



SC Tourism, Hotels, Restaurants Marea Neagra S.A.

Headquarters: Romania, Mangalia, Lavrion street No.29, Constanta county
Tel: + 40-241-752-452 Fax: + 40-241-755-559
No. of Trade Registry Office: J13/696/1991, CIF: RO2980547,
IBAN: RO71RNCB0117015163140001
Romanian Commercial Bank - Agency Mangalia
Capital subscribed and paid: 57.894.993.9 lei
www.thrmareaneagra.ro

**Report of
Board of Directors of SC THR Marea Neagra SA
for the consolidated financial statements prepared for 2016**

Annual Report as per: Accounting Law 82/1991, OMPF 2844/2016 on approval of accounting regulations in accordance with International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, Law 297/2004 on the capital market and ASF Regulation no. 1/2006 regarding the issuers and operations with securities.

For financial year : **2016**

Companies in the scope of consolidation

Name of the company: **Tourism, Hotels, Restaurants “Black Sea” SA**
Headquarters: **str. Lavrion No. 29, Mangalia, Constanta County**
Tel/fax: +40241-752-452/0241-755-559
Single registration code with the Trade Register Office: **2980547**
Number in the Trade Register: **J13/696/1991**
Regulated market trading issued securities: **Bucharest Stock Exchange**
The share capital subscribed and paid: **57.894.993,9 lei**

Main characteristics of the securities issued by the company: registered shares, ordinary, dematerialized and indivisible with a nominal value of 0,1 lei/share

Name of the company: **Balneotherapy Saturn SRL - subsidiary**
Registered office: **Constanta highway, no.76, Mangalia, Constanta county**
Tel/fax: 0241-752.452
Registration code Trade Register Office: **14271182**
Order number in the Trade Register: **J13/1910/2001**
Company's shares are not traded on a regulated market, the holding out shareholders by directors with shareholders' register.



SC Tourism, Hotels, Restaurants Marea Neagra S.A.

Headquarters: Romania, Mangalia, Lavrion street No.29, Constanta county

Tel: + 40-241-752-452 Fax: + 40-241-755-559

No. of Trade Registry Office: J13/696/1991, CIF: RO2980547,

IBAN: RO71RNCB0117015163140001

Romanian Commercial Bank - Agency Mangalia

Capital subscribed and paid: 57.894.993.9 lei

www.thrmareaneagra.ro

1. Company's activity analysis

1.1.

a) Description of activity of the commercial company

Our main activity is the classification according to NACE 5510 - "Hotels" - namely the provision of accommodation, catering, spas and tourism facilities. The activity takes place in our places of business, registered and classified in accordance with regulations in force, providing all operating permits required by law.

According to NACE classification, company's main activity of Balneotherapy Saturn SRL is "Activities of specialist medical practice"- NACE code 8622.

b) Date of incorporation of the company

Commercial company was established on 05.03.1991, under the name SC Eforie SA.

The company has changed its name from Eforie SA into THR Marea Neagra SA in 2005, as per Decision of the delegated judge in Constanta Trade Registry with number 10 687/24.01.2005, and during 2011, the company moved its headquarters in Mangalia Str. Lavrion no. 29, jud. Constanta.

Balneotherapy Saturn LLC is a legal entity registered with the Trade Register under number J13/1910/2001, unique registration code 14271182.

c) Description of significant merger and reorganization

In 2016, there were no mergers or reorganizations.

d) description of acquisition and/or disposal of the assets

The company was established by transforming state economic units in companies, with up capital by contribution in kind of assets represented by units in territorial disputes hotel resorts on the coast, into use during 1968-1972 and hotel units nationalized .

Given the age of the assets as the large volume of investments necessary to maintain their tourist circuit, the company is carrying out in accordance with the shareholders' decision a restructuring strategy and development.

In 2015, under the restructuring strategy, the company continued selling assets, and modernization of assets approved for maintaining heritage.

Revenues from the sale of assets were used as intended budget or finance the investment program, with the other owned and attracted financial sources.



SC Tourism, Hotels, Restaurants Marea Neagra S.A.

Headquarters: Romania, Mangalia, Lavrion street No.29, Constanta county

Tel: + 40-241-752-452 Fax: + 40-241-755-559

No. of Trade Registry Office: J13/696/1991, CIF: RO2980547,

IBAN: RO71RNCB0117015163140001

Romanian Commercial Bank - Agency Mangalia

Capital subscribed and paid: 57.894.993.9 lei

www.thrmareaneagra.ro

1.1.1. Elements of the overall assessment:

a) Gross profit: 5.552.654 lei
b) Total revenues: 49.485.861 lei (of which adjustment operations and cancellation provisions and adjustments for impairment 1.084.785 lei and deferred income tax revenue of 29.269 lei);

turnover: 35.386.102 lei

c) Export: not applicable

d) Total cost: 43.933.207 lei

e) % Of the market held: 12,80% of the local tourism market

f) available in account: 7.777.716 lei

The group operates through its production facilities located in the tourist resorts of national interest Eforie Nord, Eforie Sud, Neptun, Venus and Saturn are among the leading companies of its kind in the country.

The company also has in its hotel units located in markets with well established positions in national, some have a growing market in Europe.

The activity is highly seasonal, being tied to the seasonal activity area or Romanian coast of the Black Sea.

To mitigate seasonality, the company has targeted investment program to develop their own capacity to provide medical treatment facilities using natural treatment factors specific date having 4 bases of its treatment in the hotel complexes "Hora", " Balada", " Sirena"- Saturn and Hotel Complex "Bran-Brad-Bega" Eforie Nord, the latter being commissioned in 2012.

Operational activity produces income that lead to a positive economic and financial results, able to ensure coverage of all operating costs, but also business growth through the development of own sources of financing programs of investments.

Concentration of revenues in a limited period of the year (June to August) involves temporary financing activities from other sources or bank loans, to be reimbursed as achieving revenue collection for the financial year in progress.



SC Tourism, Hotels, Restaurants Marea Neagra S.A.

Headquarters: Romania, Mangalia, Lavrion street No.29, Constanta county

Tel: + 40-241-752-452 Fax: + 40-241-755-559

No. of Trade Registry Office: J13/696/1991, CIF: RO2980547,

IBAN: RO71RNCB0117015163140001

Romanian Commercial Bank - Agency Mangalia

Capital subscribed and paid: 57.894.993.9 lei

www.thrmareaneagra.ro

1.1.2. Assessment of technical level of the Company

Description of the main products and/or services provided specifying:

a) main markets for each service and distribution methods

In 2016, THR Marea Neagra SA has exploited in a number of direct management a number of

7.494 beds and 10 005 places of catering, located in touring resorts on the Romanian coast of the Black Sea in units classified in category 4 * 3 * 2 *.

Its main products are packages of accommodation, catering, spas, recreation (spa, swimming pools, and cold baths mud).

An important distribution channel is the online selling through specialized sites, but also through its website sales channels fastest growing in recent years with high growth potential market.

Direct sales to receipts hotels especially on weekends, have significant share in sales, the company is organized to receive and resolve requests to hedge their optimal capabilities for services.

The tourism product of the main accommodation capacities are distributed and foreign markets under contracts with foreign partners - the European market, the main foreign partner is Thomas Cook - second worldwide tour operator that distributes product in tourism in Germany, Netherlands, Poland. In the Romanian market this partner of SC THR Marea Neagra SA holds more than half of the market share, with an upward trend in the future.

b) share of the main categories of services in total revenues:

Indicators	Actual (lei)			Share of total revenue (%)			Share of total turnover business(%)		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
Total revenue	47.539.733	42.791.490	48.371.806	100,00	100,00	100,00			
Turnover, including	29.700.221	34.231.396	35.386.102	62,47	80,00	73,15	100,00	100,00	100,00
- Accomodation	17.585.735	20.878.291	20.160.054	36,99	48,79	41,68	59,21	60,99	56,97
- Food and drink	8.731.786	9.659.528	10.617.463	18,37	22,57	21,95	29,40	28,22	30,00
- Rents	272.410	356.661	1.169.102	0,57	0,83	2,42	0,92	1,04	3,30
Other income included in Fiscal value	3.110.291	3.336.916	3.439.483	6,54	7,80	7,11	10,47	9,75	9,72



SC Tourism, Hotels, Restaurants Marea Neagra S.A.

