



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452  
Facsimil: +40-241-755-559  
Registration No. Trade Register of Constanța: J13/696/1991, CIF: RO2980547,  
IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency  
Subscribed and Paid Capital : 57.894.993,9 lei  
Company managed in a dualistic system

[www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

## ANNUAL REPORT

### About the consolidated financial situations of

### SC THR MAREA NEAGRA SA

Drawn up according to the Accountancy Law no. 82/1991, OMFP 2844/2016 for the approval of the accountant regulations according to the International Standards of Financial Reference, to the Law 24/2017 concerning the capital market and the ASF Regulation no. 1/2006 regarding the issuers and the security operations,

### for the consolidated exercise ended on 31<sup>st</sup> of December 2017

**Name of the commercial company:** Tourism, Hotels, Marea Neagra S.A. Restaurants,  
Company managed in a dualistic system

**Registered Office:** Lavrion Street, No. 29, Mangalia, Constanța County

**Telephone Number/Facsimil:** 0241-75.24.52 / 0241-75.55.59

**Tax Identification Number to the Trade Register Office:** 2980547

**Ordinal number in the Trade Register:** J13/696/1991

**The regulated market whereon issued securities are traded:** Stock Exchange of Bucharest

**Subscribed and paid capital:** 57.894.993,9 lei

**Main features of the securities issued by the commercial company:** nominative actions, ordinary, book-entered and indivisible with a nominal value of 0,1 lei/action.

**Name of the commercial company:** Saturn S.R.L. Balneotherapy – branch

**Registered Office:** Lavrion Street, No. 29, Mangalia, Constanța County

**Telephone Number/Facsimil:** 0241-75.24.52 / 0241-75.55.59

**Tax Identification Number to the Trade Register Office:** 2980547

**Ordinal number in the Trade Register:** J13/696/1991

The shares of the company are not traded on a regulated market registered by the shareholders by the administrators with the help of the Shareholders' Register.



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452  
Facsimil: +40-241-755-559  
Registration No. Trade Register of Constanța: J13/696/1991, CIF: RO2980547,  
IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency  
Subscribed and Paid Capital : 57.894.993,9 lei  
Company managed in a dualistic system

[www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

On 8<sup>th</sup> of November 2017, The General Meeting of the Shareholders changed the managing system, from the whole, in dualistic system, appointing a Supervisory Board made by 3 members:

- \* **Mielu Dobrin – President**
- \* **Dragoș Călin - Member**
- \* **Dănuț Florin Buzatu - Member**

All members of the Supervisory Council were chosen to the proposal of S.I.F. Majority Stockholder of Transilvania.

Along with the passing of the managing dualistic system, the Supervisoru Council a founded two committees, with the following constituents:

- **Audit Committee** Mielu Dobrin and Florin Dănuț Buzatu
- **Appointment and Payment Commitee:** Dragoș Călin and Florin Dănuț Buzatu.

The company adhered to a Corporate Governess Code, annually drawing up the Statement of Conformity provided by CGC.

At the date of this Report, THR Marea Neagră is unaware of the existence of agreements, agreements or family relationships between the members of the Supervisory Board and other persons for whom they have been appointed as directors.

At the time of writing, THR Marea Neagră is unaware of the existence of litigation or administrative proceedings against the Supervisory Board in relation to their activity within the issuer or regarding the person's ability to perform his duties within the issuer.

The Supervisory Board is based on the principles of corporate governance, which establish a responsible, professional and ethical attitude of the Company vis-à-vis major stakeholders. Within the Council, the Company's strategy and environmental prerequisites are explored in order to plan the development of the THR Black Sea and its performance, ensuring a rigorous formulation of the objectives. Within the Supervisory Board, the Company's Directorate provided detailed information on the financial statements of 2017.

The Supervisory Board was interested both in enhancing the Company's profitability and in maintaining its image of a solid and trustworthy partner for all employees.



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register of Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and Paid Capital : 57.894.993,9 lei

Company managed in a dualistic system

[www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

The financial statements and the audit report were submitted for review to the Supervisory Board.

The Annual Report of the Board of Directors in accordance with the requirements of the capital market legislation was endorsed by the members of the Supervisory Board. The Directors' Report provides a true and fair view of the Company's results for the financial year 2017.

**President of the Supervisory Board**

**Eng. Mielu Dobrin**



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452  
Facsimil: +40-241-755-559  
Registration No. Trade Register of Constanța: J13/696/1991, CIF: RO2980547,  
IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency  
Subscribed and Paid Capital : 57.894.993,9 lei  
Company managed in a dualistic system

[www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

## Report

### of the Board of Directors SC THR Marea Neagra SA

### related to the individual financial situations drawn up for the year 2017

**Annual report according to:** The accountancy Law no. 82/1991, OMFP 2844/2016 for the approval of the Accountant Regulations according to the International Standards of Financial Report, to the Law no. 24/2017 regarding the capital market and the ASF Regulation no. 1/2006 regarding the issuers and the security operations.

For the financial exercise : **2017**

#### **The commercial companies from the consolidation perimeter**

Name of the commercial company: ***Turism, Hoteluri, Restaurante Marea Neagra S.A.,***

***Company managed in dualistic system***

Head Office: **Lavrion Street, No. 29, Mangalia, Constanța County**

Telephone number/Facsimil: **0241-75.24.52 / 0241-75.55.59**

Unique Registration Code to the Trade Register Office: **2980547**

Order number in the Trade Register: **J13/696/1991**

The regulated market on which the issued securities are traded: **Stock Exchange of Bucharest**

Subscribed and paid capital: **57.894.993,9 lei**

The main characteristics of the securities issued by the commercial company: nominative, ordinary, dematerialized and indivisible shares with a nominal value of 0.1 lei / share.

Name of the commercial company: **Saturn S.R.L. Balneotherapy S.R.L.**

Head Office: **Constanței Road, No. 76, Mangalia, Constanța County**

Telephone number/Facsimil: **0241-752.452**

Unique registration code at the Trade Register Office: **14271182**



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452  
Facsimil: +40-241-755-559  
Registration No. Trade Register of Constanța: J13/696/1991, CIF: RO2980547,  
IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency  
Subscribed and Paid Capital : 57.894.993,9 lei  
Company managed in a dualistic system

[www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

Order number of the Trade Register: J13/1910/2001

The shares of the company are not traded on a regulated market registered by the shareholders by the administrators with the help of the Shareholders' Register.

## **1. Analyzing the business of the company**

### **1.1. a) Description of the basic activity of commercial company**

The main activity of the company according to the classification is CAEN code 5510 - "Hotels" - respectively the provision of accommodation services, public catering, spa treatment and tourist entertainment.

The activity is developed through its own work points, registered and classified according to the normative acts in force, having all the operating authorizations stipulated by the legislation in force. According to the C.A.E.N. classification, the main activity of Saturn Balneotherapy,

S.R.L. is "Specialized Health Care Activities" - C.A.E.N. 8622.

### **b) The date of company's foundation**

The commercial company was founded on 5<sup>th</sup> of March 1991, having the name of S.C.

Eforie S.A. The company changed its name from Eforie S.A. in T.H.R. Marea Neagră S.A. in 2005, according to the Conclusion of the Deputy Judge at the Constanța Trade Registry Office number 10.687 / 24.01.2005, and during 2010, the company relocated its registered office in Mangalia, Str. Lavrion nr. 29, Constanța County.

In AGEA from 8<sup>th</sup> of November 2017, the management system of the company was modified in the Dualist system, the management of the company being carried out by the Supervisory Board and the Board of Directors. Saturn S.R.L. Balneotherapy is a legal person registered at the Trade Register Office under the number of J13/1910/2001, unique registration code 14271182..

### **c) Description of significant mergers and reorganizations**

In 2016, no mergers or reorganizations took place.

### **d) Description of acquisitions and / or asset transfers**



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452  
Facsimil: +40-241-755-559  
Registration No. Trade Register of Constanța: J13/696/1991, CIF: RO2980547,  
IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency  
Subscribed and Paid Capital : 57.894.993,9 lei  
Company managed in a dualistic system

[www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

In 2017, the company continued its strategy of development / restructuring of the company by selling some assets from the company's patrimony, namely:

- Mercur Restaurant (building and land) from Eforie Sud;
- Land Hotel Sport of Eforie Nord;
- Neon Thermal Plant (building) of Eforie Nord.

