,991
Total investment subsidies	49,340	55,991
Total deferred income	49,340	154,527

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)****NOTE 4 - INCOME FROM DISPOSAL OF FIXED ASSETS AND NON-CURRENT ASSETS HELD FOR SALE**

RON

Explanation	2014	2013
Income from disposed fixed assets	71,107	1,941,321
Income from non-current assets held for sale	15,594,347	0
Income from disposal of fixed assets and assets held for sale	15,665,455	1,941,321

NOTE 5 - EMPLOYEE BENEFITS EXPENSES. INFORMATION REGARDING EMPLOYEES AND MEMBERS OF THE ADMINISTRATION BOARD AND MANAGEMENT

Employee benefits expenses are presented as follows:

RON

Explanation	2014	2013
Salaries	5,993,911	6,219,366
Social security contributions	1,622,415	1,742,053
Provisions for employee benefits	23,020	24,943
Total	7,639,346	7,986,362

Allowances paid to members of the Board of Directors and management (director with management agreement):

- i) During the reporting period the company recorded as expenses the amount of 377,957 RON, representing salary rights due to the members of the Company Board of Directors and Director of the company, which signed a management agreement with the company. This value is included in the personnel expenses category.
- ii) The company has not contracted obligations of payment of pensions to former members of the Board of Directors, management and supervision therefore it has not accounted such obligations.
- iii) The Company has not granted and will not grant loans or advances (except for salary advances and/or delegation expenses) to the members of the Board and management. The Company has not booked such obligations at the end of 2014.

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)**

NOTE 5 - EMPLOYEE BENEFITS EXPENSES. INFORMATION REGARDING EMPLOYEES AND MEMBERS OF THE ADMINISTRATION BOARD AND MANAGEMENT (CONTINUED)

iv) Employess:

No.	Indicator	Average number 2014	No, at 31.12.2014	Average number 2013
1	Permanent staff, showing separately:	133	132	139
	a) TESA staff	47	47	49
	b) Operative staff	86	85	90
2	Seasonal staff	237	29	273
3	Total staff	370	161	412

The Company has not undertaken obligations for pension plans other than the one stated by Law no, 263/2010 on the unitary system of public pensions, with the subsequent updates. The collective labor agreement, signed for 2014, stipulates a retirement bonus of a gross salary. For the retirement bonuses to be paid in 2015, the company estimated a provision.

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)**

NOTE 6 - OPERATIONAL EXPENSES (EXCEPT EMPLOYEE BENEFITS)

			RON
No.	Operational Expenses	2014	2013
1	Expenses related to inventories:	7,080,457	7,019,743
2	<i>Raw materials and consumables expenses</i>	3,684,382	3,843,232
3	<i>Materials in form of small inventories and packaging expenses</i>	772,482	256,941
4	<i>Merchandise expenses</i>	2,623,593	2,919,570
5	Utility expenses	2,209,065	2,688,897
6	Amortization/depreciation and impairment expenses of fixed assets	6,481,986	6,411,321
7	Expenses from disposed assets and non-current assets held for sale:	7,905,542	1,237,320
8	<i>Disposed assets and non-current assets held for sale</i>	7,905,542	1,103,592
9	<i>Fees and other expenses regarding the sale of assets</i>	0	133,728
10	Other taxes, duties and similar expenses	2,735,620	1,516,893
11	External performance expenses	4,007,457	3,106,876
12	Other expenses	954,242	629,351
13	Total operational expenses (except employee benefits)	31,374,368	22,610,400

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)**

NOTE 7 - CURRENT TAX AND DEFERRED TAX. EARNINGS PER SHARE

The differences between regulations issued by the Ministry of Public Finance of Romania and accounting principles applied in preparing these financial statements generate temporary differences between the carrying amount and the tax base of certain assets and liabilities,

No.	Explanation	THR Marea Neagră SA (RON)	Balneoterapia SRL (RON)
1	Total income, of which:	48,084,609	2,775,886
2	Non-taxable income	1,307,932	-
3	Taxable income	46,776,677	2,775,886
4	Assimilated items	4,851,153	34,784
5	Total expenses, of which:	40,403,499	2,486,295
6	Non-deductible expenses	1,435,262	67,957
7	Income tax expenses	1,886,183	52,861
8	Legal reserve	317,638	-
9	Taxable profit / (tax loss)	11,788,643	382,391

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)**

NOTE 7 - CURRENT TAX AND DEFERRED TAX. EARNINGS PER SHARE (CONTINUED)

The deferred tax liability has been calculated by multiplying the taxable temporary difference with a 16% tax rate:

RON

Year	Explanation	Total	The tax rate	Liabilities / receivable with deferred income tax	Differences from previous year
2013	Temporary differences recognized in profit and loss	1,609,680	16%	257,549	256,437
	Temporary differences recognized in equity	70,416,398	16%	11,266,624	(126,835)
	Temporary differences recognized in retained earnings	0	16%	0	0
	Total Deferred income tax at 31.12.2013	72,026,077	16%	11,524,172	129,602
2014	Temporary differences recognized in profit and loss	1,482,097	16%	237,135	(20,413)
	Temporary differences recognized in equity	65,890,296	16%	10,542,447	(725,362)
	Temporary differences recognized in retained earnings	12,017,542	16%	1,922,807	1,922,807
	Total Deferred tax liability as at 31.12.2014	67,378,256	16%	10,780,521	(745,775)
	Total Deferred tax assets as at 31.12.2014	12,017,542	16%	1,922,807	1,922,807

