



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 E-mail: office@thrmareaneagra.ro
Company managed in a dualistic system

Website: www.thrmareaneagra.ro

Presentation of Income and Expenditure Budget, Investment Program on 2018 and Activity Program on 2018

I. Income and Expense Budget for 2018

The economic and financial indicators included in the income and expenditure budget of the company for the year 2018, as compared to the achievements of the year 2017, are as follows:

Indicators	Realized 31 st of December 2017	BVC 2018	Index BVC 2018 / Realized 2017 (%)
A.1. Operating income	38.666.834	44.664.470	115,51
- incomes from public food	10.128.015	10.250.000	101,20
- incomes from housing	21.016.132	24.276.000	115,51
- incomes from locations and rentals	876.151	1.357.370	154,92
- other operating incomes	5.264.376	4.081.100	77,52
- incomes from active sales	1.382.160	4.700.000	340,05
A.2. Operating expenses	36.801.571	39.661.510	107,77
- cargo expenditure	3.449.057	3.177.500	92,13
- material expenditure	2.273.340	2.538.300	111,66
- expenditure with the inventory items	404.202	554.200	137,11
- expenditure with the utilities	2.260.544	2.615.000	115,68
- expenditure on external benefits	5.492.965	5.598.300	101,92
- expenditure advertising and protocol	41.084	45.000	109,53
- expenditure on taxes and fees	2.785.019	2.806.500	100,77
- expenditure with the personnel	9.661.730	11.059.600	114,47
- expenditure on depreciation and undervaluation	6.820.711	6.940.000	101,75



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 E-mail: office@thrmareaneagra.ro
Company managed in a dualistic system

Website: www.thrmareaneagra.ro

adjustments			
Indicators	Realized 31.12.2017	BVC 2018	Index BVC 2018 / Realized 2017 (%)
- other operating expenditure	2.516.456	3.249.600	129,13
- pro rata expenditures	384.111	400.000	104,14
-expenditure on asset sales	712.351	677.510	95,11
Operating profit	1.865.263	5.002.960	268,22
B.1. Financial incomes	460.791	396.000	85,94
B.2. Financial expenditure	113.124	180.000	159,12
Financial profit	347.667	216.000	62,13
Total incomes, whereby	39.127.624	45.060.470	115,16
Turnover	34.420.176	38.145.970	110,82
Total expenditure	36.914.694	39.841.510	107,93
Total gross profit	2.212.930	5.218.960	235,84
Profit tax/specific tax	293.512	300.000	102,21
Net profit	1.919.418	4.918.960	256,27

The Income and Expenditure Budget for 2018 was built in a prudent manner due to the limited possibilities of increasing / diversifying sources of income, given the limited resources we have on a competitive market where demand is somewhat defined in relation to the offer.

Regarding the quantification of the level of expenditures and the identification of the possibilities for their diminution, the intervention margin is limited due to the exogenous factors, namely the elements of taxation, amendments to the Labor Code, observance of all the criteria and rigors imposed by the specific legislation, respecting which there are numerous institutions with control and verification role. The following were considered:

- a total incomes level of 45,060,470 lei, which represents an increase of 15,16% of the preliminary level at 31st of December 2017.



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 E-mail: office@thrmareaneagra.ro
Company managed in a dualistic system

Website: www.thrmareaneagra.ro

-
- **a volume of total expenditure of 39,841,510 lei**, which are by 7,93% higher than the total expenditure registered on 31st of December 2017.
 - **a gross profit in the amount of 5,218,960 lei**, 135,84% higher than the preliminary level on 31st of December 2017.

1. 1. Incomes

1. Operating incomes

Income from operating activity is higher by 7.02% compared to the preliminary one at 31.12.2017. In 2017 there was a Revenue from the valuation of assets for rent and sale, in accordance with IAS 40 and IFRS 5, of RON 1,143,467. This income is exceptional in nature, with no foreseeable repeatability, therefore we consider that it is not appropriate to consider it in comparison with the BVC 2018 provisions. Therefore, the real increase of the provisions for operating income is 10.58% (3,823.263 lei).