## 1.1.1. Elements of general assessment:

- a) Gross profit : **2.179.406 lei** ;
- b) Total incomes: **39.146.598 lei** (whereby adjustment and write-off provisions 69.330 lei);
- c) The turnover: **34.854.421 lei**
- d) Export: it's not necessary
- e) Total costs: **36.967.191 lei** (less deferred tax and specific tax of **563.370 lei**);
- f) % of the held market: **12,80%** of the local tourist market
- g) Valid in the account: **5.635.805 lei.**

The company carries out its activity through its points of interest in the tourist resorts of national interest: Eforie Nord, Eforie Sud, Neptun, Venus and Saturn, being among the main profile companies in the country.

The company also has hotel units located in the market with well-established positions at the national level, some of them having the European market.

The activity has a pronounced seasonal character, determined by the period of holidays and stays on the Romanian Black Sea coast.

In order to attenuate the seasonality, the company has oriented its investment program towards the development of its own facilities for the provision of medical treatment services through the use of specific natural cure factors, currently having 4 bases of treatment within the Hora hotel complexes, Balada ", Sirena "- Saturn and" Bran-Brad-Bega "Hotel Complex in Eforie Nord, the last one being put into operation in 2012.



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452  
Facsimil: +40-241-755-559  
Registration No. Trade Register of Constanța: J13/696/1991, CIF: RO2980547,  
IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency  
Subscribed and Paid Capital : 57.894.993,9 lei  
Company managed in a dualistic system

[www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

Operational activity generates income that results in a positive economic and financial result, able to cover all operating costs, as well as the realization of profit partly used to finance investment programs.

The concentration of the revenues achieved in a limited period of the year (June-August) involves the temporary financing of activities from attracted sources, respectively bank loans, which are reimbursed as the revenues for the financial year in progress are realized.

## 1.1.2. Assessment of the technical level of commercial company

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

### *a) The main outlets for each service and the distribution methods*

In 2017, THR Marea Neagra SA exploited in direct management a number of 6,598 accommodation places and 5,525 public places, located in the tourist resorts on the Romanian Black Sea coast, in units classified as 4\*, 3\* and 2\*.

The main products of ours are the packages of accommodation services, public catering, spa treatment, recreation (spa, swimming pools, mud baths).

An important channel of distribution is online sales through specialized sites, but also through its own sales website, the most ascending channels in recent years and with high potential for growth in the market.

Direct sales at hotel reception, especially at the end of the week, have a significant share in sales, with the company being organized to receive and solve the requests in order to cover optimally its own service capabilities.

The tourist product of the main accommodation capacities is also distributed on the foreign market on the basis of contracts concluded with external partners.

### *b) The incomes structure on the main service categories:*

Indicators	Achieved (lei)	Total incomes (%)	Tota turnover (%)
------------	----------------	-------------------	-------------------



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register of Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and Paid Capital : 57.894.993,9 lei

Company managed in a dualistic system

[www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

	2015	2016	2017	2015	2016	2017	2015	2016	2017
<b>Total incomes, excluding adjustment incomes</b>	<b>42.791.490</b>	<b>48.371.806</b>	<b>39.146.598</b>	100,00	100,00	100,00			
<b>The turnover, whereby:</b>	<b>34.231.396</b>	<b>35.386.102</b>	<b>34.854.421</b>	80,00	73,15	89,04	100,00	100,00	100,00
- Housing	20.878.291	20.160.054	21.016.132	48,79	41,68	53,69	60,99	56,97	60,30
- Meal	9.659.528	10.617.463	10.128.015	22,57	21,95	25,87	28,22	30,00	29,06
- Rents	356.66	1.169.102	606.15	0,83	2,42	1,55	1,04	3,30	1,74
Other incomes contained in the turnover	3.336.916	3.439.483.	3.104.123	7,80	7,11	7,93	9,75	9,72	8,91

The total incomes, excluding provisions for cancellation provisions, recorded by the company in the financial year 2017, amount to 39,146,598 lei and represent 80.93% of the realized 2016 year.

Within the total incomes, the turnover amounts to 34,854,421 lei, which represents 98.50% compared to the previous year.

Turnover incomes in 2017 were made from the following activities:

- Housing;
- Public nourishment;
- Rents;
- Other incomes – additional services: treatment, parkings, swimming pools, etc.

The share in the structure of the turnover is the income from the activity of

accommodation – 60.30%. The revenues from the public alimentation constituted in 2017, 29.06% of the turnover. The rental activity represented a small share of the turnover of 1.74%.

The incomes resulted from this activity, in the amount of 876,151 lei, were below the level budgeted for 2017. The group "Other incomes", reflected in the turnover, achieved by performing secondary activities (treatment, parking, swimming pools) amounted to 3.104.123 lei and represents, compared to 2016, a 7,75% reduction.

*c) New products envisaged and the stage of development of these products*





# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452  
Facsimil: +40-241-755-559  
Registration No. Trade Register of Constanța: J13/696/1991, CIF: RO2980547,  
IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency  
Subscribed and Paid Capital : 57.894.993,9 lei  
Company managed in a dualistic system

[www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

The company has as a priority the maintenance, development and creation of new tourist products, taking into account the current market demands for such services.

Besides its own products: packages of accommodation services, public catering, spa treatment, leisure, the company aims at developing the existing capacities as well as developing and modernizing the IT system that allows on-line reservations and other services requested by tourists. Through the tariff and contracting policy, incentive conditions were created for the tour operators, consisting of:

- facilities for families with children;
- the schedule “Inscrieri Timpurii”;
- capping up to 18% of sales commissions to agents against contract rates;
- non-delivery of public catering services by the beneficiary to them the provider granting a commission of 13%;
- granting additional (volume) discounts at the end of the season.

Special offers have been launched to boost service package sales: holiday packages (Pentecost, St. Mary), full package accommodation packages and treatments, online sales incentives (discounts for non-refundable purchases, „Best deal” offers, „Last minute” deals, discounts for reservations during certain periods, accommodation and treatment packages), conference room offers, participation in programs promoted by tourism employers' organizations („Litoralul pentru toti”, ‘Decada balneară”, „Hai la bai”, „O săptămână de refacere”).

### **1.1.3. Assessment of the technical-material supply activity**

The technical-material supply was mainly based on the indigenous sources of raw materials and materials, with a few exceptions, respectively for investments to which we turned to import sources.

The company has implemented an integrated quality-environment-food safety management system (SR EN ISO 9011: 2008, SR EN ISO 14001: 2005 and SR EN ISO 22000: 2005) covering also the supply segment, with specific operational procedures implemented.

Acquisitions have been made from traditional suppliers, direct producers or importers, large companies with accreditation on the respective materials certified by ISO, according to European standards and standards. Suppliers are selected by a selection board based on established criteria and score, which mainly reflects the price / quality ratio.



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452  
 Facsimil: +40-241-755-559  
 Registration No. Trade Register of Constanța: J13/696/1991, CIF: RO2980547,  
 IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency  
 Subscribed and Paid Capital : 57.894.993,9 lei  
 Company managed in a dualistic system

[www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

Regarding the security of the sources of supply, we specify that all the raw materials purchased are accompanied by certificates of conformity, warranty certificates, technical data sheets. Stocks of raw materials and materials are minimal considering the off-season.

## 1.1.4. Valuation of sales activity

*a) Description of the sequential sales evolution on the domestic and foreign market and the prospects for medium and long term sales*

The company has mainly been operating on the basis of tourism service contracts concluded with travel agencies, the National House of Public Pensions (treatment agreement), external tourism, other beneficiaries, on-line sales and for individual tourists arriving on their own. In 2017, compared to the BVC and the achievements of the previous year, the touristic circulation is as follows:

**tourist days**

Explanation	CNPP	Agencies	Own account	Online	Other beneficiaries	TOTAL
Realized on 31 <sup>st</sup> of December 2017	128.563	189.201	11.893	20.259	32.619	382.535
BVC 2017	138.900	176.567	17.834	22.281	21.674	377.256
<b>Differences Realized-BVC 2017</b>	<b>-10.337</b>	<b>12.634</b>	<b>-5.941</b>	<b>-2.022</b>	<b>10.945</b>	<b>5.279</b>
<b>Percent Realized 2017/BVC 2017</b>	<b>92.56%</b>	<b>107.16%</b>	<b>66.69%</b>	<b>90.93%</b>	<b>150.50%</b>	<b>101.40%</b>
Realized on 31 <sup>st</sup> of December 2016	135.734	187.424	14.671	21.108	23.806	382.743
Differences Realized 2017-Realized 2016	-7.171	1.777	-2.778	-849	8.813	-208
<b>Realized Percent 2017/Realized 2016</b>	<b>94.72%</b>	<b>100.95%</b>	<b>81.06%</b>	<b>95.98%</b>	<b>137.02%</b>	<b>99.95%</b>
<b>Percent BVC 2017/Realized 2016</b>	<b>102.33%</b>	<b>94.21%</b>	<b>121.56%</b>	<b>105.56%</b>	<b>91.04%</b>	<b>98.57%</b>
Differences BVC 2017-Realized 2016	3.166	-10.857	3.163	1.173	-2.132	-5.487
<b>Weight in structure 2017</b>	<b>33.61%</b>	<b>49.46%</b>	<b>3.11%</b>	<b>5.30%</b>	<b>8.53%</b>	<b>100,00</b>
<b>Weight in structure 2016</b>	<b>35.46%</b>	<b>48.97%</b>	<b>3.83%</b>	<b>5.51%</b>	<b>6.22%</b>	<b>100,00</b>

As you can see, in the year 2017 there was a tourist traffic of 382,535 days-tourist, representing an increase compared to the budgeted indicator by 1.4% (382,535 / 377,256).