Headquarters: Romania, Mangalia, Lavrion street No.29, Constanta county

Tel: + 40-241-752-452 Fax: + 40-241-755-559

No. of Trade Registry Office: J13/696/1991, CIF: RO2980547,

IBAN: RO71RNCB0117015163140001

Romanian Commercial Bank - Agency Mangalia

Capital subscribed and paid: 57.894.993.9 lei

www.thrmareaneagra.ro

Total revenue, excluding revenue adjustments and deferred income tax recorded by the Group in financial year 2016 amounted to 48.371.806 lei increased by 13,04% compared to 2015 (48.371.806 lei 2016/ 42.791.490 lei 2015).

Within total revenue, turnover totals 35.386.102 lei, positive trend compared to the previous year, to 3,37% (35.386.102 lei 2016/34.231.396 lei in 2015).

Revenues composing turnover in 2016 were made from conducting activities as it follows:

- Accommodation;
- Food and drink;
- Rent;
- Other income- parking, swimming pool, medical services, etc.

Percentage in the turnover structure is the income from activity of accommodation is 57,70%. Compared with 2015, they registered a slight decrease, by 3,5%, due rental of two fully active and unfulfilled contract with the National House of Pensions.

Revenues from catering constituted in 2016, 30,39% of turnover, an increase from 2015 by around 10% (10.617.463 lei / 9.659.528 lei).

Rental activity represented a small percentage of the turnover, namely the 3,83%. Revenue from this activity in the amount of 1.339.102 lei, was superior to those recorded in 2015, the growth is significant, 254%. The situation was determined, in this respect, mainly by rental in 2016, of assets: Complex Miorita, Complex and Semiramis.

Group "Other income" reflected in the turnover achieved through the deployment of secondary activities (treatment, parking, pool) amounted to 2.825.792 lei and represents compared with 2015, a decrease of 9,5%.

c) new products contemplated in the development stage of these products

The company prioritizes conservation, the development and creation of new tourism products, given the current market requirements for such services.

Along with its products embodied in packages of accommodation, catering, spas, entertainment, the company aims to develop the capacity of existing and the development and modernization of information system allowing online reservations and other services required by tourists.

The tariff policy and contracting conditions have created incentives for agencies tour operator consisting of:

- Facilities for families with children;



SC Tourism, Hotels, Restaurants Marea Neagra S.A.

Headquarters: Romania, Mangalia, Lavrion street No.29, Constanta county

Tel: + 40-241-752-452 Fax: + 40-241-755-559

No. of Trade Registry Office: J13/696/1991, CIF: RO2980547,

IBAN: RO71RNCB0117015163140001

Romanian Commercial Bank - Agency Mangalia

Capital subscribed and paid: 57.894.993.9 lei

www.thrmareaneagra.ro

- The “Early Registration” program;
- Commissioning a maximum of 20% in commissions for sales agents to charges under the contract;
- Non-commissioning of the catering services by the customer to the provider paying them a commission of 13%;
- Providing additional discounts (volume) at the end of the season.

Special offers were launched in order to boost sales packages:
“1 May at sea”, ‘The offer of the Rusalii’, Linear offer, “Seaside for all”- spring and autumn edition.

1.1.3. Assessment of the technical-material supply activity

Technical and material supply was based mainly on domestic sources of raw materials, with a few exceptions, namely investment that we used to import sources.

The company has implemented an integrated management system for quality, environment, food safety (EN ISO 9011: 2008, ISO 14001: 2005 and EN ISO 22000: 2005) which covers the segment of supply being implemented for specific operational procedures.

Purchases were made from traditional suppliers, manufacturers or importers, large companies, those with accreditation materials, ISO certified according to European norms and standards.

Suppliers are selected by a selection committee, based on established criteria and a score, reflecting mainly price/quality ratio.

With specific regard to supply sources mention that all raw materials purchased are accompanied by certificates of conformity, warranty certificates, data sheets.

Stocks of raw materials are minimal given the low season period.

1.1.4 Assessment of sales activity

a) Description of sequential sales evolution on domestic and foreign markets and sales prospects in the medium and long

The company has been operating mainly based on tourism signed service contracts with travel agencies, the National House of Public Pensions (contract treatment), foreign tourism, other beneficiaries, online sales. 2016 compared to BVC and achievements of the previous year, tourist traffic is as follows:



SC Tourism, Hotels, Restaurants Marea Neagra S.A.

Headquarters: Romania, Mangalia, Lavrion street No.29, Constanta county

Tel: + 40-241-752-452 Fax: + 40-241-755-559

No. of Trade Registry Office: J13/696/1991, CIF: RO2980547,

IBAN: RO71RNCB0117015163140001

Romanian Commercial Bank - Agency Mangalia

Capital subscribed and paid: 57.894.993.9 lei

www.thrmareaneagra.ro

Days Tourist	CNPP	Agencies	Own account	Online	Other beneficiaries	TOTAL
Conducted at December 31, 2016	138.900	197.922	18.933	23.218	24.435	403.408
BVC 2016	153.841	170.635	14.631	15.147	31.774	386.028
Differences Made-BVC 2016	-14 941	27.287	4302	8071	-7.339	17.380
Powered percentage 2016/BVC 2016	90,29	115,99	129,4	153,28	76,90	104,50
Powered Dec. 31. 2015	161.938	199.130	17.888	15.899	34.076	428.931
Differences Percentage 2016/made in 2015	-23 038	-1.208	1045	7319	-9.641	-25 523
Percentage BVC 2016/Made in 2015	85,77	99,39	105,84	146,03	71,71	94,05
Percentage REB 2016/Made in 2015	95,00	85,69	81,79	95,27	93,24	90,00
Differences BVC 2016/Made in 2015	-8.097	-28 495	-3.257	-752	-2.302	-42 903
Share structure in 2016	34,43	49,06	4,69	5,75	6,06	100,00
Share structure in 2015	37,75	46,42	4,17	3,70	7,94	100,00

As you can see, in 2016 was made a circulation of 403.408 tourist-days representing an increase over the budgeted 4,5% (403.408/368.028).

From the analysis of tourist traffic, we observe:

- Treatment contract signed with the National House of Public Pensions (CNPP) provided a circulation of 138.900 days-tourist tourism in 2016 with less than 14.941 tourist days budgetary provision for this period, the progress of the contract is 92,61% . In comparison with 2015, the number of tourist days was conducted percentage of 85,77%.
- Tourist traffic through travel agencies decreased from 2015 to 1.208 tourist days and to budget provisions grew by 16%. The decline in this indicator compared to 2015 was due to the failure number of tourist days because renting of two assets of the Company (Miorita complex and Semiramis complex). At their 2015 tourist traffic through travel agencies accounted for a total of 12.012 days-tourist.
- Segment sales for own account increased by 29,4% compared to the budgetary provisions, ie 5,84% over 2015.
- Online sales segment recorded a significant increase in 2016 compared to 2015 (146,03%) and to BVC with 153,28%.
- The company signed contracts with other beneficiaries (unions, associations, sports federations, etc.) based on which there has been a tourist circulation of 24.435 days-tourist, compared with 31.774 tourist days budgeted, representing 76,90% from budgetary provisions.

Another indicator of tourist traffic, the number of tourists registered a similar evolution to that expressed in tourist days in their own on-line and the average stay registered similar values to those of last year.