2. Operational income has as its source the following types of income:

- **"Incomes from public alimentation"**, totaling 10.250.000 lei, by 1.20% higher than the incomes realized on 31st of December 2017. This indicator was based on the analyzed trend regarding the evolution of the incomes from the public alimentation, characterized by the sale of service packages that do not include the three meals a day, the largest share being the sale of breakfast accommodation.

- **"Incomes from housing activity"** in the total amount of 24.076.000 lei, increasing by 14.60% compared to the achievements of the year 2017. In substantiating the budget provisions for this category of incomes, the following unfavorable premises were considered:



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 E-mail: office@thrmareaneagra.ro
Company managed in a dualistic system

Website: www.thrmareaneagra.ro

- Reducing the budget allocated by the National House of Public Pensions, which ensures the tourist season in season;

- Estimation of a decrease in tourist traffic in our hotels in response to a 10% to 30% increase in tariffs (due to the need to cover operating costs rather than modernization or other qualitative elements to attract additional tourist traffic);

- The staff serving the hotels are inadequate and poorly qualified or even unqualified (due to the known difficulties on the labor market).

- "**Rental Income**", amounting to RON 1,498,400, 71.02% higher than the level of this indicator at 31.12.2017, due to the inclusion of rent for other assets in this amount.

- "**Other incomes (70 group)**" – in the total amount of 2,712,600 lei, mainly made up of the incomes representing the value of the spa treatment services, parking and access to swimming pools and Băi Reci, and other types of incomes;

- "**Granted commercial discounts**" amounting to 450,000 lei represent the amount by which the operating income will be reduced as a result of the commercial practice in the field of tourism, regarding the transfer of commission to the travel agencies.

- "**Incomes from other activities**" – the value of this indicator is of 1,466,000 lei and includes the income accrued for investments made in its own management, revenues from the refurbishment of utilities to third parties, etc.

- "**Incomes from asset sales**" – applying the principle of prudence and analyzing the realistic chances of alienating the nonperforming assets from the company's patrimony, we have proposed for the year 2018 to obtain incomes of 4,700,000 lei, respectively of a profit from the sale of assets of 3,972,490 lei. We estimate that Gloria Hotel in Eforie Sud and Meteor Hotel (50%) in Eforie Nord are the biggest selling chances.



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 E-mail: office@thrmareaneagra.ro
Company managed in a dualistic system

Website: www.thrmareaneagra.ro

1.2. Financial incomes

The financial incomes, in a total amount of 396,000 lei, were projected to be 14% lower than the level achieved at the end of 2017. These revenues consist mainly of dividends received from S.C. Balneoterapia Saturn S.R.L. which, according to the December 2017 preliminary scenarios, are 14.66% lower than in the previous year.

2. Expenditure

The total expenditure planned for 2018 amounts to 39,841,510 lei, which represents an increase of 7.93% compared to the expenditures made in 2017.

Total expenditure consists of:

- operational expenses in the total amount of 39,661,510 lei
- financial expenses in the amount of 180,000 lei.

1. Operational expenses

The Income and Expenditure Budget of 2018 is striking the rise in some spending categories, such as:

- salary costs due to the increase in the guaranteed minimum gross salary;
- bank interest expense due to ROBOR growth;
- additional costs for obtaining different authorizations and operating permits.



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 E-mail: office@thrmareaneagra.ro
Company managed in a dualistic system

Website: www.thrmareaneagra.ro

In addition, the operating expenses increase in 2018 with a series of additional expenditures, which have no income correspondence and can not be influenced from the managerial point of view, amounting to 1,590,100 lei. These additional costs were not taken into account in the substantiation of accommodation rates that were transmitted to the market in the autumn of last year, ie before these costs occurred.