As far as 2016, tourist days were focused in a shorter period of operation, which led to a higher occupancy rate and lower operating costs.



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register of Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and Paid Capital : 57.894.993,9 lei

Company managed in a dualistic system



[www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

Thus, during the season 2017 the units were opened between 25.05 - 30.09.2017, registering an average occupancy of 67.29%, while in the season 2016 they were opened between 03.04. - 29.10.2016, registering a average employment rate of 59.15%.

From the analysis of the tourist traffic, we notice:

\* The treatment agreement concluded with the National House of Public Pensions (CNPP) ensured a tourist circulation of 128,563 tourist days, in 2017, with 10,337 days less than the budget provision. This decrease is due to the fact that Eforie Nord has not been contracted. There were increases compared to 2016 at Saturn, respectively 106.83%.

\* Touristic travel by travel agencies increased, compared to 2016, by 1,777 tourist days, and compared to the budget forecast, it registered a 7% increase.

\* The online sales segment recorded a slight decline due to lower demand over previous years.

\* The company also concluded contracts with other beneficiaries (trade unions, associations, sport federations, etc.), on the basis of which a touristic circulation of 32,619 tourists was achieved, compared to 21,674 days of tourists, which represents a 150,50% increase budgetary provisions.

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

Explanations	Treatment	Agencies	Own account	Other beneficiaries	Online	TOTAL
Number of tourists 2017	8,260	29,182	3,908	4,928	5,325	51603
Number of tourists 2016	8,258	29,613	4,773	3978	5,752	52374
Differencies 2017/2016	2	-431	-865	950	-427	-771
% 2017/2016	100.02%	98.54%	81.88%	123.88%	92.58%	98.53%
% 2017/ Partners	16.01%	56.55%	7.57%	9.55%	10.32%	<b>100%</b>
% 2016/ Partners	15.77%	56.54%	9.11%	7.60%	10.98%	<b>100%</b>

**Medium stay**



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452  
Facsimil: +40-241-755-559  
Registration No. Trade Register of Constanța: J13/696/1991, CIF: RO2980547,  
IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency  
Subscribed and Paid Capital : 57.894.993,9 lei  
Company managed in a dualistic system

[www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

Explanations	Treatment	Agencies	Own account	Other beneficiaires	Online	TOTAL
Medium stay 2017	15.57	6.46	3.07	6.62	3.8	7.41
Medium stay 2016	16.44	6.28	3.07	5.98	3.67	7.31
Differencies 2017/2016	-0.87	0.18	0	0.64	0.13	0.10

The analysis of the above situation showed that the average stay indicator registered a positive evolution in 2017, representing 7.41 days of average stay compared to 7.31 days of average stay in 2016, the increase being mainly performed by other beneficiaries (6.62 / 5.98).

The employment rate registered by the company was 67.18% compared to 59.15% achieved in 2016. In the coming years, we will continue to consider adapting the pricing and contracting policy to market requirements, creating incentive conditions for tour operators, granting volume discounts, facilities for families with children, early affiliation policy, cession commissions to stimulate sellers and create benefits for the sale of public catering services.

We will pay more attention to the on-line sales segment. We are considering the development of special offers meant to ensure an increase of the tourist traffic, as well as a permanent adaptation of the tourist product to the evolution of the market.

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

The company operates in an area where our main activity is our main activity, namely the provision of accommodation services, public food, recreation, the main attraction being the beach and the quality of the Black Sea bathing water as well as the curative qualities the main natural curative resources, Techirghiol sapropelic sludge, Techirghiol Lake water, sulphurous mezothermal water, sea water and marine aerosols.

The area has the highest concentration of tourist capacity, which creates a strong competitive climate. The foreign market is a particular competition with similar products, the tariff policy making the difference, identifying in this respect the Bulgarian seaside market as a competitor.

*c) Description of any significant dependence of the company on a single customer or on a group of clients whose loss would have a negative impact on the company's income*

The tourist products of T.H.R. Marea Neagră S.A. have a national distribution area and are available on all distribution channels (travel agencies, websites, direct sales, etc.).



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452  
Facsimil: +40-241-755-559  
Registration No. Trade Register of Constanța: J13/696/1991, CIF: RO2980547,  
IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency  
Subscribed and Paid Capital : 57.894.993,9 lei  
Company managed in a dualistic system

[www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

As a result, the disappearance of a partner will not significantly affect the distribution of the tourist product.

An important share is the client of the National House of Public Pensions.

Considering that the public procurement of this partner is made for public sector retirees, the non-acquisition by CNPP of these services does not cancel the consumer demand. Health care is a necessary and continuous process, the product will be placed on other distribution channels so that the consumer can get to purchase the necessary product.

Consistent with the fact that our spa treatment product is personalized, known and proven in the market, we will not face major difficulties with negative impact on revenue if one of our main partners withdraws from the market.

## 1.1.5. Assessment of employees / Commercial company staff

a) Regarding the human resources in 2017, compared to the year 2016 the evolution is the following:

Crt. No.	Indicator	Number on 31 <sup>st</sup> of December 2017	Medium number in 2017	Medium number in 2016
1	Number of permanent staff whereby:	117	117	125
	a.) TESA Personnel	41	44	46
	b.) Operative personnel	76	73	79
2	Number of seasonal staff	20	245	271
3	<b>Total of personnel</b>	<b>137</b>	<b>362</b>	<b>396</b>

Compared to 2016, there is a decrease in the average number of staff both on the whole and in the structure, seasonal and permanent.

b) The relations between the manager and the employees, regulated by the Collective Labor Agreements, are based on communication, involvement and team spirit, respecting the rules and procedures of working stability through the internal regulations, the job description, without any conflicting elements.



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register of Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and Paid Capital : 57.894.993,9 lei

Company managed in a dualistic system



[www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

## 1.1.6. Assessing issues related to the impact of the issuer's core business on the environment

The core activity of the Group is carried out in compliance with the legislation in force regarding the environmental protection requirements, obtaining the necessary environmental permits for each type of activity and on each working point. The company has identified all its activities that have a possible impact on the environment and has regulated them according to SR EN ISO 14001: 2005 environmental standards through its own procedures.

In 2017, the Group did not face disputes arising from non-compliance with legal environmental regulations.