Earnings per share

Earnings per share is calculated by dividing the net profit attributable to shareholders of the Company for the financial year 2014 amounted to 6,033,421 RON (2013: 1,442,674 RON) on weighted average number of ordinary shares in circulation to 578,949,939 (2013: 578,949,940) adjusted with self-owned shares value. Diluted earnings per share is determined by adjusting net profit attributable to ordinary shareholders and the weighted average number of shares outstanding, adjusted with self-owned shares value, dilution effects of all potential ordinary shares

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)**

NOTE 7 - CURRENT TAX AND DEFERRED TAX. EARNINGS PER SHARE (CONTINUED)

Profit attributable to ordinary shareholders

	RON	
	2014	2013
Profit (loss) for the period	6,033,421	1,442,674
Profit (loss) for the period attributable to ordinary shareholders	6,033,421	1,442,674
Weighted average number of ordinary shares	578,949,939	578,949,939
Ordinary shares issued at 1 January	0	0
Effect of self -owned shares held		
Weighted average number of ordinary shares at 31 December	578,949,939	578,949,939
Earnings per share (basic)	0.0104	0.0025
Profit attributable to ordinary shareholders (basic)	6,033,421	1,442,674
Convertible bonds interest expenses after tax	0	0
Profit attributable to ordinary shareholders (diluted)	6,033,421	1,442,674
Weighted average number of ordinary shares (diluted)	578,949,939	578,949,939
Weighted average number of ordinary shares (basic)	578,949,939	578,949,939
Effect of conversion of convertible bonds	0	0
Effect of share options issued	0	0
Weighted average number of ordinary shares (diluted) at 31 December	578,949,939	578,949,939
Earnings per share (diluted)	0.0104	0.0025

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)**

NOTE 8 - TANGIBLE NON-CURRENT ASSETS

RON

Description	Property and plant	Equipment	Furniture and Fixtures	Work in progress	Total
Cost or assumed cost					
Balance at January 1, 2013	197,241,566	15,257,289	9,663,256	2,733,465	224,895,576
Acquisitions	9,273,270	1,937,635	2,167,224	11,659,212	25,037,341
Disposals of non-current assets	13,406,535	15,746	2,184	12,733,768	26,158,233
Revaluation (decrease)	0	0	0	0	0
Balance at December 31, 2013	193,108,301	17,179,178	11,828,296	1,658,909	223,774,685
Balance at January 1, 2014	193,108,301	17.179.178	11,828,296	1,658,909	223,774,685
Acquisitions	12,230,883	678.757	381,390	10,051,662	23,342,692
Disposals of non-current assets	6,140,314	141	73	9,978,563	33,518,377
Revaluation (decrease)	17,558,640	0	0	0	0
Balance at December 31, 2014	181,640,230	17.857.794	12,209,613	1,732,009	213,598,999
Amortisation and impairment losses					
Balance at January 1, 2013	0	0	0	0	0
Period amortization	2,959,632	2,456,405	1,205,152	0	6,621,189
Impairments	1,302	0	0	0	1,302
Disposals of non-current assets	70,606	2,494	1,259	0	74,359
Balance at December 31, 2013	2,890,328	2,453,911	1,203,893	0	6,548,132

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)**

NOTE 8 - TANGIBLE NON-CURRENT ASSETS (CONTINUED)

Description	Property and plant	Equipment	Furniture and Fixtures	Work in progress	Total
Balance at January 1, 2014	2,890,328	2,453,911	1,203,893	0	6,548,132
Period amortization	(995,578)	2,557,318	1,297,291	0	2,859,032
Impairment losses	0	0	0	0	0
Disposals of fixed assets	41,413	141	30	0	41,583
Balance at December 31, 2014	1,853,338	5,011,089	2,501,154	0	9,365,580
Balance at January 1, 2013	197,241,566	15,257,289	9,663,256	2,733,465	224,895,576
Balance at December 31, 2013	190,217,973	14,725,268	10,624,403	1,658,909	217,226,553
Balance at January 1, 2014	190,217,973	14,725,268	10,624,403	1,658,909	217,226,553
Balance at December 31, 2014	179,786,892	12,846,706	9,708,459	1,732,009	204,074,066

On 31.12.2012 the company made last revaluation of tangible non-current assets. All these assets were revalued using the opinion of an independent external evaluator. Revaluation differences recorded by the company on 31.12.2012 related assets located in its patrimony cannot be distributed to shareholders.

The company revalued tangible non-current assets in the following years: 1999, 2002, 2003, 2005, 2007, 2009, 2011 and 2012.