SC Tourism, Hotels, Restaurants Marea Neagra S.A.

Headquarters: Romania, Mangalia, Lavrion street No.29, Constanta county

Tel: + 40-241-752-452 Fax: + 40-241-755-559

No. of Trade Registry Office: J13/696/1991, CIF: RO2980547,

IBAN: RO71RNCB0117015163140001

Romanian Commercial Bank - Agency Mangalia

Capital subscribed and paid: 57.894.993.9 lei

www.thrmareaneagra.ro

Explanations	Treatment	Agencies	Own account	Other beneficiaries	Online	TOTAL
Number of tourists in 2016	8.460	31.485	5.891	4.071	6226	56.133
Number of tourists in 2015	10.056	32.821	6.307	6.893	4.265	60.342
Differences 2016/2015	-1.596	-1 336	-416	-2.822	1.961	-4.209
% 2016/2015	84,12%	95,92%	93,40%	59,06%	145,97%	93,02%
% 2016/Partners	15,07%	56,09%	10,49%	7,25%	11,09%	100,00%
% 2015/Partners	16,66%	54,39%	10,45%	11,42%	7,06%	100,00%

The average stay

Explanations	Treatment	Agencies	Own account	Other beneficiaries	Online	TOTAL
Arrival Environment 2016	16	6,29	3,21	6	3,72	7,18
Arrival Environment 2015	16	6	2,84	5	3,72	7,10
Differences 2016/2015	0	1,04	1,13	1.2	0	1,01

From analysis of the above resulted indicator average tourist stay a positive evolution in 2016, representing 7,18 days average stay from 7,10 days average stay in 2015, growth is mainly made from their own (3,21/2,84) and the agents (6,29/6,00).

The average occupancy rate in 2016 was 59,15% compared to 2015 when it recorded 59,00%.

In the coming years we will continue in the adaptation of tariff policy and contracting market demands, creating favorable circumstances for agencies tour operator, granting discounts for volume, facilities for families with children, policy Registrations early failure commissions for sellers and bring benefits stimulate the sale of food. We pay more attention to online sales segment. We envisage the development of special offers designed to ensure an increase in tourist traffic and to continuously adapt the tourism product to market developments.

b) Description of the competitive environment, the market share of the services and the main competitors

The company operates in an area where the main activity is the very object of our activity, namely the provision of accommodation, food, entertainment, the main attraction representing a



SC Tourism, Hotels, Restaurants Marea Neagra S.A.

Headquarters: Romania, Mangalia, Lavrion street No.29, Constanta county

Tel: + 40-241-752-452 Fax: + 40-241-755-559

No. of Trade Registry Office: J13/696/1991, CIF: RO2980547,

IBAN: RO71RNCB0117015163140001

Romanian Commercial Bank - Agency Mangalia

Capital subscribed and paid: 57.894.993.9 lei

www.thrmareaneagra.ro

beach and bathing water quality of the Black Sea and curative qualities the main natural resources spa cure, mud Techirghiol, Techirghiol Lake water, mesothermal sulphurous water, sea water and marine aerosols.

The area has the highest concentration of tourist capacities, creating a highly competitive environment, but also nondetermination, individual development generating increasing the attractiveness of the area, which resulted in the employers' organization of companies that establish common objectives and partnerships with local authorities.

Real competition is the external market with similar products, tariff policy distinguishing, identifying in this market as a competitor Bulgarian coast.

c) Description of any significant dependent society to a single client or to a group of clients whose loss would have a negative impact on company earnings

The tourism products of T.H.R. Marea Neagra S.A. have a wide national distribution and are available on all distribution channels (travel agents, websites, direct sales, etc.). As a result, the disappearance of a distribution partner will not significantly affect the tourism product.

An important customer is the National House of Public Pensions. Given that public procurement of this partner is retirees from the public sector by not buying these services do not cancel CNPP consumer demand. Health treatment is a necessary and ongoing product will sit on other distribution channels so that consumers can get to acquire the necessary product.

Correlated with the fact that our product is customized spa treatment, known and proven in the market, we will not encounter major difficulties with negative revenue impact if one of our main partners would withdraw from the market.

1.1.5. Assessment of aspects of employees/staff group

a) Regarding the human resources available locally in 2016 compared to 2015, the evolution of personnel was as follows:



SC Tourism, Hotels, Restaurants Marea Neagra S.A.

Headquarters: Romania, Mangalia, Lavrion street No.29, Constanta county

Tel: + 40-241-752-452 Fax: + 40-241-755-559

No. of Trade Registry Office: J13/696/1991, CIF: RO2980547,

IBAN: RO71RNCB0117015163140001

Romanian Commercial Bank - Agency Mangalia

Capital subscribed and paid: 57.894.993.9 lei

www.thrmareaneagra.ro

Nr. crt.	Indicator	No. to 31.12.2016	2016	2015
1	No. Permanent staff of which:	122	125	125
	a) TESA personnel	44	46	47
	b) operational staff	78	79	78
2	No. seasonal staff	22	271	269
3	Total staff	144	396	394

Compared to 2015, there is an average number of maintenance staff.

The situation in the dynamics of gross wages compared to income is as follows:

Nr. crt.	Indicator	2016	2015	2016/2015%
1	Expenses gross salary (RON)	8.158.743	6.863.841	118,87%
2	Average number of employees	396	394	100,51%
3	Turnover (ROL)	35.386.102	34.231.396	103,37%
4	Labor productivity (lei/employee)	89.358	86.882	102,85%
5	Average gross monthly salary (lei) made	1.717	1.452	118,25%
6	Average gross economy as Social insurance law	2.681	2.415	111,02%
7	Minimum wage (RON)	1.250	1.050	119,05%

Gross wage costs recorded an increase over 2015 of 18,87% in terms of the average number of employees remained constant. The increase was caused by higher wages legislative requirements regarding the minimum gross salary per economy. Efficient use of human resources commensurate with a slight increase labor productivity in 2016 compared to 2015 by 2,5%

Compared to the average gross salary of 2.681 lei economy, the gross salary of 1.717 lei registered on group represents 64%.

b) Relations between the manager and the employees covered by collective bargaining agreements, is based on communication, involvement and team spirit, observing the rules and working procedures established by internal regulations, job description, without any elements of conflict.

1.1.6. Assessment on impact of activity of the issuer on the environment.

The main activity of the Group is carried out in compliance with legislation on environmental protection requirements, obtaining environmental permits required for each type of activity on each site.



SC Tourism, Hotels, Restaurants Marea Neagra S.A.

Headquarters: Romania, Mangalia, Lavrion street No.29, Constanta county

Tel: + 40-241-752-452 Fax: + 40-241-755-559

No. of Trade Registry Office: J13/696/1991, CIF: RO2980547,

IBAN: RO71RNCB0117015163140001

Romanian Commercial Bank - Agency Mangalia

Capital subscribed and paid: 57.894.993.9 lei

www.thrmareaneagra.ro

The company identified all its activities with potential environmental impact and has covered environmental standards ISO 14001: 2005 by procedures.

In 2016 the Group has not faced legal disputes regarding the non-compliance of environmental regulations.

5. Financial accounting situation

In 2016, the Group had organized accounting under OMF OMF 881/2012 and 2844/2016 to approve accounting regulations in accordance with International Financial Reporting Standards. According to regulations of mentioned financial statements prepared by the parent company are audited annually by an audit firm ABA Audit SRL based on services contract no.918/21.04.2015.