## 5. Financial-accounting situation

In the year 2016, the Group held the accounting under OMF 881/2012 and OMF 2844/2016 for the approval of accounting regulations in line with International Financial Reporting Standards. According to the mentioned regulations, the financial statements prepared by the Company are audited annually by ABA Audit SRL based on the service contract no. 918 / 21.04.2015. The situation in the dynamics of the main asset positions on 31.12.2017 compared to the similar elements of the years 2016 and 2015 is as follows:

ASSET	The value on 31 <sup>st</sup> of December 2015 (lei)	The value on 31 <sup>st</sup> of December 2016 (lei)	The value on 31 <sup>st</sup> of December 2017 (lei)	The variation 2017/2016 (%)	The share 2017 in the assets total (%)
Intangible assets	612.035	510.805	414.985	81,24%	0,16%
Tangible assets	233.791.661	216.221.771	186.590.384	86,30%	72,78%
Real estate investments	3.337.958	16.350.751	17.191.112	105,14%	6,71%
Financial assets	0	2.432.010	2.432.010	100,00%	0,95%
Fixed Assets (including deferred tax assets)	1.538.569	1.394.641	1.404.650	100,72%	0,55%
<b>TOTAL IMMOBILIZED ACTIVITIES</b>	<b>239.280.224</b>	<b>236.909.977</b>	<b>208.033.140</b>	<b>87,81%</b>	<b>81,14%</b>
Stocks	658.266	617.359	442.154	71,62%	0,17%
Receivables	13.098.227	6.121.275	4.971.387	81,21%	1,94%
Financial assets	1.336	0	0	#DIV/0!	0,00%
Cash	3.047.685	7.777.716	5.635.805	72,46%	2,20%
Assets classified as held for sale	4.073.434	11.007.555	36.516.013	331,74%	14,24%
Expenses registered in advance	42.367	923.873	782.016	84,65%	0,31%
<b>TOTAL OF CIRCULATIVE ASSETS</b>	<b>20.921.314</b>	<b>26.447.777</b>	<b>48.347.375</b>	<b>182,80%</b>	<b>18,86%</b>
<b>TOTAL OF ASSET</b>	<b>260.201.538</b>	<b>263.357.754</b>	<b>256.380.515</b>	<b>97,35%</b>	<b>100,00%</b>



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452  
 Facsimil: +40-241-755-559  
 Registration No. Trade Register of Constanța: J13/696/1991, CIF: RO2980547,  
 IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency  
 Subscribed and Paid Capital : 57.894.993,9 lei  
 Company managed in a dualistic system



[www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

Within the Group's assets, fixed assets (81.14%), mainly land and buildings, account for the highest weight, the share of circulating assets being 18.36%.

On 31<sup>st</sup> of December 2017, the fixed assets decrease by 12.19% as compared to 2016, due to the change of the destination of some tangible assets by their classification as assets held for sale (Minerva Restaurant, Sulina, Dunarea, Pelican, Athens Complex, Saturn Saturn Tour, Saturn 3, Saturn GG, Saturn Cofetaria, Meteor Hotel, Rapsodia Garden / Restaurant.

Analyzing in the structure, tangible assets represent 72.78% of the total assets.

International Financial Reporting Standards (IFRS) require that assets be reclassified according to their use.

On current assets there is an increase from the level achieved in the previous year, from 11,007,555 lei to 36,516,013 lei, an increase due to assets held for sale classified as stocks.

The receivables of the Group consist mainly of trade receivables represented by touristic services amounting to 1,566,343 lei which have been adjusted with the amount of 1,219,460 lei representing a one-year debts related to the services rendered to Rugby Club Constanța and Marea Comtur SRL , as well as receivables to the state budget represented by VAT to be recovered in the amount of 3,227,959 lei (as a result of the investments and acquisitions made).

In 2017, passive posts had the following evolution:

LIABILITY	The value on 31 <sup>st</sup> of December 2015 (lei)	The value on 31 <sup>st</sup> of December 2016 (lei)	The value on 31 <sup>th</sup> of December 2017 (lei)	The variation of 2017//2016 (%)	The share of 2017 in total of liabilities (%)
<i>Social and paid capital</i>	57.894.994	57.894.994	57.894.994		22,58%
<i>Adjustment of share capital due to the application of IAS 29</i>	85.945.333	85.945.333	85.945.333		33,52%
<b>Total capital ratios whereby:</b>	<b>1.895.855</b>	<b>1.895.855</b>	<b>1.895.855</b>	<b>100,00%</b>	<b>0,74%</b>
<i>Prime and merger ratios</i>	1.894.814	1.894.814	1.894.814		
<i>Equity capital gains arising from the application of IAS 29</i>	41	41	41		
<b>Total reserves whereby:</b>	<b>24.917.245</b>	<b>26.451.693</b>	<b>26.881.973</b>	<b>101,63%</b>	<b>10,49%</b>
<i>Legal reserves</i>	4.522.914	4.800.831	8.744.618		
<i>Other reserves</i>	20.394.331	21.650.862	0		
<b>Inflated reserves as a result of first-time application of IAS 29</b>	<b>16.745.901</b>	<b>16.745.901</b>	<b>16.745.901</b>		<b>6,53%</b>
<i>Legal reserves inflated due to the application of IAS 29</i>	1.280.018	1.280.018	1.280.018		
<i>Other provisions fueled by the application of IAS 29</i>	15.465.883	15.465.883	15.465.883		
<b>Total re-assessment differences whereby:</b>	<b>114.037.747</b>	<b>108.045.261</b>	<b>107.559.706</b>	<b>99,55%</b>	<b>41,95%</b>
<b>LIABILITY</b>	<b>The value on</b>	<b>The value on</b>	<b>The value</b>	<b>The vari-</b>	<b>The share of</b>



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register of Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and Paid Capital : 57.894.993,9 lei

Company managed in a dualistic system



[www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

	31 <sup>st</sup> of December 2015 (lei)	31 <sup>st</sup> of December 2016 (lei)	on 31 <sup>th</sup> of December 2017 (lei)	ation of 2017//201 6 (%)	2017 in total of liabilities (%)
Re-assessment differences year 2015	17.818.925	17.818.925	17.818.925		
<b>Retained earnings except for the result of the adoption of IAS 29 for the first time</b>	<b>47.420.552</b>	<b>53.330.461</b>	<b>52.923.423</b>	<b>99,24%</b>	<b>20,64%</b>
<i>Originated from the correction of accounting errors from previous years</i>	<i>(8.096.457)</i>	<i>(10.650)</i>	<i>-10.650</i>		
<i>Surplus from re-assessment reserves</i>	<i>58.710.059</i>	<i>52.870.621</i>	<i>52.870.621</i>		
<i>Comes from the transition to IFRS</i>	<i>(3.193.052)</i>	<i>631</i>	<i>0</i>		
<b>Retained earnings from the adoption of IAS 29 for the first time</b>	<b>(102.691.275)</b>	<b>(102.691.275)</b>	<b>-102.691.275</b>	<b>100,00%</b>	
<b>The result of the exercise</b>	<b>4.802.150</b>	<b>4.399.514</b>	<b>1.616.036</b>	<b>36,73%</b>	<b>0,63%</b>
<b>Other equity items</b>	<b>(13.362.778)</b>	<b>(12.895.836)</b>	<b>-12.690.908</b>	<b>98,41%</b>	<b>-4,95%</b>
<b>Total Equity</b>	<b>237.605.723</b>	<b>239.121.901</b>	<b>236.081.038</b>	<b>98,73%</b>	<b>92,08%</b>
<b>Medium and long term debts</b>	<b>14.243.235</b>	<b>16.047.792</b>	<b>15.209.427</b>	<b>94,78%</b>	<b>5,93%</b>
<b>Short terms debts</b>	<b>8.352.579</b>	<b>8.188.061</b>	<b>5.090.051</b>	<b>62,16%</b>	<b>1,99%</b>
<b>TOTAL OF LIABILITY</b>	<b>260.201.538</b>	<b>263.357.754</b>	<b>256.380.515</b>	<b>97,35%</b>	<b>100,00%</b>

Within the liabilities elements, the largest share is own capital (approximately 92.08%), the share capital accounting for 22.58% of the total liabilities of the company.

The shareholders' equity on 31<sup>st</sup> of December 2017 are:

- social subscribed capital and paid in the amount of 57,894,994 lei, unchanged in the last 3 years;
- first issue and merger in the amount of 1,895,855 lei, unchanged in the last 3 years;
- legal reserves and other reserves in the amount of 43,627,874 lei, with an increase compared to 2016 by 1,63%;
- differentials from the revaluation of the company's assets in the amount of 107,559,706 lei which compared to 2016 decreased by 0.45% due to the sale of certain assets;
- reported result mainly from the surplus realized from revaluation reserves amounting to 52,923,423 lei which compared to 2016 decreased by 0.76%;
- the net result of the exercise in the amount of 1,616,036 lei decreased by 63.27% compared to the year 2016 decrease due to the non-fulfillment of the asset sales indicator.





# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register of Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and Paid Capital : 57.894.993,9 lei

Company managed in a dualistic system

[www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

We mention that the revaluations made after 01.01.2004 are recognized from the fiscal point of view as elements similar to the income as the depreciation of the tangible assets and their output from the patrimony. For these temporary differences between book value and tax, IAS 12 requires the calculation of deferred tax that diminishes the amount of equity (included in the table under other items similar to equity) and is added to liabilities.