If the carrying amount of an asset is increased as a result of a revaluation, the increase shall be recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss. If the carrying amount of an asset is impaired as a result of a revaluation, the decrease shall be recognized in profit or loss. However, the decrease shall be recognized in other comprehensive income to the extent that the revaluation surplus shows a credit balance for the asset. Reduction recognized in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)**

NOTE 8 - TANGIBLE ASSETS (CONTINUED)

On 31.12.2014, the Company reflected in the financial statements revaluation surpluses adjustments from previous years due to the Erratum lists submitted by independent external evaluator specifying the related fair value of all buildings includes the value of installations or upgrades the value of all conducted to date (2007, 2009, 2011 and 2012).

The Company has not entered into leases and therefore did not apply IAS 17 "*Leases*"

Regarding tangible non-current assets, the company has no restrictions on the ownership title.

The company owns:

- all the presented assets ;
- a total land area of 509,050.15 square meters, as:
 - 460,573.61square meters based on ownership certificates issued by the Ministry of Tourism for : S.C. Saturn S.A., S.C. Venus S.A., S.C. Eforie Nord S.A., S.C. Eforie Sud S.A. and release and receipt protocol between S.C. Neptun-Olimp S.A. and S.C. Miorita Estival 2002 S.A.;
 - 24,309,70 square meters purchased from the City Eforie North, under contracts of sale - buy;
 - 24,166,84 square meters following the exchange conducted with the City Hall Mangalia and Eforie North.

Pledged, mortgaged and restricted assets

Pledged, mortgaged and restricted assets

On 31.12.2014, the company has established mortgages on these assets:

- Complex Hotel - Restaurant Lidia Venus and the land total area of 5,593,89 square meters with a carrying amount of the asset mortgaged of 4,475,440 RON , and Hotel Diana from Eforie and the land total area of 936 square meters , in favor of the IFN Transilvania Leasing , guaranteed loan amount being 7,500,000 RON, credit which must be repaid in April 2015 at 31.12.2014 credit line being unused.
- Complex Hotel – Restaurant Brandusa from Venus and the land total area of 3,916,48 square meters with a carrying amount of the asset mortgaged of 1,554,866,63 RON, in favor of the BCR, guaranteed loan amount being 7,500,000 RON, credit wich must be repaid in the month of April 2014, Right of mortgage is established according to statement of land register, no, 102350/24,02,2014 for 10,000,000 RON in favor BCR SA.
- Complex Hotel - Restaurant Siret from Saturn and the land area of 9.797 square meters with a carrying amount asset mortgaged of 4,719,224 lei in favor of Transilvania Leasing IFN, guaranteed loan amount is 7,500,000 lei, which will be refunded in April 2015, on 31.12.2014 the short term bank loan is not being used.
- Complex Hotel - Restaurant Aida of Saturn and the land area of 10,953 square meters with a carrying amount of the asset mortgaged of 7,294,306 lei, in favor of BCR, guaranteed loan amount is 7,500,000 lei, loan which will be refund in May June 2015, on 31.12.2014 the short term bank loan is not being used.

In this class there were no compensation from third parties for impaired assets.

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)****NOTE 9 - INTANGIBLE ASSETS**

	RON	
Explination	31.12.2014	31.12.2013
Book value of intangible assets:	1,621,652	1,616,036
Licenses	1,042,972	1,037,356
Other intangible assets	578,680	578,680
Decreases (amortization):	1,579,207	1,547,742
Licenses	1,000,527	973,675
Other intangible assets	578,680	574,067
Net book value	42,445	68,295
Licenses	42,445	63,681
Other intangible assets	0	4,614

All intangible assets have defined useful life, amortization method is linear in all cases for the useful life. According to the accounting policy adopted in the company, life duration is up to 20 years for concessions, patents, licenses and up to 3 years for other assets.

In 2014, the intangible assets were not revaluated, given the non-material net book value. Intangible assets are booked at their cost.

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)**

NOTE 10 – INVESTMENT PROPERTY

Investment properties are measured at using the fair-value model, and are disclosed as follows:

RON		
Explanation	31.12.2014	31.12.2013
Complex Claudia	1,309,500	1,172,823
Rapsodia restaurant	259,109	8,500
Nunta Zamfirei land	0	472,880
Complex Minerva	769,963	606,611
Atelier Mecanic Saturn land	595,670	574,314
Hora kindergarten	32,000	0
Apollo Tennis court	4,034	0
Semiramis beach buffet land	381,337	274,032
Total	3,351,613	3,109,160

Assets classified as investment properties were evaluated by independent evaluators and they are not subject to an operating lease,
For assets recognized as investment property there are leases signed,
Rental income is recognized in the income statement and is presented in Note 4 Income from operating activities.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)**

NOTE 11 - OTHER INVESTMENTS, INCLUDING DERIVATIVES

Securities are recognized in the financial statements in accordance with IAS 27 (reviewed in 2010), IAS 36 (reviewed in 2009), IAS 39 (reviewed in 2009) and IFRS 7 (issued in 2008). According to these 4 standards, the company adopted the following policy for the recognition and valuation of shares and securities:

- investments in subsidiaries, jointly controlled entities and associates are recognized at cost;
- short-term investments held for sale, unlisted on the stock exchange market, are recorded at cost, For value depreciation, the company makes adjustments (the depreciation treatment for these securities is determined by IAS 39, paragraph 63);
- short-term investments held for sale listed, on the stock exchange market, are recorded at fair value (the value of trading on the last day of the year), In case of winnings or losses, they will be recognized in equity. If there are any indicators of impairment (as presented in paragraph 59 of IAS 39), as well as gains and losses from exchange rate differences, the loss of value is recognized in the period result.