The situation in the dynamics of the main active posts compared with 31.12.2016 similar items 2015 and 2014 is as follows:

ACTIVE	Value at 31.12.2014 (lei)	Value at 31.12.2015 (lei)	Value at 31.12.2016 (lei)	Variation 2016/2015 (%)	Weight 2016 total Active (%)
Intangible assets	42.445	612.035	510.805	83,46%	0,19%
Tangible	204 074 065	233 791 661	216 221 771	92,48%	82,10%
Real estate investments	3.351.613	3.337.958	16.350.751	489,84%	6,21%
Financial assets	0	0	2.432.010		0,92%
Receivables (including receivables on deferred tax)	1.972.807	1.538.569	1.394.641	90,65%	0,53%
TOTAL NON-CURRENT ASSETS	209 440 930	239 280 224	236 909 977	99,01%	89,96%
Stocks	942.313	658.266	617.359	93,79%	0,23%
Receivables	4.438.332	13.098.227	6.121.275	46,73%	2,32%
Financial assets	1.336	1.336	0	0,00%	0,00%
Cash	12.499.360	3.047.685	7.777.716	255,20%	2,95%
Assets classified as held for sale	7.350.672	4.073.434	11.007.555	270,23%	4,18%
Expenses registered in advance	35.153	42.367	923.873	2180,64%	0,35%
TOTAL CURRENT ASSETS	25.267.165	20.921.314	26.447.777	126,42%	10,04%
TOTAL ASSETS	234 708 095	260 201 538	263 357 754	101,21%	100,00%

In the Group's assets have the largest share assets (89,96%), mainly land and buildings share being 10,04% of current assets.



SC Tourism, Hotels, Restaurants Marea Neagra S.A.

Headquarters: Romania, Mangalia, Lavrion street No.29, Constanta county

Tel: + 40-241-752-452 Fax: + 40-241-755-559

No. of Trade Registry Office: J13/696/1991, CIF: RO2980547,

IBAN: RO71RNCB0117015163140001

Romanian Commercial Bank - Agency Mangalia

Capital subscribed and paid: 57.894.993.9 lei

www.thrmareaneagra.ro

On 31.12.2016, the assets was a decrease of 0,99% compared to 2015, following the change of destination of their classification as tangible property investment (Semriamis complex, complex Miorita) or as assets held for sale (Magura complex, complex Brandusa, Horia hotel, complex Venus, complex Tosca).

Analyzing the structure, tangible assets represent 82,10% of total assets.

International Standards (IFRS) require the reclassification of the active depending on their use.

At current assets was an increase compared to the level achieved in the previous year, from 4.073.434 lei to 11.007.555 lei, increasing assets held for sale due to falling inventories.

Group receivables consist primarily of trade receivables; receivables represented the state budget VAT recoverable, deferred income tax receivables.

In 2016 posts liabilities had the following evolution:

Liabilities	Value at 31.12.2014 (lei)	Value at 31.12.2015 (lei)	Value at 31.12.2016 (lei)	Variation 2016/2015 (%)	Percentage 2016 total liabilities (%)
Subscribed and paid capital	57.894.995	57.894.994	57.894.994		21,98%
Capital adjustment due application of IAS 29	0	85.945.333	85.945.333		32,63%
Share premium of which:	1.895.814	1.895.855	1.895.855	100,00%	0,72%
Premium and merger	1.894.814	1.894.814	1.894.814		
Share premium inflated due application of IAS 29	0	41	41		
Reserves of which:	20.980.920	24.917.245	26.451.693	106,16%	10,04%
Legal reserves	4.238.921	4.522.914	4.800.831		
Other reserves	13.334.143	20.394.331	21.650.862		
Therefore inflated reserves first application of IAS29	0	16.745.901	16.745.901		6,36%
Legal reserves inflated due application of IAS 29	0	1.280.018	1.280.018		
Other reserves inflated due application of IAS 29	0	15.465.883	15.465.883		
Revaluation differences of which:	99.572.027	114 037 747	108 045 261	94,75%	41,03%
Differences revaluation year 2015		17.818.925	17.818.925		
Except retained earnings arising reported the adoption of IAS 29 for the first time	42.229.372	47.420.552	53.330.461	112,46%	20,25%
From correction of accounting errors from previous years	(9.813.664)	(8.096.457)	(10.650)		
Surplus from revaluation reserves	54.937.852	58.710.059	52.870.621		
Originated from the transition to IFRS	(3.193.052)	(3.193.052)	631		
Retained earnings from adopting first IAS 29	0	(102 691 275)	(102 691 275)		-38,99%
result for the year	6.033.421	4.802.150	4.399.514	91,62%	1,67%
Other elements of equity	(10.861.023)	(13.362.778)	(12.895.836)	96,51%	-4,90%
Equity	217.745.526	237. 605.723	239. 121.901	100,64%	90,80%



SC Tourism, Hotels, Restaurants Marea Neagra S.A.

Headquarters: Romania, Mangalia, Lavrion street No.29, Constanta county

Tel: + 40-241-752-452 Fax: + 40-241-755-559

No. of Trade Registry Office: J13/696/1991, CIF: RO2980547,

IBAN: RO71RNCB0117015163140001

Romanian Commercial Bank - Agency Mangalia

Capital subscribed and paid: 57.894.993.9 lei

www.thrmareaneagra.ro

Medium and long-term debt	10.996.371	14.243.235	16.047.792	112,67%	6,09%
Short term debts	5.966.199	8.352.579	8.188.061	98,03%	3,11%
TOTAL LIABILITIES	234.708.097	260.201.538	263.357.754	101,21%	100,00%

Within passive elements, the highest share have equity (about 90,80%), capital representing 21,98% of total liabilities.

Equity on 31.12.2016 consists of:

-Capital capital subscribed and paid in the amount of 57.894.994 lei, unchanged over the last three years;

--First issue and merger in the amount of 1.895.814 lei, unchanged over the last three years;

-Tanks for legal and other reserves in the amount of 26.451.693 lei, an increase over 2015 of 6,16%;

-The difference from revaluation of company assets amounting to 108.045.261 lei to 2015 decreased by 5,25% due to sell certain assets;

-The result of earnings came mainly from the revaluation reserve surplus in the amount of 53.330.461 lei to 2015 increased by 12,46% in principal transferring surplus realized on account relating to the assets sold;

-Net -result of year amounted to 4.399.514 lei saw a decrease from that of 2015 by 8,38%.

Mention that revaluation since 01.01.2004 is recognized in terms of tax revenues as similar items as depreciation of tangible assets and their output. For these temporary differences between the carrying amount and the tax, IAS 12 requires the calculation of deferred income tax, which reduces the value of equity (included in the table above under the heading other capital related items) and add to the debt.

Long-term liabilities arise mainly from tax asset amounting to 12.960.731 lei and credits for investments in the amount of 2.400.000 lei.

Deferred income tax is not due and will be recognized as a liability payable, as depreciation or output of heritage assets.

Payable consist of trade payables in the amount of 491.079,90 lei, including wage related taxes and contributions in the amount of 522.636,47 lei, tax in the amount of 1.040.142 lei, due by 01/01/2017, loans the amount of 3.943.232 lei, the company not registering debts.



SC Tourism, Hotels, Restaurants Marea Neagra S.A.