Long-term debts consist of the good execution guarantees granted by the suppliers of services and immobilizations in the amount of **39,735 lei**, of the deferred income tax and of the long-term portion of an investment loan amounting to **1,600,000 lei**. Deferred tax is not chargeable, and will be recognized as a payable liability, as depreciation or disposal of property assets. Short-term payables consist mainly of debts to service providers and providers of fixed assets in the amount of 639,521 lei, from salary debts and their related contributions in the amount of 269,786 lei corresponding to December 2017, specific tax related to II semester 2017 in the amount of 146,756 lei with maturity on January 25, 2018, from management guarantees in the amount of 198,284 lei, shareholder dividends, 2014-2016, in the amount of 421,192 lei, from the short-term portion of an investment loan in the amount of 800,000 lei.

## The result of the exercise

Indicators	2015	2016	2017	Index 2017/ 2016
<b>Total operating income:</b>	<b>42.517.131</b>	<b>48.174.341</b>	<b>38.985.678</b>	80,93%
Incomes from housing	20.878.291	20.160.054	21.016.132	104,25%
Incomes from public food	9.659.528	10.617.463	10.128.015	95,39%
Rental incomes	356.661	1.169.102	606.151	51,85%
Other incomes included in turnover	3.336.916	3.439.483	3.104.123	90,25%
Income from ceded assets and assets held for sale	7.260.763	10.919.946	1.382.160	12,66%
Other incomes	1.024.972	1.868.293	2.749.096	147,14%
Stock change	0	0	0	
<b>Total operating expenses</b>	<b>36.365.495</b>	<b>42.237.130</b>	<b>36.854.068</b>	<b>87,26%</b>
Expenditure on inventories	6.852.891	6.971.502	6.225.155	89,29%
Expenses on utilities	2.560.983	2.579.857	2.279.987	88,38%
Employee Benefits Expenditures	9.792.259	11.413.279	12.237.858	107,22%
Amortization and depreciation of fixed assets	6.790.976	7.266.785	7.268.161	100,02%
Expenses with ceded assets and assets held for sale	3.381.254	6.095.247	712.351	11,69%
Expenses with other taxes and fees	2.217.785	3.332.924	3.257.647	97,74%
Expenditure on external benefits	4.042.149	4.414.570	3.583.838	81,18%



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register of Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and Paid Capital : 57.894.993,9 lei

Company managed in a dualistic system



[www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

Other expenses	727.198	162.965	1.289.070	791,01%
<b>Operating result</b>	<b>6.151.636</b>	<b>5.937.212</b>	<b>2.131.610</b>	<b>35,90%</b>
Financial incomes	274.359	197.465	160.920	81,49%
Financial expenses	149.304	582.023	113.124	19,44%
<b>Financial result</b>	<b>125.055</b>	<b>-384.558</b>	<b>47.796</b>	<b>-12,43%</b>
<b>Total incomes</b>	<b>42.791.490</b>	<b>48.371.806</b>	<b>39.146.598</b>	<b>80,93%</b>
<b>Total expenses</b>	<b>36.514.799</b>	<b>42.819.153</b>	<b>36.967.191</b>	<b>86,33%</b>
<b>GROSS result</b>	<b>6.276.691</b>	<b>5.552.654</b>	<b>2.179.406</b>	<b>39,25%</b>
<b>The Result Before Taxing</b>	<b>6.276.691</b>	<b>5.552.654</b>	<b>2.179.406</b>	<b>39,25%</b>
Current income tax expense	1.339.701	1.182.409	42.274	3,58%
Expenses with specific tax			293.512	0,00%
Expenses with deferred tax expense	134.842	0	227.584	0,00%!
Deferred tax income	0	29.269	0	0,00%
<b>NET Result</b>	<b>4.802.149</b>	<b>4.399.514</b>	<b>1.616.036</b>	<b>36,73%</b>

Indicators	2015	2016	2017	Index 2017/ 2016
<b>Basic activity</b>				
<b>Operational activity</b>				
Incomes	35.256.368	37.254.395	37.603.517	100,94%
Expenses	32.984.241	36.141.883	36.141.716	100,00%
<b>Gross profit from the operational activity</b>	<b>2.272.127</b>	<b>1.112.513</b>	<b>1.461.801</b>	<b>131,40%</b>
<b>Financial activity</b>				
Incomes	274.359	197.465	160.920	81,49%
Expenses	149.304	582.023	113.124	19,44%
<b>Financial gross profit</b>	<b>125.055</b>	<b>-384.558</b>	<b>47.796</b>	<b>-12,43%</b>
Total incomes from the basic activity	35.530.727	37.451.860	37.764.438	100,83%
Total expenses from the basic activity	33.133.545	36.723.906	36.254.840	98,72%
<b>Gross result from the basic activity</b>	<b>2.397.182</b>	<b>727.955</b>	<b>1.509.598</b>	<b>207,38%</b>



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register of Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and Paid Capital : 57.894.993,9 lei

Company managed in a dualistic system



[www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

<b>Asset sales activity</b>				
<b>Incomes</b>	7.260.763	10.919.946	1.382.160	12,66%
Expenses	3.381.254	6.095.247	712.351	11,69%
<b>Gross profit on asset sales</b>	<b>3.879.509</b>	<b>4.824.699</b>	<b>669.809</b>	13,88%
<b>TOTAL Incomes</b>	42.791.490	48.371.806	39.146.598	80,93%
<b>TOTAL Expenses</b>	36.514.799	42.819.153	36.967.191	86,33%
<b>TOTAL GROSS PROFIT</b>	<b>6.276.691</b>	<b>5.552.654</b>	<b>2.179.406</b>	<b>39,25%</b>
Profit tax expense + Specific tax expense + Deferred income tax expense-Deferred income tax expense	1.474.543	1.153.139	563.370	48,86%
<b>NET Result</b>	<b>4.802.149</b>	<b>4.399.514</b>	<b>1.616.036</b>	36,73%

The total revenues recorded in 2017 in the amount of 39,146,598 lei (less the incomes from the provisioning cancellation in the amount of 69,330 lei) represent 80.93% of the volume registered in the previous year 2016.

The total expenditures registered for the financial year 2017, in the amount of 36,967,191 lei, represent 86.33%, compared to 2016. According to the share of the achieved revenues, in the total revenues, two main categories can be identified: the basic activity of the company (strictly operational), generating income in percentage 96.06% of the total and the activity of active sales, according to the strategy approved by the General Assembly of the Company's Shareholders, with revenues of 3.54% of the total.

The total gross profit realized in the amount of 2.179.406 lei shows, by activity, the following structure:

Operational activity 1,461,801 lei; 67.07%;

Financial activity, 47,796 lei; 2.20%;

Active sales activity 669,809 lei; 30.73%;

On December 31, 2017, the company registered a gross profit of the basic activity of 1,509,598 lei, having the structure as follows:

- The gross profit from operating activity, of RON 1,461,801



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452  
Facsimil: +40-241-755-559  
Registration No. Trade Register of Constanța: J13/696/1991, CIF: RO2980547,  
IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency  
Subscribed and Paid Capital : 57.894.993,9 lei  
Company managed in a dualistic system

[www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

- The gross profit from the financial activity, of 47,496 lei

Regarding the gross profit from the sale of assets, we register a value of 669,809 lei, which is a non-implementation of the budgeted provisions, the decrease due to the non-realization of the sales proceeds of assets. In the quantification of the indicator Sales incomes of assets, representing the value of the Semiramis Complex, whose sale had been budgeted and did not materialize as a result of the renunciation of the buyer's request made by the current tenant.

Although efforts have been made to sell other assets within the restructuring strategy, the unfavorable market situation has not allowed them to materialize.

The management of the company took steps in 2017 to strictly track spending and resize.

Mainly, they consisted of:

- Managing the arrival of tourists to certain hotels and restaurants to ensure a degree of employment that allows them to be exploited in efficient conditions, and for the others to ensure minimum conditions of operation;

- Reducing utilities consumption and optimizing them by setting the rules of crisis consumption;

- direct unit supply, aiming at reducing transportation, storage and distribution costs.

- rhythmic supply, based on a well-founded "necessity", provision of minimum stocks;

- staffing in proportion to the evolution of income;

- Return of goods to suppliers when closing units;

- general spending and administration restrictions;

- strictly tracking the coreland Treasury cash flows with payments, reducing the balance of the loan account and the related interest;

- Strictly monitoring the due dates for state and local budgets, partners, in order to avoid delays that may lead to the payment of possible penalties and / or fines;



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452  
Facsimil: +40-241-755-559  
Registration No. Trade Register of Constanța: J13/696/1991, CIF: RO2980547,  
IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency  
Subscribed and Paid Capital : 57.894.993,9 lei  
Company managed in a dualistic system

[www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

- collection of receivables at maturity, observation of the recovery procedure.