RON

Other investment	2014			2013		
	Book value	Impairment	Net book value	Book value	Impairment	Net book value
Short-term investments						
Financial assets listed on the stock market held for trading	925	0	925	925	0	925
Financial assets unlisted on a stock market held for trading	809,521	809,110	411	809,521	809,110	411
Total Short-term investments	810,446	809,110	1,336	810,446	809,110	1,336

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)**

NOTE 11 - OTHER INVESTMENTS, INCLUDING DERIVATIVES (CONTINUED)

The share in companies listed on the Bucharest Stock Exchange are recognized at fair value (the value of the last trading day of the year). The book value of these shares is 925 RON and represented by Flamingo International Bucharest shares which is in bankruptcy.

The shares of companies not listed on a stock market are recognized at cost less impairments. Impairments were recognized for the total value of securities held by SC Union T&T SRL, SC Belona SRL in 2007.

SC Union SRL and SC Belona SRL were dissolved in 1998 according to a Court final decision, but winding applications were rejected, also irrevocably.

SC Europa Tour SA went into liquidation, without this procedure to be completed.

During 2013, ended the bankruptcy proceedings for Europa Tours SRL, company on which THR held 49% of its share capital, and for which it recognized impairments at a rate of 100% in previous exercises. The company derecognized the value of these securities and reversed the impairment booked.

In SC Union SRL, SC Belona SRL and SC Europa Tour SA, THR Marea Neagră SA was non-controlling interest shareholder and did not participate in the administration of respective companies.

The only representative and administrator of SC Union SRL and SC Belona SRL was Gabriel Bivolaru, whose criminal activity was the subject of criminal proceedings no. 891/1999.

Also, the only administrator of SC Europa Tour SA was Popa Viorel whose criminal activity was investigated in 1999 and was the subject of the criminal case – no. new 2736/62/2006 of Court of Appeal Craiova.

SC Union SRL, SC Belona SRL not hold goods in heritage collections, are insolvent and we do not estimate gains on their liquidation.

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)**

NOTE 11 - OTHER INVESTMENTS, INCLUDING DERIVATIVES (CONTINUED)

The unlisted shares on a stock exchange market are as follows:

No.	Company	% share capital	Book value (RON) at 31.12.2014	Book value (RON) at 31.12.2013	Impairment (RON)	Net book value (RON)
1	Union T&T SRL	6.55	691,633	691,633	(691,633)	0,00
2	Belona SRL	5.00	117,477	117,477	(117,477)	0,00
3	Europa Tours SA	49.00	0,00	0,00	0,00	0,00
4	Raiffeisen Bank SA	0.00	411	411	0,00	411
	TOTAL		809,521	809,521	809,110	411

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)**

NOTE 12 – INVENTORIES

					RON
Inventories	Book value (RON) at 31.12.2013	Balance at 31.12.2014	Write-downs at 31.12.2014	Book value (RON) at 31.12.2014	Index 2014/2013
Raw materials	0	38,807	(38,807)	0	0.00%
Materials (without price differences and VAT)	856,354	926,613	(19,910)	906,703	108.2%
Inventories	341,078	7,906	0	7,906	2.32%
Finished goods	0	0	0	0	0.00%
Raw materials and consumables at third parties	0	0	0	0	0.00%
Merchandise	27,979	11,715	0	11,715	41.87%
Packaging materials	15,989	15,989	0	15,989	100.00%
Advances for inventories acquisitions	0	0	0	0	0.00%
Total	1,241,400	1,001,030	(58,718)	942,313	80.64%

Inventories of materials and necessary equipment are used for investments acquired in order to complete ongoing investments.

At 31.12.2014, impairments amounted to 58,718 RON are recognized for raw materials and form that cannot be used due to legal stipulations (invoices, receipts, etc.).

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)**

NOTE 13 – RECEIVABLES

Receivables are presented in the financial statements depending on the nature of them (trade receivables and other receivables) at the likely amount to be collected.

RON

Name	Receivables at 31.12.2014	Allowances at 31.12.2014	Net book value of receivables 31.12.2014	Net book value of receivables at 31.12.2013	Variation of receivables 2013/2014 (%)
Trade receivables	586,221	(83,566)	502,655	1,347,043	37.16%
Other receivables	3,985,678	0	3,985,678	10,183,712	39.30%
Total	4,571,899	(83,566)	4,488,333	11,530,755	

The Company's receivables consist mainly of sales in installments and of state budget receivables represented by VAT to be recovered in amount of 1,513,894 RON (due to investments and purchases made).