Headquarters: Romania, Mangalia, Lavrion street No.29, Constanta county

Tel: + 40-241-752-452 Fax: + 40-241-755-559

No. of Trade Registry Office: J13/696/1991, CIF: RO2980547,

IBAN: RO71RNCB0117015163140001

Romanian Commercial Bank - Agency Mangalia

Capital subscribed and paid: 57.894.993.9 lei

www.thrmareaneagra.ro

Result for the fiscal year

lei

indicators	2014	2015	2016	Index 2016/2015
Total operating revenue:	47.223.130	42.517.131	48.174.341	113,31%
Income from accommodation	17.585.735	20.878.291	20.160.054	96,56%
Income from food	8.731.786	9.659.528	10.617.463	109,92%
Rental income	272.410	356.661	1.169.102	327,79%
Other income included in turnover	3.110.291	3.336.916	3.439.483	103,07%
Income from assets disposed of and active held for sale	15.665.455	7.260.763	10.919.946	150,40%
Other incomes	1.709.978	1.024.972	1.868.293	182,28%
Changes in inventories	147.476	0	0	
Total operating expenses:	39.013.714	36.365.495	42.237.130	116,15%
Expenses Stocks	7.080.456	6.852.891	6.971.502	101,73%
Expenditure on utilities	2.209.065	2.560.983	2.579.857	100,74%
Employee benefits expense	7.639.345	9.792.259	11.413.279	116,55%
Amortization and depreciation expenses assets	6.481.986	6.790.976	7.266.785	107,01%
Expenditure on property, and assets transferred held for sale	7.905.542	3.381.254	6.095.247	180,27%
Other taxes and fees	2.735.620	2.217.785	3.332.924	150,28%
Expenditure on external supply	4.007.457	4.042.149	4.414.570	109,21%
Other expenses	954.242	727.198	162.965	22,41%
Operating result	8.209.416	6.151.636	5.937.212	96,51%
Financial income	316.604	274.359	197.465	71,97%
Financial charges	575.732	149.304	582.023	389,82%
Financial result	-259 128	125.055	-384 558	-307,51%
Total income	47.539.733	42.791.490	48.371.806	113,04%
Total expenses	39.589.446	36.514.799	42.819.153	117,27%
Gross profit	7.950.288	6.276.691	5.552.654	88,46%
The result before tax	7.950.288	6.276.691	5.552.654	88,46%
Current income tax expense	1.939.044	1.339.701	1.182.409	88,26%
Deferred income tax expense	-1.764	134.842	0	0,00%
Income tax return postponed	20.413	0	29.269	
The net result	6.033.421	4.802.149	4.399.514	91,62%



SC Tourism, Hotels, Restaurants Marea Neagra S.A.

Headquarters: Romania, Mangalia, Lavrion street No.29, Constanta county

Tel: + 40-241-752-452 Fax: + 40-241-755-559

No. of Trade Registry Office: J13/696/1991, CIF: RO2980547,

IBAN: RO71RNCB0117015163140001

Romanian Commercial Bank - Agency Mangalia

Capital subscribed and paid: 57.894.993.9 lei

www.thrmareaneagra.ro

Indicators	2014	2015	2016	Index 2016/ 2015
The operational activity				
Basic activity				
Income	31.557.675	35.256.368	37.254.395	105,67%
Costs	31.108.172	32.984.241	36.141.883	109,57%
Cross profit core business	449.503	2.272.127	1.112.513	48,96%
Financial activity				
Income	316.604	274.359	197.465	71,97%
Costs	575.732	149.304	582.023	389,82%
Gross profit financial	-259.128	125.055	-384.558	-307,51%
Total revenue from activity financial operational	31.874.279	35.530.727	37.451.860	105,41%
Total expenses of the activity financial operational	31.683.904	33.133.545	36.723.906	110,84%
Gross profit activity financial operational	190.375	2.397.182	727.955	30,37%
The sales activity active				
Asset sales revenues	15.665.455	7.260.763	10.919.946	150,40%
Expenses asset sales	7.905.542	3.381.254	6.095.247	180,27%
Gross profit from the sale of assets	7.759.913	3.879.509	4.824.699	124,36%
Total income	47.539.733	42.791.490	48.371.806	113,04%
Total expenses	39.589.446	36.514.799	42.819.153	117,27%
TOTAL GROSS PROFIT	7.950.288	6.276.691	5.552.654	88,46%
Tax	1.916.866	1.474.543	1.153.139	78,20%
Net income	6.033.421	4.802.149	4.399.514	91,62%

The total revenues recorded in 2016 in the amount of 48.371.806 lei in comparison to 2015 with 13,04%. Total expenses recorded in the financial year 2016 amounting to 42.819.153 lei in comparison to 2015 to 17,27%, so a greater proportion than income, leading to a gross profit recorded in May 31.12.2016 with 11,54% lower than that registered 31.12.2015.



SC Tourism, Hotels, Restaurants Marea Neagra S.A.

Headquarters: Romania, Mangalia, Lavrion street No.29, Constanta county
Tel: + 40-241-752-452 Fax: + 40-241-755-559
No. of Trade Registry Office: J13/696/1991, CIF: RO2980547,
IBAN: RO71RNCB0117015163140001
Romanian Commercial Bank - Agency Mangalia
Capital subscribed and paid: 57.894.993.9 lei
www.thrmareaneagra.ro

The activities in relation to share revenues in total revenues, one can identify two categories namely: core activity of the company (strictly operational) generating income in percentage of 77,02% of total revenues and sales activity active as strategy development/restructuring approved by the General Meeting of Shareholders income in percentage of 22,58% of total revenues.

Total gross profit achieved in amounting to 5.552.654 lei shows on activities, following structure:

- Activity of (operational)	1.112.513 lei (20,04% of total PB)
- active sales activity	4.824.699lei (86,89% of total PB)
- financial activity	-384 558 lei (-6,93% of total PB)

Decreased total gross profit margin achieved in 2016 (5.552.654 lei) compared to that achieved in 2015 (6.276.691 lei) is due to the following factors:

- Failure income food related activity contracted travel agencies;
- Amortization costs increased amount of assets, due to higher asset values as a result of modernization works carried out;
- Increased spending local taxes as a result increase the taxable value of assets, the effect of revaluation according to Standard GEV 500;
- The significant increase in external supply costs. Significant influence in their amount represented an amount calculated and paid by the company, by way of royalties treated as wages, seasonal staff drew in Moldova.

Also, the cost of benefits to third parties were encumbered in their upwards and Demolition amounts of active ingredients, for performing investment works.

Concluding at the end of 2016, the Group recorded a gross profit worth **5.552.654 lei**, and net income, determined after deduction of income tax calculated according to legal regulations in the amount of **4.399.514 lei**, a decrease from that recorded in 2015 (4.802.149 lei) with 8,38%.

3. Financing of activity

During 2016, the parent company has funded work using own sources and by employing two lines of credit totaling 10.000.000 lei, which were used at the end of 2.500.000 lei.

The Company also contracted two lines of credit for financing investment, as follows:



SC Tourism, Hotels, Restaurants Marea Neagra S.A.

Headquarters: Romania, Mangalia, Lavrion street No.29, Constanta county

Tel: + 40-241-752-452 Fax: + 40-241-755-559

No. of Trade Registry Office: J13/696/1991, CIF: RO2980547,

IBAN: RO71RNCB0117015163140001

Romanian Commercial Bank - Agency Mangalia

Capital subscribed and paid: 57.894.993.9 lei

www.thrmareaneagra.ro

- 1.950.000 lei, short-term credit;
- 3.200.000 lei, long-term loan (five years).

In 2017, to the date of this report, the company proceeded to full reimbursement, early, short-term loan amounting to 1.950.000 lei.

Regarding obligations to pay company not registered on 31.12.2016, overdue obligations in relation to the state budget, banks and other authorities.

4. The tangible assets of the company

4.1. The main accommodation and catering capacities of the Company, located in the tourist circuit in 2016 are:

Accommodations:

- 2hotels of 4 * with a total capacity 992 Accommodation
- 8 hotels of 3 * hotels with a total capacity 3462 Accommodation
- 12 hotels of 2 *, with a total capacity of 3040 Accommodation

Catering units:

- 3 restaurants 4*, with a total capacity of 1440 seats –
- 7 restaurants 3* with a total capacity of 3267 seats
- 6 restaurants 2*, with a total capacity of 4174 seats
- 2 day bars 4* with a capacity of 120 places
- 9 day bars 3* with a total capacity of 554 seats
- 2 cocktail bar 2* with a total capacity of 130 seats
- 1 bar of 2* with a capacity of 170 places
- 2 buffets 1* with a capacity of 150 places

Entertainment units:

- 3 aqua park sites with a total capacity of 850 seats.

Spa treatment units:

- four treatment centers: Complex Bran-Brad-Bega Hora, Balada and Sirena with a total capacity of 5.350 procedures per day.