Concluding, at the end of 2017, the Group. registered a gross profit of 2.179.406 RON, and a net profit, determined after the deduction of the calculated profit tax, according to the legal regulations, in the amount of 1.616.036 lei.

### 3. Financing the activity

During 2017, S.C. THR Marea Neagra S.A. financed its activity by using its own sources, as well as by employing two credit lines totaling 9,900,000 lei. At the end of 2017, the situation of the two credit lines is as follows:

- The credit line amounting to 2,400,000 lei was reimbursed on 31.10.2017, according to the credit agreement;

- The credit line of 7,500,000 lei - at the end of the year was unused

Regarding the payment obligations, the company does not register outstanding debts in relation to the state budget, banking institutions and other authorities as of 31.12.2017.

### 4. Company's tangible assets

**4.1. The main accommodation and catering facilities of the company, located in the touristic circuit in 2017, consist of:**

#### **Accommodation units:**

- 2 hotels of 4\* with a total capacity of 992 beds
- 8 hotels of 3\* with a total capacity of 3.454 beds
- 9 hotels of 2\* with a total capacity of 2,152 beds

#### **Public nourishment units:**

- **2 restaurants of 4\* with a total capacity of 773 seats**
- **6 restaurants of 3 \*, with a total capacity of 2,520 seats**
- **5 restaurants of 2 \*, with a total capacity of 1.468 seats**
- **2 day bars of 4\*, with a total capacity of 120 seats**



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register of Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and Paid Capital : 57.894.993,9 lei

Company managed in a dualistic system



[www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

- 9 day bars of 3\*, with a total capacity of 464 seats

- 1 bar per day 2\*, with a total capacity of 60 seats

- 2 bouquets of 1\*, with a total capacity of 120 seats

Recreational facilities:

- 3 aqua parks, with a total capacity of 850 seats.

**Spa treatment units:**

- 4 treatment bases: Complex Bran-Brad-Bega, Hora, Balada and Sirena with a total capacity of 5,350 procedures per day.

In total, the company had in the tourist circuit in 2017 6,598 accommodation places and 5,525 public catering places, the distribution by resorts being presented as follows:

Classif. Categ.	Eforie Nord		Eforie Sud		Venus		Saturn		General Total	
	units	cap	units	cap	units	cap	units	cap	units	places
Hotels										
****	1	438	0	0	0	0	1	554	2	992
***	0	0	0	0	2	512	6	2.946	8	3.454
**	3	502	2	444	0	0	4	1.206	9	2.152
<b>Housing total</b>	<b>4</b>	<b>940</b>	<b>2</b>	<b>444</b>	<b>2</b>	<b>512</b>	<b>11</b>	<b>4.706</b>	<b>22</b>	<b>6.598</b>
Classif. Categ.	Eforie Nord		Eforie Sud		Venus		Saturn		Total general	
	units	cap	units	cap	units	cap	units	cap	units	cap
<b>Restaurants</b>										
****	1	219	0	0	0	0	1	554	2	773
***	0	0	0	0	1	220	5	2.300	6	2.520
**	1	226	1	224	1	264	2	754	5	1.468
<b>Total</b>	<b>2</b>	<b>445</b>	<b>1</b>	<b>224</b>	<b>2</b>	<b>484</b>	<b>8</b>	<b>3.608</b>	<b>13</b>	<b>4.761</b>
Classif. Categ.	Eforie Nord		Eforie Sud		Venus		Saturn		Total general	
	units	cap	units	cap	units	cap	units	cap	units	places
<b>Bars</b>										
****	1	80	0	0	0	0	1	40	2	120
***	0	0	0	0	2	134	7	330	9	464



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452  
 Facsimil: +40-241-755-559  
 Registration No. Trade Register of Constanța: J13/696/1991, CIF: RO2980547,  
 IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency  
 Subscribed and Paid Capital : 57.894.993,9 lei  
 Company managed in a dualistic system



[www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

**	1	60	0	0	0	0	0	0	1	60
<b>Total of day bars</b>	<b>2</b>	<b>140</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>134</b>	<b>8</b>	<b>370</b>	<b>12</b>	<b>644</b>
<b>Buffets</b>										
*	0	0	1	30	0	0	1	90	2	120
<b>Total of buffets</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>90</b>	<b>2</b>	<b>120</b>
<b>Total of public nourishment</b>	<b>4</b>	<b>585</b>	<b>2</b>	<b>254</b>	<b>4</b>	<b>618</b>	<b>17</b>	<b>4.068</b>	<b>27</b>	<b>5.525</b>

## 4.2 Describing and analyzing the degree of wear and tear of the properties of commercial companies

The company's assets are more than 45 years old, generally built between 1968 and 1972. The assets in the tourist circuit have classification certificates and legal authorizations, fulfilling the legal requirements for the respective comfort category.

Some of the assets have been upgraded in the last 10 years, with a degree of comfort from one or two stars to three and four stars. The works performed were of a large scale, including consolidations, so that they have a wear degree lower than their age.

A particularity of the activity is the existence in the patrimony of nonfunctional productive and auxiliary units and others with partial functioning, which strike the basic activity and the economic result, given the investment necessity and the acute lack of funds, the low market of the real estate market and implicitly the reduced possibility to capitalize the assets approved for sale through the company strategy.

These assets generate both fixed and variable expenses necessary for the preservation, the fixed expenses related to the taxes and taxes, being amended by the Law no. 227 / 2015 regarding the Tax Code with applicability starting with 1<sup>st</sup> of January 2017.

To optimize these costs, it has been provided for the partial operation of some assets wherever possible, in order to reduce the volume of recorded losses.

## 5. Assessment of investment and development activity



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register of Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and Paid Capital : 57.894.993,9 lei

Company managed in a dualistic system



[www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

The company is constantly searching for solutions to reduce costs, but also to attract new customers. The company has implemented alternative solutions for the production of electric power and thermal energy for the preparation of domestic hot water with solar energy, the solution being expanding. At the same time, given the fact that the local administration has completed the investment of the gas supply of the resorts, the company is considering the connection of the thermal power stations and of the food blocks to the gas network, with a positive impact on the environment and the efficient use of the financial resources.

The company has also completed the implementation of the integrated IT system for all accommodation units and public catering that it owns with the IT systems of the main partners (National House of Public Pensions, Tour Operator Agencies) so that it can be obtained in real time information on the valorisation of tourist packages and their reallocation according to requests as well as the reconfiguration of the tariff and sales policy.

In 2017, the Group made significant investments amounting to RON 4,424,384

(including VAT), presented in the following table:

No. Crt.	Investment objectives	Value (lei)
1	Rehabilitation and execution of ventilation and air-conditioning installations, ventilation and air-conditioning systems, painting, electrical and sanitary installations Cleopatra Hotel	980.510
2	Exterior paintings, sanitary and electrical installations R Brad, H Lidia, H Athens, H Cerna, H Mures, H Prahova, H Siret, H Capitol, R Balada, Balada pool, R Venus, R Lidia, R Bega, R Siret, R Sirena, R Prahova, H Raluca, R Aida, H Hora, H Vraja Marii	549.085
3	Installation 114 pieces entrance doors, 3250 sq m carpet installation, door finishing works, electrical and sanitary installations Balada Hotel	375.116
4	Construction works, waterproofing and other works R Cleopatra, BBB pool, R. Orion, R Narcissus, Cleopatra cat, CT Vraja Marii, R. Capitol, H Gloria, GG Jupiter	296.170
5	Exterior painting, Sanitary facilities Cerna Restaurant	254.778
6	Rehabilitation of air conditioning, electrical installations, Sirena sanitary Hotel	227.050
7	Rehabilitation works sanitary, electrical, sanitary works Hotel Aida	214.269
8	Ventilation and air conditioning systems, outdoor painting works, sanitary facilities Hotel Bran	198.736
9	Ventilation and air conditioning systems, exterior painting, sanitary installations Brad Hotel	191.162
10	Ventilation and air conditioning systems, exterior painting, sanitary installations Bega Hotel	183.812
11	Underlays works and other works Diana Hotel	146.246





# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register of Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and Paid Capital : 57.894.993,9 lei