Depending on their age, the book value of receivables is:

RON

Receivables	Total at 31.12.2014	Under 30 days	30-90 days	91-180 days	181-270 days	270-365 days	>1 year
Trade receivables	586,221	20,172	199,781	254,412	0	0	111,856
<i>from which:</i>						0	
<i>Transilvania Travel SRL</i>	67,279	0	67,279		0	0	0
Receivables from state budget	1,542,948	559,929	624,765	0	333,550	24,704	0
Borrowers active sales	2,347,476	1,035	14,860	0	0	0	2,331,581
Other receivables	95,254	54,101	7,214	6,285		32,630	0
TOTAL	4,571,899	635,237	846,620	260,697	333,550	57,334	2,443,437

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)**

NOTE 14 - ACCRUED EXPENSES

	RON	
Accrued expenses	2014	2013
Interests related to land purchased in installments	0	608
Press subscription expenses	0	1,202
Exploitation of mineral resources annual tax	128	0
Vignette tax	297	0
Insurance policies	34,728	40,851
Total accrued expenses	35,153	42,661

NOTE 15 - CASH AND CASH EQUIVALENTS

	RON	
Explanation	31.12.2014	31.12.2013
Bank accounts in RON	12,444,070	1,003,248
Bank account in foreign currencies	27,578	4,447
Petty cash in RON	26,226	16,079
Other values	1,486	3,414
Total	12,499,360	1,027,187

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)**

NOTE 16 – NON-CURRENT ASSETS HELD FOR SALE

							RON
NO	Category	Book value of non-current assets held for sale in 2014	Book value of assets disposed or disposed through reclassification in 2014	Book value of non-current assets held for sale at 31.12.2014	Book value of non-current assets held for sale in 2013	Book value of non-current assets sold in 2013	Book value of non-current assets held for sale at 31.12.2013
1	COMPLEX NEPTUN (HOTEL+ RESTAURANT)	0	0	20,532	20,532	0	20,532
2	COMPLEX COCORUL(HOTEL+RESTAURANT)	0	572,872	0	572,872	0	572,872
3	COMPLEX PAJURA (HOTEL+RESTAURANT+CT+ALIMENTARA)	0	559,988	0	559,988	0	559,988
4	VILE BALEA	0	722,901	0	722,901	0	722,901
5	HOTEL MINERVA	0	0	0	0	322,360	0
6	ALFA APARTMENTS	253,000	12,300	240,700	0	0	0
7	BETA APARTMENTS	245,851	0,00	245,851	0	0	0
	TOTAL BUILDINGS	498,851	1,868,061	507,083	1,876,293	322,360	1,876,293
1	COMPLEX NEPTUN (HOTEL+RESTAURANT)	0	0	629,336	629,336	0	629,336
2	COMPLEX COCORUL (HOTEL+RESTAURANT)	0	1,238,975	95,483	1,334,458	0	1,334,458
3	COMPLEX PAJURA (HOTEL+REST+CT+ALIMENTARA)	0	1,272,050	0	1,272,050	0	1,272,050
4	BALEA MANSION	0	3,008,793	0	3,008,793	0	3,008,793
5	SATURN GREENHOUSE -20000 MP	0	0	0	0	131,298	0
6	ALFA APARTMENTS	1,433,659	0	1,433,658	0	0	0
7	BETA APARTMENTS	1,368,823	0	1,368,823	0	0	0
8	HOTEL MINERVA	0	0	3,277,238	3,277,238	0	3,277,238
9	SNACK BAR CARMEN	0	0	39,050	0	0	39,050
	TOTAL LAND	2,802,482	5,519,818	6,843,588	9,521,875	131,298	9,560,925
	TOTAL NON-CURRENT ASSETS HELD FOR SALE	3,301,333	7,387,879	7,350,672	11,398,168	453,658	11,437,218

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)**

NOTE 16 - ASSETS HELD FOR SALE (CONTINUED)

Non-current assets held for sale are stated at the lower value between the carrying amount and fair value less costs to sell. Any subsequent increase or decrease of value of these assets was recognized in profit or loss, based on a specialized evaluation

Profit from selling these non-current assets held for sale was recognized in profit and loss account as follows:

RON

2014			2013		
Income from disposal of non-current assets held for sale	Expenses from disposal of non-current assets held for sale	Profit/Loss	Income from disposal of non-current assets held for sale	Expenses from disposal of non-current assets held for sale	Profit/Loss
15,594,347	(7,848,458)	7,745,889	1,941,321	(948,414)	992,907

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)**

NOTE 17 - THE SHARE CAPITAL, OWNERSHIP STRUCTURE AND CHANGES IN CAPITAL

The subscribed and paid up share capital is amounted to 57,894,993,9 RON divided into a number of 578,949,939 shares. During the reporting periods subscribed and paid up share capital did not change.