SC Tourism, Hotels, Restaurants Marea Neagra S.A.

Headquarters: Romania, Mangalia, Lavrion street No.29, Constanta county

Tel: + 40-241-752-452 Fax: + 40-241-755-559

No. of Trade Registry Office: J13/696/1991, CIF: RO2980547,

IBAN: RO71RNCB0117015163140001

Romanian Commercial Bank - Agency Mangalia

Capital subscribed and paid: 57.894.993.9 lei

www.thrmareaneagra.ro

****	1	80	0	0	0	0	1	40	2	120
***	0	0	0	0	1	54	8	500	9	554
**	1	120	0	0	1	10	0	0	2	130
Total bars day	2	200	0	0	2	64	9	540	13	804
Buffets										
**	0	0	0	0	0	0	1	170	1	170
*	0	0	1	60	0	0	1	90	2	150
Total buffets	0	0	1	60	0	0	2	260	3	320
Total earnings publish	5	1.700	2	288	5	1.332	20	6.685	32	10.005

4.2 Description and analysis of wear properties of companies

The assets held by the company are older than 45 years, generally being built during 1968-1972. Assets under own tourist circuit classification certificates and permits for operation, fulfills the legal requirements for comfort category respectively.

Some assets have been modernized in the last 10 years, the high level of comfort in one or two stars to three and four stars. The works performed were far-reaching, including consolidation, such as they recorded a lower wear than their age.

A particular activity is the existence of the heritage of productive units and auxiliary inoperable and others with partial operation, which hampers the core business and the economic result, given the necessary investment and shortage of funds, the market low real estate market and consequently reduced possibility capitalization asset sale approved by the company's strategy.

These assets generate costs both fixed and variable costs necessary conservation, nature fixed costs of taxes, as amended by Law no.227/2015 regarding the Fiscal Code with application since 01.01.2016.

To optimize these costs has been provided partial operation of assets where possible, to reduce the volume of losses.



SC Tourism, Hotels, Restaurants Marea Neagra S.A.

Headquarters: Romania, Mangalia, Lavrion street No.29, Constanta county

Tel: + 40-241-752-452 Fax: + 40-241-755-559

No. of Trade Registry Office: J13/696/1991, CIF: RO2980547,

IBAN: RO71RNCB0117015163140001

Romanian Commercial Bank - Agency Mangalia

Capital subscribed and paid: 57.894.993.9 lei

www.thrmareaneagra.ro

5. Evaluation of investment and development

The company is in a constant search for solutions to reduce costs, but also to attract new customers. The company implemented alternatives to produce electricity or heat for domestic hot water with solar energy, the solution is expanding. Also, considering the fact that the local administration has completed investment gas supply resorts, the company is considering connecting boilers and food blocks to the gas network, with a positive impact on the environment and efficient use of financial resources.

The company also completed the implementation of integrated information system for all units of accommodation and catering it holds the information systems of the main partners (National Pensions public agencies, tour operators), so you can get real time information on realization of tourist packages and their reallocation depending on requests and reconfiguration of pricing and sales policy.

In 2016, the Group made significant investments amounting to 20.048.045 lei (including VAT), of which the most important are listed below:

Nr. crt.	Investment objectives	Made in 31.12.2016
1	Narcis Complex - Phase II - works interior installations (228 rooms) and works Exterior - facades balconies, waterproofing, furniture, landscaping lounge restaurant Breakfast	6.673.195
2	Lidia complex - construction works, furniture, hotel TV system, system Air conditioning rooms	1.343.706
3	Hotel Hora - works railings balconies, rooms electrical works	1.275.749
4	Hotel Balada - works railings balconies, rooms electrical works	1.256.717
5	Hotel Aida - Finishing partial facades, construction and electrical works rooms and hallways, rooms furniture	849.894
6	Hotel Cerna - construction works interior bathrooms, cladding tiles 52 bathrooms, Plumbing	811.019
7	Hotel Miorita - works on facades, balconies construction	662.000
8	Complex Brandusa - interior painting works ctii 40 bathrooms, exterior painting 40 balconies, room furniture	469.359



SC Tourism, Hotels, Restaurants Marea Neagra S.A.

Headquarters: Romania, Mangalia, Lavrion street No.29, Constanta county

Tel: + 40-241-752-452 Fax: + 40-241-755-559

No. of Trade Registry Office: J13/696/1991, CIF: RO2980547,

IBAN: RO71RNCB0117015163140001

Romanian Commercial Bank - Agency Mangalia

Capital subscribed and paid: 57.894.993.9 lei

www.thrmareaneagra.ro

9	Restaurant Cerna - Enlargement works landscaping patio furniture	444.990
10	Ballad and Cleopatra pools - tiled cladding works, painting, pumps	326.160
11	Hotel Tosca - construction and installation works	125.536
12	Restaurant Aida - works plumbing and Electroviatormassage	143.230
13	Buffet Narcissus - construction works landscaping terrace, electrical	128.614
14	Hotel Cleopatra - Works bathrooms, exterior painting	113.281
15	Capitol Complex - works painting and exterior painting	101.755
16	Complex BBB – Works water treatment plant	70.814
17	Lawns disabled (bathrooms, rooms, ramps)	142.299
18	THR kitchen equipment units	138.537
19	Invested ii IT (licenses, equipment, software) of the additional license Opera for H Cleopatra BBB Complex, Hotel Aida	243.084
20	Switchboards, enclosures, electric meters to a total of 11 units	44.465
21	Other exterior construction works, waterproofing, electrical equipment and devices nature of investments	1.165.065
	Total investments without VAT	16.706.704
	VAT	3.341.341
	Total investment	20.048.045



SC Tourism, Hotels, Restaurants Marea Neagra S.A.

Headquarters: Romania, Mangalia, Lavrion street No.29, Constanta county

Tel: + 40-241-752-452 Fax: + 40-241-755-559

No. of Trade Registry Office: J13/696/1991, CIF: RO2980547,

IBAN: RO71RNCB0117015163140001

Romanian Commercial Bank - Agency Mangalia

Capital subscribed and paid: 57.894.993.9 lei

www.thrmareaneagra.ro

To finance these investments were used own sources of funding:

Explanations	Value (RON)
Cash flow generated by selling assets with full payment ^{***} installment (VAT) after payment Income tax	19.261.366
Development fund	957.331
Attracted sources - bank credit	5.150.000
Amortization	6.925.648
Own sources of financing	32.294.345

The share contribution in providing financing for investments was represented by own resources, results from their workouts.

6. Specify potential problems related to ownership of the tangible assets of the company.

The main disputes ownership of the company's tangible assets is related to:

- PTTR Agency Ag.Voiaj Saturn, against the Romanian Post Mail
- Land area of 197 sqm for the police headquarters in Eforie Nord (Technical Office) against Fortunescu A.

7. Market securities issued by the company

7.1. Specifying markets in Romania and other countries that the securities issued by the company.

It is a publicly owned company, according to the terminology provided by Law 297/2004 on the capital market, being registered with the Nat law Securities - Securities Office records.



SC Tourism, Hotels, Restaurants Marea Neagra S.A.

Headquarters: Romania, Mangalia, Lavrion street No.29, Constanta county
Tel: + 40-241-752-452 Fax: + 40-241-755-559
No. of Trade Registry Office: J13/696/1991, CIF: RO2980547,
IBAN: RO71RNCB0117015163140001
Romanian Commercial Bank - Agency Mangalia
Capital subscribed and paid: 57.894.993.9 lei
www.thrmareaneagra.ro

THR Marea Neagra SA shares are listed on the second tier of the Bucharest Stock Exchange since August 15, 2002, with the symbol "EFO". On the last trading day of 2016, ie 30.12.2016, the closing of the Stock Exchange THR Marea Neagra SA shares were listed on the value of 0,0826 lei/share, compared to 0,0848 lei/share 31.12.2015.