Company managed in a dualistic system



[www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

No. Crt.	Investment objectives	Value (lei)
12	Rehabilitation works for sanitary groups Tosca Hotel	113.049
13	Rehabilitation works 8 sanitary and other works Venus Hotel	94.176
14	Exterior painting and electrical installations H Magura, Ef.Sud Cold Baths, Narcissus Buffet, Saturn Laundry	86.803
15	Authorization of ISU R Lidia, H Lidia, R Sirena, R Balada, R Hora, R Narcis, H Sirena, H Narcis, H Hora, R Cleopatra, H Cleopatra, H Balada, R Brad, H Brad, H Bega, H Bran , R Bega, R Capitol, H Capitol and Plan fire intervention complex Narcissus	55.302
16	Exterior Painting R Magura, R Minerva, R Sulina, R Danube, CP 3, Saturn Sweetshop, Raluca Pool	36.811
17	Implementation Clarvision Economic Management System (program, server)	14.622
18	Clearing places play the Cleopatra and Ballad Pool	10.622
19	Various Endowments	10.329
	<b>TOTAL INVESTMENTS without VAT</b>	<b>4.038.646</b>
	VAT	385.738
	<b>TOTAL INVESTMENTS including VAT</b>	<b>4.424.384</b>

The following financing sources were used to finance the investments:

Explanations	Value (lei)
Cash-flow generated by the sale of assets with full payment / rates (with VAT) after the tax on profit	1.515.619
Development Fund	241.300
Sources of financing previous year	11.000.000
Payment	6.897.701
<b>Own financing sources</b>	<b>19.654.620</b>
Repayment rates + interest rate credit investments	-883.400
Return of good execution guarantees	-52.000
Dividends	-3.936.960
<b>Total funding sources</b>	<b>14.782.260</b>

The share of the contribution in the financing of the investments was represented by the own sources, resulting from the performed activity.

## 6. Identify potential issues related to the ownership of tangible assets of the company.



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452  
Facsimil: +40-241-755-559  
Registration No. Trade Register of Constanța: J13/696/1991, CIF: RO2980547,  
IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency  
Subscribed and Paid Capital : 57.894.993,9 lei  
Company managed in a dualistic system

[www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

The main litigation relating to the company's property rights over tangible assets are related to:

- PTTR Travel Agency of Saturn, in contradiction with CN Romanian Post

## **7. Market of securities issued by the company**

### **7.1. Specification of the markets in Romania and other countries where the securities issued by the trading company are negotiated.**

It is a publicly owned company, according to the terminology provided by Law 24/2017 on the capital market, being registered with the National Securities Commission - Securities Evidence Office. T.H.R. Marea Neagră S.A. are listed in the 2nd category of the Bucharest Stock Exchange starting August 15, 2002, with the symbol "EFO". On the last trading day of 2017 and 30.12.2017 respectively, at the closing of the Stock Exchange, the shares of THR Marea Neagra SA were quoted at a value of 0.098 lei / share, compared to 0.0826 lei / share on 30.12.2016.

### **7.2. Description of the company's policy on dividends. Specification of the dividends due / paid / accumulated in the last 3 years and, if applicable, the reasons for the possible diminishing of dividends over the last 3 years.**

For the year 2014, the General Meeting of the Shareholders decided the distribution of the profit for the constitution of legal reserves, own sources of financing and dividends amounting to 2.026.325 lei.

For the year 2015, the General Meeting of the Shareholders decided the distribution of the profit for the constitution of legal reserves, own sources of financing and dividends amounting to 3,137,436 lei.



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register of Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and Paid Capital : 57.894.993,9 lei

Company managed in a dualistic system

[www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

For the year 2016, the General Meeting of the Shareholders decided to allocate the profit for the constitution of legal reserves, own sources of financing and dividends amounting to 3,936,860 lei.

### **7.3. Description of any activities of the acquiring company of its own shares.**

The company did not acquire its own shares in 2017.

### **7.4. If the company has subsidiaries, the indication of the number and a of the nominal value of the shares issued by the parent company owned by the subsidiaries.**

The Company holds shares in the share capital of other entities as follows: -32,059% of the share capital of S.C.Transilvania Hotels & Travel.

### **7.5. If the company has issued bonds and / or other securities**

The company did not issue bonds in 2017.

## **8. Management of the company**

**8.1. Until 08.11.2017, the company was administered in a unitary system, the management being assured by the Board of Directors made up of:**

- \* Mielu Dobrin - President
- \* Dragoș Călin - Member
- \* Titus Prescure - Member
- \* Dorinel Cazacu - Member
- \* Nicolae Butoi - Member

**On 08.11.2017, the General Meeting of Shareholders changed the management system from unitary to dualist system, appointing a Supervisory Board consisting of 3 members:**

- \* Mielu Dobrin - President
- \* Dragoș Călin - Member
- \* Dănuț Florin Buzatu – Member

All members of the Supervisory Board were elected at the proposal of the majority shareholder S.I.F. Transylvania. Until 08.11.2017, the Board of Directors convened periodically in sessions, according to the provisions of Law 31/1990 republished and in accordance with the



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452  
Facsimil: +40-241-755-559  
Registration No. Trade Register of Constanța: J13/696/1991, CIF: RO2980547,  
IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency  
Subscribed and Paid Capital : 57.894.993,9 lei  
Company managed in a dualistic system

[www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

provisions of the Constitutive Act. The Board of Directors has monitored the operational and financial performance of executive management through its established performance indicators and criteria and other approved programs. All efforts of the Board of Directors were aimed at fulfilling the company's mission to provide quality services with the help of qualified staff. Also, the priority objective is to develop the technical-material basis, to rehabilitate and modernize the existing one, through a coherent and consistent investment program, in the context of a real environmental protection.

The Board of Directors has pursued the program of activity proposed for 2017, the execution of the monthly and annual income and expenditure budget and the approved investment and repair program. The anticipation and organizational effort of the Board of Directors has resulted in future company development programs, marketing programs, computerization programs, personnel promotion and recruitment programs and increasing the quality of the tourism product, procedures systems for the main activities of the company and reconsidering its organizational structure.

b) any agreement, understanding or family relationship between that manager and another person for whom that person has been appointed as a manager;

It's not necessary.

c) the manager's attendance in the capital of the company;

Mister Mielu Dobrin, Chairman of the Supervisory Board, holds 406,759 issued by the company.

d) list of companies affiliated to the company.

**Group affiliates are:**

**S.I.F. Transilvania S.A., a company holding 77.71% of the shares issued by T.H.R. Black Sea S.A .;**

**Transilvania Hotels & TravelS.A., A company where T.H.R. Black Sea S.A. owns 32,059% of its share capital.**

**8.2. Presentation of the list of members of the executive management of the commercial company.**



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452  
Facsimil: +40-241-755-559  
Registration No. Trade Register of Constanța: J13/696/1991, CIF: RO2980547,  
IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency  
Subscribed and Paid Capital : 57.894.993,9 lei  
Company managed in a dualistic system

[www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

From 08.11.2017, the Supervisory Board appointed the Company's Directorate with the following composition:

Moșoiu Georgiana Narcisa - President Director / General Manager

Cazacu Dorinel - Member of the Executive Board

Pârcălabu Doina Domnica - Member of the Directorate / Commercial - Financial Director

*a) the duration of the mandate granted to the members of the Executive Board*

The members of the Board of Directors concluded a contract with the company according to the provisions of Law 31/1990 on commercial companies, contract expiring on 09.11.2018.

*b) any agreement, understanding or family relationship between that person and another person by virtue of which that person has been appointed as a member of the executive management;*

It's not necessary.

**d) attendance of the respective person in the capital of the commercial company.**

In the directorate, Mrs. Moșoiu Georgiana Narcisa holds a total of 1,500 shares.

**8.3. For all persons listed on 8.1. and 8.2. clarification of possible litigation**

**or administrative procedures in which they have been involved in the past 5 years in relation to their activity within the issuer, as well as those relating to that person's ability to perform his duties within the issuer.**

It's not necessary.

**9. Assessing the business of the company on risk management**

**9.1.** The management of the Group has ensured and ensured prudent liquidity risk management, consistently pursuing sufficient cash provision to cope with timely maturing payments.

The specific nature of the activity, determines the exposure of the company to a variety of risks with a general character but also risks specific to the activity and the financial market on which it operates. Risk is defined as the possibility of recording unfavorable deviations in results



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452  
Facsimil: +40-241-755-559  
Registration No. Trade Register of Constanța: J13/696/1991, CIF: RO2980547,  
IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency  
Subscribed and Paid Capital : 57.894.993,9 lei  
Company managed in a dualistic system

[www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

against an expected level due to random fluctuations. Significant risks are the risks with a significant impact on the patrimonial and / or reputation situation of the company.