These are:

-page fee: 832,000 lei (its payment can not be suspended, although we have challenged the decisions of the Local Council that establishes them)

-employer social contribution 2.25%: 242.600 lei

-employee disability Fund (Law 448/2006): 268,000 lei

-TVR fee 247.500 lei (590,000 lei - 342,500 lei provisionally canceled, recorded under chapter

"Other incomes").

Operating expenses account for 99.58% of total expenditure.

2. 2.2 Financial expenditure

The financial expenditure, amounting to 180,000 lei, were increased by 59.12% compared to the level reached at the end of 2017, due to the prospects of using the contracted credit line from BCR, on the one hand, and as a result of ROBOR growth, on the other hand.

3. Gross result

- **"Gross profit resulted from the operational activity" is calculated at the amount of RON 5,002,960, which represents an increase of 168.22% compared to the level achieved in**



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 E-mail: office@thrmareaneagra.ro
Company managed in a dualistic system

Website: www.thrmareaneagra.ro

2017. The gross profit from operational activity consists of the gross operational profit profit of operating from the operating activity and the gross profit from active sales.

- The "Gross Profit from Operational Activity" is 1,030,470 lei, 82.49% lower than the one realized in 2017. This decrease is caused mainly by: the fee for the page, the employer's social contribution, the disability fund non-committed Lg 448/2006 and TVR fee - totaling 1,590,100 lei.

If we were not obliged to carry out the above mentioned expenses, the profit would have been of 2,620,570 lei (with a 9.53% increase compared to the preliminary one for 2017, without the 'exceptional' re-assessment of the assets).

- The "Gross Profit on Sale of Assets" amounting to RON 3,972,490 is calculated as the difference between the proceeds from the sale of assets and the expense with the sale of assets.

- "Gross profit from the financial activity", in the amount of 216,000 lei, is lower with

- 37.87% compared to the level of 2017 as a result of the increase in bank interest expenditure.

GENERAL MANAGER/EXECUTIVE PRESIDENT

Narcisa Moșoiu

MANAGING DIRECTOR/ VICE-PRESIDENT OF THE BOARD OF DIRECTORS



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 E-mail: office@thrmareaneagra.ro
Company managed in a dualistic system

Website: www.thrmareaneagra.ro

Dorinel Cazacu

HUMAN RESOURCES MANAGER/MEMBER OF THE BOARD OF DIRECTORS

Doina Parcalabu

II. Investment program for the year 2018

The sources identified for financing the investment program 2018 are the following:

Sources	BVC 2018
Sources of unused funds from the previous year	10.054.713
Payment	6.940.000
Cash Flow active sales	4.700.000
Financing fund 2017	90.000
Total of financing own sources	21.784.713
Credit reimbursement for investments + interests	-920.000
Restitution guarantees related to investment works of previous years	-230.000
Dividendes 2017	-1.800.000
Total of financing sources	18.834.713

*The year 2018 is characterized by the aggravation of infrastructure problems due to the advanced wear and tear of assets in service. In order to counteract this state of affairs and taking into account the limited financial resources, the "Investment Program" proposed for 2018 was structured according to three priorities, the priority 1 being represented by the imperative works. **Planned investment works will start with the approval of the Supervisory Board.***

Thus, ***the priority 1*** is considered to be represented by the following works:

a.1) the mandatory works for compliance with the legislation required by the control reports drawn up by the representatives of the Emergency Situations Inspectorate. According to 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 E-mail: office@thrmareaneagra.ro
Company managed in a dualistic system