Of the total number of shares issued and outstanding at December 31, 2013 and December 31, 2014:

- THR Marea Neagra SA does not hold redeemed shares;
- Its subsidiaries do not own shares (none of them is one of the shareholders of SIF Transilvania);

The main characteristics of the securities issued by S.C. T.H.R. Marea Neagra S.A.: common, nominative, of equal value and dematerialized shares issued at a nominal value of 0,10 RON / share.

During 2013 the share capital has not changed, the structure of shareholders at 31.12.2013 communicated by the Central Depository in letter no. 4621/04.02.2014 is as follows:

Shareholders name	Percent(%)	Shares	Capital value(ROn)
SIF Transilvania S.A,	77,71%	449,920,140	44,992,014
A.V.A.S.	0,09%	516,915	51,692
Other corporate shareholders	14,35%	83,098,239	8,309,824
Other individual shareholders	7,85%	45,414,645	4,541,465
TOTAL	100,00%	578 ,949, 939	57 ,894 ,995

The Company has no employee stock grant schemes and there are no restrictions on voting rights. It also has no knowledge of agreements between shareholders which may result in restrictions on the transfer of securities and / or voting rights.

THR Marea Neagră S.A. shares, are listed on the second category of Bucharest Stock Exchange started from 15 august 2002, with symbol "EFO". In the last trading day of 2014, 30.12.2014, the closing price of EFO was 0,0588 RON/share, compared to 0,063 RON/share at 31.12.2013. During the year, on Bucharest Stock Exchange 12,849,346 shares were traded (nearly half from the previous year), the value of these transactions being 761,387 RON.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014**
(All amounts are presented in RON)

NOTE 18 - CAPITAL RESERVES. REVALUATION DIFFERENCES

RON

Explanation	31.12.2014	31.12.2013
Revaluation surplus	99,572,027	112,875,885
Legal reserve	4,238,520	3,921,283
Other reserves	16,742,400	15,648,285
Total reserve	120,552,947	132,445,453

The revaluation surplus refers to property and plant of the company and it was generated by the revaluations of tangible non-current assets in the years of 1999, 2002, 2003, 2005, 2007, 2009, 2011 and 2012.

The revaluation surplus has decreased during 2014 because of the resettlement of non-current assets to market value and of sales of assets while transferred to retained earnings.

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)**

NOTE 19 - RETAINED EARNINGS

lei

Element name		31.12.2014	Increase	Decrease	31.12.2013
Retained earnings – total	Credit balance	47,113,929	9,215,449	1,093,291	55,236,087
	Debit balance	5,048,850	-4,398,615	-12,356,480	13,006,715
Retained earnings representing non-distributed benefits	Credit balance	-2,189	1,393,715	1,093,291	298,235
	Debit balance	0	0	0	0
Revaluation surplus transferred to retained earnings	Credit balance	47,116,118	7,821,734	0	54,937,852
	Debit balance	0	0	0	0
Retained earnings from correction of accounting errors from previous years	Credit balance	0			0
	Debit balance	1,855,798	-4,398,615	-12,356,480	9,813,663
Retained earnings from adoption of IFRS	Credit balance	0			0
	Debit balance	3,193,052	0	0	3,193,052

NOTE 20 - OTHER ELEMENTS OF EQUITY

RON

Other elements of equity	31.12.2014	31.12.2013
Deferred tax recognized in equity	10,543,385	11,274,469
Profit distribution to legal reserve	317,638	48,535
Total Other elements of equity	10,861,023	11,323,005

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)**

NOTE 21 - LIABILITIES, LESS DEFERRED INCOME AND PROVISIONS

Short-term liabilities of the company are amounted to 5,893,840 RON, depending on the time structure of chargeability, as:

RON

Short-term liabilities	Liabilities at 31.12.2013	Liabilities at 31.12.2014	under 30 days	30-90 days	91-180 days	181-270 days	between 270- 365 days	> 1 year
Amounts owed to credit institutions	6,563,576	0	0	0	0	0	0	0
Advances collected for orders	50,320	27,649	27,649	0	0	0	0	0
Trade payables	1,462,140	1,782,346	1,781,561	784	0	0	0	0
Other liabilities	1,274,729	4,083,845	2,247,832	1,524,119	13,330	59,752	238,812	0
Total	9,350,765	5,893,840	4,057,043	1,524,904	13,330	59,752	238,812	0

Short term liabilities consist of guarantees granted by contractors, salaries, taxes for the year of 2014, payables and current tax .

The Company does not record liabilities which become eligible after a period exceeding five years; real guarantees for liabilities incurred by the company are disclosed in Note 8.

Long-term liabilities consist of performance guarantees given by entrepreneurs. Depending on the time of chargeability their long-term liabilities are grouped as:

RON

Long-term liabilities	Liabilities at 31.12.2013	Liabilities at 31.12.2014	under 30 days	30-90 days	91-180 days	181-270 days	270-365 days	>1 year
Amounts owed to credit institutions	0	0	0	0	0	0	0	0
Trade payables	100,168	0	0	0	0	0	0	0
Other liabilities	11,474,928	10,792,255	0	0	0	0	11,734	10,780,521
Total	11,575,096	10,792,255	100,168	0	0	0	11,734	10,780,521

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
 (All amounts are presented in RON)
NOTE 22 - PROVISIONS

The Company has not undertaken obligations for pension plans other than the one stated by Law no, 263/2010 on the unitary system of public pensions, with the subsequent updates. The collective labor agreement, signed for 2014, stipulates a retirement bonus of a gross salary. For the retirement bonuses to be paid in 2015, the company estimated a provision.