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

In its work, the Group may face uncontrollable risks, which are generally associated with external factors such as macroeconomic conditions, legislative changes, changes in the competitive environment, etc. As a rule, however, the Group faces controllable risks, for which active policies and procedures (analysis, monitoring and control) are adopted. These risks are associated with internal invoices such as the nature of the activity carried out, the complexity of the organizational structure, the quality of the staff, etc.

The main risks to which the Group is exposed are:

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

#### Interest rate risk

Company's operating cash flows are affected by interest rate variations, mainly for credit lines contracted according to the ROBOR rate. In recent years, the ROBOR benchmark had a relatively constant trend, which makes this risk to be reduced.

#### Credit risk

Credit risk is the risk of loss or non-realization of estimated profits as a result of non-fulfillment of financial obligations. T.H.R. Marea Neagră S.A. has sold assets in installments, for which he calculates and collects interest. The remaining contract price and related interest are secured by mortgages on assets in favor of T.H.R., so the risk of non-payment is low.

#### Liquidity risk

Liquidity is the ability of the Group to provide the necessary funds to meet all its direct and indirect payment obligations at a reasonable price at any time. The liquidity risk is the actual



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452  
Facsimil: +40-241-755-559  
Registration No. Trade Register of Constanța: J13/696/1991, CIF: RO2980547,  
IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency  
Subscribed and Paid Capital : 57.894.993,9 lei  
Company managed in a dualistic system

[www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

or potential risk that the profits and capital of the company could be subject to because of its impossibility to meet its payment obligations at the time of maturity.

The Group has always sought to ensure a balance between its sources of financing and its short-term needs, so it has always had liquidity to meet its financial obligations.

The company prepares monthly cash-flow forecasts for periods ranging from 6 months to one year, so it can detect a possible lack of liquidity on time and take action accordingly.

## Operational risk

Operational risk is defined as the risk of loss or non-realization of estimated profits due to internal factors such as inadequate performance of internal activities, the existence of inadequate personnel or systems or external factors such as economic conditions, changes on the capital market, technological advances. Operational risk is inherent to all the Company's activities.

Policies adopted by the company for the prevention and management of operational risk, which may have a direct, negative impact on the exploitation activity (the base), have taken into account each type of event that can generate such risks.

## **9.2. Perspectives on the business activity of the company**

One of the products with high potential for growth in the future is spa tourism. Company units are located in resorts with natural cure factors. The company has identified this opportunity and obtained licenses to exploit these natural resources, expanding the capacity of treatment bases so that we can cope with the demand for such services.

This segment of the spa tourism will ensure the reduction of the tourist seasonality effects and will help us to attract tourists from abroad, especially from the European area.

European Directive no. 24/2011 sets the rights of patients in cross-border healthcare, providing the legal framework to guarantee the rights of European citizens to receive healthcare in all EU countries. One of the main concerns of the company is to attract this segment of tourists.

Another development direction is leisure tourism, which is a priority for the company, with the designing of the environment, including the development of recreational facilities.

A major concern of the company is the expansion of distribution channels.



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452  
Facsimil: +40-241-755-559  
Registration No. Trade Register of Constanța: J13/696/1991, CIF: RO2980547,  
IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency  
Subscribed and Paid Capital : 57.894.993,9 lei  
Company managed in a dualistic system

[www.thrmareneagra.ro](http://www.thrmareneagra.ro)

The company is in a continuous search for new clients, and the consolidation of the market relations with the current clients.

## 10. Corporate Governance

The Board of Directors convened monthly in sessions, according to the provisions of Law 31/1990 republished and whenever necessary, its attributions being stipulated in the Articles of Association.

The Board of Directors has monitored the operational and financial performance of executive management through performance indicators and criteria set in the Income and Expenditure Budget and other approved programs.

During the year 2017 the activity of the administrators was focused on the realization of the object of activity of the company according to the decisions of the General Government, the legal provisions and the provisions of the Constitutive Act.

One of the constant concerns of the administrators was to increase sales by developing the sales department, identifying new customers and loyalty to traditional customers. Also, the promotion of tourism products policy has been improved by launching special offers and customized offers for specific tourist categories.

Also, the Board of Directors was concerned with asset sales, approving the minimum prices and conditions for the sale of these assets. The company actively searched for potential clients, organized public auctions, and advertised for such transactions.

Company litigations are systematically monitored by the administration, so that each meeting of the council has at least one point on the agenda of the company's main litigation. The Board of Directors analyzed the options the company has in these cases and, where appropriate, hired law firms specialized in such litigation.

With the transition to the dual system of administration, the Supervisory Board set up two committees with the following structure:

Audit Committee: Mielu Dobrin and Florin Danut Buzatu

Nomination and Remuneration Committee: Dragoș Călin and Florin Dănuț Buzatu.





# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452  
Facsimil: +40-241-755-559  
Registration No. Trade Register of Constanța: J13/696/1991, CIF: RO2980547,  
IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency  
Subscribed and Paid Capital : 57.894.993,9 lei  
Company managed in a dualistic system

[www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

The attributions of the Executive Board are clearly established, being provided in the mandate contracts concluded with the company. An internal control system has been implemented within the company, with working procedures established for the main activities. Internal control is ensured at all levels, within the company there is an Internal Financial Control and Management Office. The internal audit activity is provided by S.C. Romar-CO Audit SRL, and starting with 08.11.2017 the internal audit is directly subordinated to the Company's Directorate. The Company has adhered to a Corporate Governance Code, annually drawing up the CGC Declaration of Compliance. The financial and accounting reports of the company are sent to the tax authorities and the market bodies, within the time limits stipulated by the law.

The mother company registered on 31.12.2017 a share capital amounting to 57,894,993.90 lei, subscribed and paid-up share capital representing 578,949,939 nominative, ordinary, dematerialized and indivisible shares with a nominal value of 0,1 lei / share. The Company observes the provisions of Article 10 of Law 31/1990 on commercial companies, regarding the minimum level of share capital for joint-stock companies. All shares may be freely traded on the Bucharest Stock Exchange without any limitations on the holding of securities, the need to obtain the approval of the issuer or other securities holders.

## **11. Conclusions and proposal for distribution of the profit of the mother company**

In 2017 the parent company acted in accordance with the provisions of the Articles of Incorporation, of the decisions of A.G.A., of B.V.C., in compliance with the legislation in force regarding the organization and reflection in the accounting of the specific activity, as well as of the capital market regulations.

### **At the end of 2017, the mother company records:**

- A recovered loss of **768,515.72 lei** resulted from the correction of the accounting errors (10,650 lei representing the registration in 2016 of some expenses related to the services rendered by Man-Co SRL in 2015, 793,063 lei representing the amount of projects elaborated in order to modernize the material base , not yet in operation until this date, expenses related to the 2009-2012 period), which the directorate proposes to cover from "The reported result representing the surplus from the re-assessment reserves (account 1175);



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452  
Facsimil: +40-241-755-559  
Registration No. Trade Register of Constanța: J13/696/1991, CIF: RO2980547,  
IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency  
Subscribed and Paid Capital : 57.894.993,9 lei  
Company managed in a dualistic system

[www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

- A net profit of **1,691,836 lei**.

The Directorate of THR Marea Neagra SA proposes the following distribution of the net profit of THR Marea Neagra SA recorded on 31<sup>st</sup> of December 2017.

1. **To the legal reserve according to art. 183 of Law 31/1990 of the commercial companies, republished 110,647.00 lei**
2. **Distribution to other reserves of 741,711.59 lei**
3. **Dividend distribution to shareholders 839,477.41 lei**

**GENERAL MANAGER/EXECUTIVE MANAGER**  
**Narcisa Moșoiu**

**ADMINISTRATIVE MANAGER/VICE-PRESIDENT  
OF THE BOARD OF DIRECTORS**  
**Dorinel Cazacu**

**HUMAN RESOURCES MANAGER/MEMBER  
OF THE BOARD OF DIRECTOR**  
**Doina Pârcălabu**

\*\*\*\*\*

*The undersigned, **Vig Corina-Luiza**, interpret and translator authorized for the foreign languages **English** and **French**, under license no. **32809** awarded by the Romanian Ministry of Justice on **27.10.2011**, do hereby certify that the foregoing is a true and correct **ENGLISH** translation of the original **ROMANIAN** document, that the text shown to me has been translated with no omissions and that, through translation, the content and meaning of the document have not been corrupted.*

**INTERPRETER AND TRANSLATOR AUTHORIZED,**  
**VIG CORINA-LUIZA**