Website: www.thrmareaneagra.ro

regulations in force, Cleopatra Hotel can not work this year if the Fire Safety Authorization is not obtained. It is necessary to obtain Fire and Fire Safety Authorizations from Narcis, Sirena, Lidia and Bran Bega Complex;

a.2) The works necessary to maintain the comfort class of the classification certificates and to avoid checks that may lead to the closure of the units (according to the minutes of the Ministry of Tourism and the National Authority for Consumer Protection), fines and a bad image of company integrity. The emphasis is mainly on the Venus Hotel and Restaurant and Diana Hotel, which last year were in danger of being closed down;

a.3) Continuation of investment works started in 2017 and unfinished (extension of Cerna Restaurant from Saturn, Clarvision's financial-accounting software implementation);

a.4) Works needed to remedy situations that put at risk the safety of tourists (eg, replacing the balcony slats at Cerna Hotel in Saturn, for which there is a great risk of falling, rebuilding the interiors of the pools: Cleopatra, Balada, Bran, there were accidents involving tourists, replacement of the Aida Hotel in Saturn, where a first provisional stage was carried out in 2016);

a.5) Work required to comply with tax legislation (fiscal cash register equipment according to OG 20/2017);

a.6) works for business development: setting up a self-service line on the ground floor of Venus Restaurant in Eforie Nord. This restaurant was subject to controls by several authorities in the summer of 2017 (ANPC, ANSVSA, MT), which even ordered the temporary closure of the unit due to non-observance of the operating conditions. Thus, the kitchen line of the restaurant is completely non-functional, metal carpentry and windows are the original ones and are no longer safe, and the whole production area must be sanitized.

Considering the fact that works have to be done for the rehabilitation of the restaurant in order to open it, we proposed that it should no longer serve as a classic restaurant, but as a self-service restaurant (a top-notch service in the preferences of tourists in Eforie Nord).

At the same time, this way we can avoid unnecessary spending with the restaurant's kitchen, and the commodity will be prepared in the kitchen of the 4* Bega Restaurant brought to catering at the Venus Restaurant and dismantled here at the self-service line. It is one of 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 E-mail: office@thrmareaneagra.ro
Company managed in a dualistic system

Website: www.thrmareaneagra.ro

levers to counteract the recovery of public food receipts, due to the fact that classic restaurants with closed salons are not searched by tourists during the summer.

The total value of works with priority 1 is 10,323,585 lei + VAT

Priority 2 is represented by:

b.1) Works written in the control reports of the Ministry of Tourism and the National Agency for Consumers Protection, which do not have the direct consequence of shutting down tourist units and do not pose a risk to tourists, but for which we are liable to fines if they are not realized (eg: Capitol, Sirena, Balada and Hora Restaurant);

b.2) Works required to operate in the parameters of some air-conditioning systems (whose failure leads to diminishing the comfort of tourists and implicitly to complaints). Explanation: at the Sirena Hotel it is necessary to refill the chiller for the air conditioning system and at the Cleopatra Restaurant of the faulty rooftop, which ensures the air conditioning of the restaurant's central area;

b.3) Works necessary to increase the production capacity of their own laundry, in order to optimize the costs by giving up the contracts with third parties;

b.4) Connection to the gas distribution system, which leads to the reduction of utilities costs;

b.5) Completing defective facilities in the inventory of accommodation and public catering, taking into account their degree of wear as well as the nonfunctioning of equipment from public catering establishments.

The total value of works with Priority 2 is 2,994,270 lei + VAT

Priority 3 is represented by:

c.1) works necessary to prevent fraud. In this regard, we have proposed that the Narcis 3* Hotel in Saturn, which we want to install a card-based access control system, as well as a smart barrier system to control access to the hotel parking, this resulting in better revenue control;



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 E-mail: office@thrmareaneagra.ro
Company managed in a dualistic system

Website: www.thrmareaneagra.ro

c.2) works written in control reports that would not result in the closure of the tourist unit and do not pose a risk to tourists, but for which we are liable to fines if not done, especially construction works on the facades, replacing old carpentry, carpet replacement.

The total value of works with Priority 3 is 2,509,635 lei + VAT.



TURISM, HOTELURI, RESTAURANTE
MAREA NEAGRA S.A.