7.2. Description of company policy regarding dividends. Specification of dividends due/paid/accumulated over the past three years and, if applicable, the reasons for any shrinking dividends during the last three years.

In 2013 shareholders of the company determined that the profits earned to be used for distribution established by law and the remaining net profit to remain available to the company to finance investments.

In 2014, the General Meeting of Shareholders decided to distribute dividends amounting to 2.026.325 lei, the remaining profit is allocated to legal reserves and distributions to fund the company's development.

For the 2015 Annual General Meeting decided to distribute profit for legal reserves, to their sources of financing and dividend is worth 3.137.436 lei.

7.3. Description of any activities of the company to acquire own shares.

The company did not purchase own shares in 2016.

7.4. If the company has subsidiaries, including number and nominal value of the shares issued by the parent company held by subsidiaries.

The company holds interests in the share capital of other entities, as follows:

- 100,00% of the share capital of SC Balneterapia SRL
- 32,059% of the capital shock in part of SCTransilvania Hotels & Travel.

7.5. If the company has issued bonds and/or other debt instruments, showing how the company pays its obligations to the holders of such securities.

The Company has not issued bonds during 2016.



SC Tourism, Hotels, Restaurants Marea Neagra S.A.

Headquarters: Romania, Mangalia, Lavrion street No.29, Constanta county

Tel: + 40-241-752-452 Fax: + 40-241-755-559

No. of Trade Registry Office: J13/696/1991, CIF: RO2980547,

IBAN: RO71RNCB0117015163140001

Romanian Commercial Bank - Agency Mangalia

Capital subscribed and paid: 57.894.993.9 lei

www.thrmareaneagra.ro

8. The management of the company

8.1. Presentation of the company directors and the following information for each director:

THR Marea Neagra SA Company is managed by a Board of Directors consisting of five members,

Namely:

Mielu Dobrin	-President
Prescure Titus	-member
Nicolae Butoi	-member
Dorinel Cazacu	-member
Dragos Calin	-member

The General Meeting of Shareholders of SC THR Marea Neagra SA has met on 21.04.2016 approved the appointment of Mr. Dragos Calin as a member of the Board of Directors of the Company for a period equal to difference of mandate that remains to be executed by the administrators in operation ie until the date of 19.03.2019.

All Board members were elected at the shareholder proposal SIF Transilvania.

The Board of Directors met regularly in meetings, according to Law 31/1990 and in accordance with the Constitutive Act.

The Board of Directors monitored the operational and financial performance of executive management through indicators and performance criteria set in the budget of revenues and expenses and other approved programs. All efforts of the Board and executive management were aimed at fulfilling the company's mission to provide quality services, with trained personnel. Also, the priority objective is to develop material and technical basis, rehabilitation and modernization of the existing through a coherent and consistent investment in terms of effective environmental protection.

Board of Directors to pursue work program proposed for 2016, implementation of the budget of income and expenses and monthly and quarterly investment program and approved repairs.



SC Tourism, Hotels, Restaurants Marea Neagra S.A.

Headquarters: Romania, Mangalia, Lavrion street No.29, Constanta county
Tel: + 40-241-752-452 Fax: + 40-241-755-559
No. of Trade Registry Office: J13/696/1991, CIF: RO2980547,
IBAN: RO71RNCB0117015163140001
Romanian Commercial Bank - Agency Mangalia
Capital subscribed and paid: 57.894.993.9 lei
www.thrmareaneagra.ro

The effort forward and organization of the Board resulted in programs of future development of the company, marketing programs, programs computerization programs of promotion and recruitment and increasing the quality of tourism products, systems procedures for the main activities of the company and reconsideration of its organizational structure

b) any agreement, understanding or family connection between that administrator and another person because that person was appointed administrator;

It's not necessary.

c) participation in the company's capital administrator;

Mr. Mielu Dobrin, Chairman of the Board, owns 406.759 issued by the Company.

d) list of persons affiliated company.

Affiliates of THR Marea Neagra SA Company SA are:

- SIF Transilvania SA, which owns 7 7.71% of shares issued by THR Marea Neagra SA;
- Balneotherapy Saturn Ltd, a company in which SCTHR Marea Neagra SA holds 100% of shares issued;
- Transylvania Hotels & Travel S.A., A company in which THR Marea Neagra SA holds 32,059% of the share capital.

8.2. Presenting to senior executives of the company.

Company's executive management was provided to date by Mr. Stan Virgil 30/09/2016 - General under the mandate contract concluded under Law 31/1990.

Board of Administration, met on 27.09.2016, decided to appoint Mrs. Narcisa Mosoiu as General Manager for the period 01.10.2016-30.09.2017.

a) the term for which the person is part of the executive;



SC Tourism, Hotels, Restaurants Marea Neagra S.A.

Headquarters: Romania, Mangalia, Lavrion street No.29, Constanta county
Tel: + 40-241-752-452 Fax: + 40-241-755-559
No. of Trade Registry Office: J13/696/1991, CIF: RO2980547,
IBAN: RO71RNCB0117015163140001
Romanian Commercial Bank - Agency Mangalia
Capital subscribed and paid: 57.894.993.9 lei
www.thrmareaneagra.ro

The General Manager concluded with a contract according to Law 31/1990, the contract that expires on 30/09/2017.

b) any agreement, understanding or family connection between the person and another person because that person has been appointed as member of executive management;

It's not necessary

c) that person's participation in the company's capital.

Within the executive, Mrs. Mosoiu Georgiana Narcisa has a total of 1.500 shares.

8.3. For all persons presented in 8.1. and 8.2. the specify of any litigation or administrative proceedings involving the past five years, on their activity within the issuer, as well as those concerning the person's ability to perform their duties within the issuer.

It's not necessary.

9. Assessments of risk management company

9.1. Group Management provided and ensure prudent management of liquidity risk, aiming always ensure enough cash so as to cope with time payments on due date.

Specific work done, result in exposure to a variety of risks of the company as well as specific risks and financial market on which it operates. Risk is defined as the possibility of unfavorable results recorded deviations from expected levels due to random fluctuations. Significant risks represent risks with significant impact on the economic situation and/or reputational society.

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

In their activity, the Group may experience uncontrollable risks, which are generally associated with external factors such as macroeconomic conditions, legislative changes, changes in the competitive environment, etc. Usually, however, the Group faces risks controllable for adopting policies and procedures of active management (analysis, monitoring and control). These risks are associated with internal invoices and nature of activity, complexity of the organizational structure, quality of staff, etc.



SC Tourism, Hotels, Restaurants Marea Neagra S.A.

Headquarters: Romania, Mangalia, Lavrion street No.29, Constanta county

Tel: + 40-241-752-452 Fax: + 40-241-755-559

No. of Trade Registry Office: J13/696/1991, CIF: RO2980547,

IBAN: RO71RNCB0117015163140001

Romanian Commercial Bank - Agency Mangalia

Capital subscribed and paid: 57.894.993.9 lei

www.thrmareaneagra.ro

The main risks to which the Group is exposed are:

- currency risk
- interest rate risk
- credit risk
- liquidity risk
- operational risk

Currency risk

The group is easily exposed to fluctuations in currency exchange rates, mainly if current accounts in foreign currency assets and liabilities in other currencies and assets and liabilities in lei, but contracts are strengthened in relation to other currencies, usually in EURO and/or USD. Share transactions or strengthened in other currencies is low, so that risk does not have much impact

Interest rate risk

The company's operating cash flows are affected by changes in interest rates, mainly if credit lines contracted depending on ROBOR rate. In recent years the reference rate ROBOR had a relatively constant trend, which makes this risk is reduced.