Company established provisions for litigation related to the sentence imposed in connection with land use of the Hotel Ancora for 74,332.62 RON, a provision for fines from ANAF amounted to 8.000 RON and a provision for copyrights amounted to 22.413 RON.

RON		
Explanation	31.12.2014	31.12.2013
Provisions for litigation	204,116	99,370
Provisions for pensions and similar obligations	23,020	24,943
Total Provisions	227,136	124,313

NOTE 23 - RELATED PARTIES TRANSACTION

Compared to 2013, in the year 2014 were carried out transactions with related parties, as set out in the tables below. Values presented include value added tax.

RON		
Receivables		
Related parties	2014	2013
Transilvania Travel SA	67,279	54,884
TOTAL	67,279	54,884

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)**

NOTE 23 - RELATED PARTIES TRANSACTION (CONTINUED)

Liabilities		
Related parties	2014	2013
Transilvania Travel SA	0	0
Transilvania Leasing IFN SA	0	2,869
TOTAL	0	2,869

Sales		
Related parties	2014	2013
Transilvania Travel	3,323,353	10,216,300
TOTAL	3,323,353	10,216,300

Acquisitions		
Related parties	2014	2013
Transilvania Travel	50,301	40,387
TOTAL	50,301	40,387

Interest and fees		
Related parties	2014	2013
Transilvania Leasing IFN SA	236,735	227,811
TOTAL	236,735	227,811

The values presented in the above tables do not include VAT.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)**

NOTE 23 - RELATED PARTIES TRANSACTION (CONTINUED)

According to IAS 24 "Related Party Disclosures" section, 17 specify that:

- outstanding balances by receivables and payables between related parties are related commercial transactions are conducted under terms and conditions similar terms and conditions which were accepted by third parties and are not guaranteed;
- we cannot provide additional information on guarantees given or received as it was not appropriate to represent;
- we did not recognize allowances for doubtful receivables and we have not written down any irrecoverable receivables from related parties because it was not the case.

NOTE 24 – CONTINGENT ASSETS AND CONTINGENT LIABILITIES

➤ The Company is involved in litigations, mainly relating to assets and land claims as follows:

- land area of 2,8 hectare from Saturn, ongoing litigation ;
- land area of 547 square meters Lot 41 from Saturn, ongoing litigation;
- land (517 square meters) afferent Restaurantului Venus from Eforie Nord, ongoing litigation;
- land area of 417 square meters afferent Hotel Ancora from Eforie Sud, ongoing litigation;
- land area of 197 square meters afferent Biroului Tehnic Eforie Nord (current headquarters of Politiei Eforie Nord Police), ongoing litigation,
- litigation with Romanian Post correction on real estate registration P.T.T.R Agency – Saturn Agency at OCPI.

NOTE 24 – CONTINGENT ASSETS AND CONTINGENT LIABILITIES (CONTINUED)

The company is involved in a litigation with the City Hall Mangalia therefore tax audit conducted by the 2008-2012 period, inspection completed by the tax inspection report nr.57355 / 11.10.2014, under which were issued two decisions to impose, in total amount of 7,604,311.45 lei.

The execution of those two decisions was suspended by the Court of Appel Constanta - file nr.776 / 118/2014 and the suspension effects subsist until the settlement of the substantive judicial action that THR will promote and which will take the annulment of decisions to impose.

The company recognized and estimated that due to the amount of 1,577,262 lei representing:

- i) tax additional buildings in the amount of 482,520 lei representing taxation of buildings without a reduction of 50% granted by Article 285 paragraph 2 of the Tax Code;
- ii) additional land tax in the amount of 253.029 lei representing taxation without the 50% discount granted by Article 285 paragraph 2 of the Tax Code;
- iii) penalties related to buildings and land tax established additional by monitoring body in the amount of 841,713 lei.

For the difference between the amount of buildings and land tax additional established by the control body and that recognized by society, there was requested and received erratum in the evaluation reports prepared by Preciss CONSULTING SRL 31.12.2007, 31.12.2009, 31.12.2011 and 31.12 .2012 specifying that the fair value of the buildings included at the time of assessments the value of installations, functional facilities or modernizations made to the buildings referred to until the time of reassessment, which leads to the conclusion that there are additional risks to society.