Head Office: România, 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 E-mail : office@thrmareaneagra.ro



Company managed in a dualistic system

Website: www.thrmareaneagra.ro

			1	Redesigning the detection and signaling system, bringing the detection and signaling system to the requirements of the current regulations, installing additional sensors	500.000			
			1	Getting a fire safety authorization	12.000			
9	Sirena Hotel	Saturn	1	Getting a fire safety authorization for the fire station	12.000		12.000	PV 1861/17/ SU-CT/26.07.2017
10	Narcis Hotel	Saturn	1	Getting a fire safety authorization for the fire station	12.000		12.000	PV 1861/17/ SU-CT/26.07.2017
11	Lidia Hotel	Venus	1	Getting a fire safety authorization for the fire station	12.000		12.000	PV 1861/17/ SU-CT/26.07.2017
12	PSI Equipment	THR Units	1	Purchasing PSI equipment	100.000		100.000	PV 1861/17/ SU-CT/26.07.2017

Crt. No.	Unit	Resort	Priority	Object	Works value (lei)	Facilities value (lei)	The amount provided for (lei)	Remarks
13	Venus Hotel	Eforie Nord	1	Replacement bath columns 8 double columns + 1 simple-68 bathrooms	425.000		1.282.800	MT PV 1286 /13.07.17 ANPC PV 0770397 /11.07.17
			1	Replace wood carpentry - 450 sqm	125.000			

			1	Replacement carpet rooms and halls or mounted tiles-1880 sqm, furniture replacement	732.800			
14	Diana Hotel	Eforie Nord	1	Replacement of columns of bathrooms 5 double columns + 2 simple-48 bathrooms	300.000		1.276.285	MT PV 1285 /13.07.17 ANPC 0792218/11.07.17
			1	Replaced metallic carpentry at staircase-4x10mp-40 sqm	10.000			
			1	Replacement wood carpentry rooms-567 sqm	141.750			
			1	Replacement carpet rooms or mounted tiles-1820 square meters, furniture replacement	668.535			
			1	Interior construction work (rebuilding heels, painting halls and rooms)	156.000			
15	Capitol Hotel	Eforie Sud	1	Replaced hotel access door	5.000		5.000	Work needed for tourists safety
16	Capitol Restaurant	Eforie Sud	1	Waterproofing kitchen area dressing room lighting illumination	150.000		150.000	Necessary work to avoid infiltration
17	Cleopatra Hotel	Saturn	1	Detached facade repaired	10.000		10.000	Work needed for tourists safety
Crt. No.	Unit	Resort	Priority	Object	Works value (lei)	Facilities value (lei)	The amount provided for 2018 (lei)	Remarks
18	Sirena Hotel	Saturn	1	Worn carpet replacement (floor 3)	10.000		10.000	PV 1545 /27.07.17
19	Cora Hotel	Saturn	1	Carpet halls replacement	87.500		87.500	PV 1543 /27.07.17
20	Cerna Hotel	Saturn	1	Damaged doors replacement-10 pieces	20.000		20.000	PV 1552 /02.08.17
21	Aida restaurant	Saturn	1	Dressing rooms arrangement	100.000		100.000	PV 1549 /01.08.17
22	Aida Hotel	Saturn	1	Balcony replacement	2.381.000		2.456.000	Work needed for tourist safety; there is an architect's study
			1	Renewal/iReplacement of fire ladder barrier	75.000			PV 1548 /01.08.17
23	Raluca Complex	Venus	1	Renewal of hotel's facade	200.000		200.000	PV 1555 /02.08.17; Iterative control 2018



TURISM, HOTELURI, RESTAURANTE
MAREA NEAGRA S.A.