Credit risk

Credit risk is the risk of recording losses or estimated profits, as a result of non-fulfillment of financial obligations. THR Marea Neagra SA has sold assets in installments, which calculates and collects interest. The rest of the price for the contracts and interest are secured by mortgages on assets in favor THR, so the risk of not cashing is reduced.

Liquidity risk

Liquidity is the Group's ability to secure the necessary funds to meet all its obligations to pay direct and indirect, at a reasonable price at any time. Liquidity risk is the risk that current or potential that could be subject to profits and shares, following its inability to meet its payment obligations when due.

The group watched constantly to ensure a balance between its sources of funding and its short-term needs, such as had always cash to fulfill financial obligations. Company prepares



SC Tourism, Hotels, Restaurants Marea Neagra S.A.

Headquarters: Romania, Mangalia, Lavrion street No.29, Constanta county

Tel: + 40-241-752-452 Fax: + 40-241-755-559

No. of Trade Registry Office: J13/696/1991, CIF: RO2980547,

IBAN: RO71RNCB0117015163140001

Romanian Commercial Bank - Agency Mangalia

Capital subscribed and paid: 57.894.993.9 lei

www.thrmareaneagra.ro

monthly cash flow forecasts for periods ranging from six months to a year, so it can detect in time any potential lack of liquidity and may take steps accordingly.

Operational risk

Operational risk is the risk of recording losses or estimated profits due to internal factors such as scrolling inadequate of internal activities, existing staff or systems inadequate or because of external factors such as economic conditions, changes capital markets, technological progress. Operational risk is inherent in all activities of the Company.

The policies adopted by the company to prevent and manage operational risk, which can have a direct impact negatively on operating activity (base), taking into account every type of event that can generate such risks.

9.2. Elements of perspective on the company's activity

One product with high growth potential in the future is spa tourism. The company's units are located in resorts with natural cure factors. The company identified opportunity and obtained licenses to exploit these natural resources, extending the capacity of the treatment facilities, so we can meet demand for such services.

This segment health and wellness will ensure mitigation of tourist activities and will help us attract tourists and foreign, especially European area. European Directive no. 24/2011 sets forth the rights of patients in cross-border healthcare, providing the legal framework to be guaranteed rights of European citizens to health services in all EU countries. One of the main concerns of the company is to attract this segment of tourists.

Another direction of development is leisure tourism, which is a priority for the company, with stage design environment environmental redevelopment, including the development of leisure facilities. A major concern of the company is to expand distribution channels. The company is in constant search of new customers and strengthens relationships with current customers market.



SC Tourism, Hotels, Restaurants Marea Neagra S.A.

Headquarters: Romania, Mangalia, Lavrion street No.29, Constanta county

Tel: + 40-241-752-452 Fax: + 40-241-755-559

No. of Trade Registry Office: J13/696/1991, CIF: RO2980547,

IBAN: RO71RNCB0117015163140001

Romanian Commercial Bank - Agency Mangalia

Capital subscribed and paid: 57.894.993.9 lei

www.thrmareaneagra.ro

10. The corporate governance

The Board of Directors met monthly meetings, according to Law 31/1990 re published and whenever needed, its duties as provided in the Articles of Association.

The Board of Directors monitored the operational and financial performance of executive management through indicators and performance criteria set in the budget of revenues and expenses and other approved programs.

During 2016 work was focused on managers carrying out of the activity of the company in accordance with the decisions of AGA, the law and the Articles of Association.

One of the constant concerns of managers has been increasing sales by developing sales department, identifying new customers and retaining traditional customers. It was also envisaged improving policies for promoting tourism products, by launching special offers and deals tailored for specific categories of tourists.

Also, the Board was concerned about asset sales, approving minimum prices and conditions of sale of these assets. The company actively seeking potential clients, public auctions organized and conducted adequate advertising of such transactions.

Disputes Management company are systematically monitored so that each meeting of the Board was on the agenda at least one point on the main disputes society. The Board of Directors reviewed options that the company has in these cases and, where applicable, hired law firms specializing in such disputes.

Within the company organized two committees with the following components:

- Audit Committee: Butoi Nicolae and Prescure Titus
- Committee remuneration: Mielu Dobrin and Cazacu Dorinel.

The company is managed in the single system, the company's executive management is provided by Mrs. Narcisa Georgiana Mosoiu, as CEO. General Manager duties are clearly defined mandate as stipulated in the contract signed with the company.

In the company there is implemented a system of internal control for the main activities being established work procedures. Internal control to ensure at all levels in the company being set up an office of internal financial control and management.

The internal audit activity was outsourced, and in this respect was signed a contract with SC MAN-CO SRL Bucharest. Internal Audit is directly subordinated to the Board of Directors.



SC Tourism, Hotels, Restaurants Marea Neagra S.A.

Headquarters: Romania, Mangalia, Lavrion street No.29, Constanta county

Tel: + 40-241-752-452 Fax: + 40-241-755-559

No. of Trade Registry Office: J13/696/1991, CIF: RO2980547,

IBAN: RO71RNCB0117015163140001

Romanian Commercial Bank - Agency Mangalia

Capital subscribed and paid: 57.894.993.9 lei

www.thrmareaneagra.ro

The company joined a Code of Corporate Governance which approved new BSE Corporate Governance Code which came into force starting with 4 January 2016.

Financial and accounting reports of the Company are submitted to the tax authorities and bodies of the market in terms of the law.

The appointment or replacement of Board members and amending articles of incorporation are under the law, without society have special rules in this regard. To date proposals for members of the Board of Directors were made by the majority shareholder; the appointment is decided by the General Meeting of Shareholders. Chairman of the Board is elected by the members of the Board of Directors.

Board members have responsibilities on the issue or buy back shares. The management agreement stipulates that if the company or its directors interrupt the execution of the warrant, without just cause, the revocation or cancellation, will respond to the other party of any damages.

General shareholders' meetings are as follows:

- check the attendance list of shareholders, capital that each one it represents and finding fulfillment of legal requirements and the Articles of Association to the general meeting;
- presents items on the agenda of the convening notice and put to the vote;
- GMS decisions are taken by open vote, except for the appointment of managers and financial auditor is mandatory secret ballot;
- check voting results and recorded in the minutes of the meeting.

According to the provisions of Law 31/1990 and the Articles of Association, AGOA has following responsibilities:

- a) to discuss, approve or modify the annual financial statements, based on reports of the Board of Directors and the auditor and determine the dividends;
- b) to elect and dismiss the members of the Board, to appoint or dismiss the financial auditor and to set the minimum term of the audit contract;
- c) to agree with the remuneration for the current members of the Board;
- d) to decide on the management of the Board of Directors;
- e) to establish the income and expenses and, if necessary, the work schedule, the next financial year;
- f) to decide the pledge, lease or close one or more units of the company.

The Shareholders have non-property rights (the right to participate in general meetings of shareholders, voting rights, right to information) and economic rights (right to dividends and the right to dispose of the shares).



SC Tourism, Hotels, Restaurants Marea Neagra S.A.

Headquarters: Romania, Mangalia, Lavrion street No.29, Constanta county

Tel: + 40-241-752-452 Fax: + 40-241-755-559

No. of Trade Registry Office: J13/696/1991, CIF: RO2980547,

IBAN: RO71RNCB0117015163140001

Romanian Commercial Bank - Agency Mangalia

Capital subscribed and paid: 57.894.993.9 lei

www.thrmareaneagra.ro

11. Conclusions and proposal for profit distribution of the company

In 2016 the company has been operating in accordance with the Articles of Association, the decisions of AGA, the BVC, in compliance with legislation on the organization and Recognition of specific activity and capital market regulations.

Given the above, the Board proposes to the distribution of net profit of the black S.C. T.H.R. Marea Neagra S.A. in value of 4.455.307 lei, as follows:

-The legal reserve	=	277.117 lei
-Dividends	=	3.936.860 lei
-Own financing sources	=	241.330 lei

Chairman of the Board
Engineer Mielu Dobrin