NOTA 25 - SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

Preparation of financial statements in accordance with IFRS has involved the use of the company's management to make judgments in applying accounting policies with implications carrying amount of assets and liabilities in the consolidated financial statements, such:

- tangible assets were revalued periodically, The evaluation was done by certified valuers, members of ANEVAR.
- The fair values are based on market values respectively estimated value for which an asset could be exchanged on the valuation date in a transaction made in objective conditions, after proper marketing action, interested parties that are in full knowledge of the facts. In the absence of current prices in an active market, valuations are prepared by taking into account the aggregate amount of cash flows that could be estimated from the sale of the asset. To the annual net cash flows it is applied a rate of return that reflects the specific inherent risks in order to establish the fair value of the assets.
- assets carried at cost are evaluated for impairment in accordance with the accounting policies of the Company. The assessment for allowance of receivables is made individually and is based on management's best estimate of the present value of the cash flows expected to be received. To estimate these cash flows, the management makes certain estimates on the financial statements of the counterparty. Each impaired asset is individually analyzed. Provisions accuracy depends on the estimation of future cash flows for specific counterparties. The amounts of provisions were estimated taking into account the chances of winning of the pending files to the competent courts. Because chances of winning results from the evaluation of the legal department grew, the company would have to reduce its provisions made for these claims. However, the company management considered it is not prudent to reverse provisions, and decided to keep them at the level of previous year.
- For the differences in fair value we have performed the calculation of the related deferred tax.

NOTE 26 - SIGNIFICANT RISK MANAGEMENT POLICY

Specific activity, determine the company's exposure to a variety of general risk, but also specific risks and financial market on that operates. Risk is defined as the possibility of unfavorable deviations to arise, against expected levels due to random fluctuations. Significant risks have a high impact on the Company.

The purpose of risk assessment is to identify the significance level and effects of the risks assumed by the company in investment activity.

In their activity, the company may face uncontrollable risks, which are generally associated with external factors such as macroeconomic conditions, legislative changes, changes in the competitive environment etc.

Usually, however, the company faced controllable risks, for which adopted active management policies and procedures (analysis, monitoring and control).

These risks are associated with internal invoices and nature of activity, the complexity of the organizational structure, quality of staff etc.

The main significant risks that the Company has to face, are:

- exchange rate risk
- interest rate risk
- credit risk
- liquidity risk
- operational risk

Exchange rate risk

The company is easily exposed to the fluctuations of exchange rate, mainly in the case of foreign currency current accounts, receivables and liabilities in other currencies, and receivables and liabilities in RON, but which on contracts are strengthened in relation to other currencies, usually in EURO and / or USD.

The company has not used and not used at this time derivatives to protect the RON exchange rate fluctuations relative to other currencies.

Interest rate risk

Operating cash flows of the Company are affected by changes in interest rates, mainly in the case of lines of credit contracted depending on ROBOR.

Credit risk

Credit risk is the risk of recording losses or reaching the estimated profits, due to non-fulfillment of financial obligations. THR Marea Neagră SA has sold assets in installments, for which has calculated and collected interest rate. The rest of the price of contracts and interest are secured by mortgages on assets in favor of THR.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014**
(All amounts are presented in RON)

NOTE 26 - SIGNIFICANT RISK MANAGEMENT POLICY (CONTINUED)

Liquidity risk

Liquidity is the ability of the Company to secure the necessary funds to fulfill all direct and indirect payable obligations , at a reasonable price at any time.

Liquidity risk is the risk that the Company may encounter difficulties in fulfilling its contractual obligation associated with financial liabilities that are settled in cash.

An analysis of assets and liabilities has been made, based on the remaining period from the balance sheet date to the contractual maturity date for the financial year 2014, as:

<i>Explanation</i>	2014	2013
Total liabilities (long and short term)	16,962,571	21,263,556
Cash and cash equivalents	12,499,360	1,027,187
Total equity	217,745,525	224,421,009
Net liabilities indicator	(213,282,314)	(204,184,640)

Operational risk

Operational risk is the risk of recording losses or failure to achieve the estimated profits due to internal factors such as inadequate implementation of domestic activities, the existence of a personal or inadequate systems or due to external factors such as economic conditions, changes capital market, technological progress. Operational risk is inherent in all activities of the company.

Defined policies for managing operational risk have considered each type of events that can generate significant risks and ways of their manifestations, to remove or reduce financial or reputational losses.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2014
(All amounts are presented in RON)**

NOTE 27 – SUBSEQUENT EVENTS

We have no knowledge about events after the balance sheet date that would lead to significant influence on the data presented in the consolidated financial statements prepared for the financial year 2014.

NOTE 28 - BOARD OF DIRECTORS PROPOSAL FOR ALLOCATING NET PROFIT

The Board of Directors proposes to the General Meeting of Shareholders of the company's net profit distribution obtained in 2014, amounted to 5,794,927 RON as follows:

- | | |
|--|----------------|
| ➤ The legal reserve in accordance with art. 183 of the Companies Act 31/1990, republished: | 317,683 RON; |
| ➤ Dividends | 2,026,325 RON; |
| ➤ Allocation to other reserves | 3,450,964 RON; |

The consolidated financial statements were approved by the Board of Directors on March 11, 2015 and were signed by:

ADMINISTRATOR
CHAIRMAN OF THE BOARD OF DIRECTORS
LUCIAN IONESCU

PREPARED BY:
CHIEF ACCOUNTANT
DUMITRA MIU