Head Office: România, 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 E-mail : office@thrmareaneagra.ro



Company managed in a dualistic system

Website: www.thrmareaneagra.ro

24	Cerna Restaurant	Saturn	1	Kitchen extension	900.000	300.000	1.200.000	Ongoing work
25	THR Units		1	Clarvision Program Acquisition and Implementation	115.000		256.000	Ongoing work and in compliance with the legislation in force
			1	Equipments with fiscal memory for cash registers	40.000			
			1	IT Equipments (sources, memories, computers)	16.000			
			1	Clarvision ERP program interfaces	55.000			There are complaints from tourists about the functionality of the system
			1	BBB Wireless Network Rehabilitation	10.000			
			1	Cleopatra Complex Wireless Network Rehabilitation	20.000			
Crt. No.	Unit	Resort	Priority	Object	Works value (lei)	Facilities value (lei)	The amount provided for 2018 (lei)	Remarks
26	Venus Restaurant	Eforie Nord	1	Amenajare linie autoservire		35.000	375.000	Required work to increase income from AP and avoid sanctions for control bodies
			1	Hygiene kitchen space, modernization of salon and terrace, carpentry replaced	360.000			PV ANPC 0792644/11.07.17
			1	Rehabilitation of small ground-floor sanitary groups	15.000			

27	Complex BBB Pool	Eforie Nord	1	Pool interior's reconstruction	100.000		100.000	Work needed to increase tourists safety
28	Cleopatra Pool	Saturn	1	Pool's mosaic reconstruction	100.000		100.000	Work needed to increase tourists safety
29	Balada Pool	Saturn	1	Fitted stainless steel	30.000		180.000	ANPC PV 0794130/31.07.17
			1	Reconstruction of exterior pavement	50.000			Work needed to increase tourists safety
			1	Reconstruction of pool's interior	100.000			
30	Hotel Cerna	Saturn	1	Substitutes and leakage to V floor: 515, 516, 517, 518, 519, 520 and contrapMTa to chambers: 18, 20, 22, 23, 25, 26;	75.000		1.575.000	Necessary work to avoid infiltration; work in progress with its own forces
			1	Replacement of balcony parapets	1.500.000			Work needed for tourists safety!!!!
Total of priority 1							10.323.585	
Crt No	Unit	Resort	Priority	Object	Works value (lei)	Facilities value (lei)	Amount provided for 2018 (lei)	Remarks
1	Capitol Hotel		2	Interior paintings	75.000		309.700	MT PV 916/19.08.2017
			2	Replacement of window rooms carpentry + balcony door – 66 pcs.	60.000			
			2	Works at sanitary equipments	11.200			
			2	Construction works at bathrooms (20 bathrooms)	125.000			
			2	Metal bathtub replaced 20 pcs.	10.000			
			2	Replace wood cornize with its own strengths	2.500	10.000		
			2	Replaced splitter balcony- 32 pieces with its own strengths	16.000			
2	Capitol Restaurant	Eforie Sud	2	Interior works (paintings, faience, freestone)	30.000		102.000	MT PV 916/19.08.2017
			2	Sanitary installations	12.000			



TURISM, HOTELURI, RESTAURANTE
MAREA NEAGRA S.A.

Head Office: România, 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 E-mail : office@thrmareaneagra.ro



Company managed in a dualistic system

Website: www.thrmareaneagra.ro

			2	Replaced wood carpentry, door replacement at the buffet	50.000	10.000		
3	Cleopatra Restaurant	Saturn	2	Rooftop replaced	150.000		150.000	Required for the operation of the air conditioning system
4	Sirena Hotel	Saturn	2	Reconstruction of circular terrace tiles	15.000		865.000	Necessary to avoid infiltrations
			2	Underground installations	100.000			Required for the operation of the air conditioning system
			2	Chiller replacement	750.000			
5	Balada Hotel	Saturn	2	Reinforced parapet waterproofing	5.000		5.000	Necessary to avoid infiltration
6	Balada Restaurant	Saturn	2	Refacut scurgere	10.000		10.000	Necessary to avoid infiltration
Crt No	Unit	Resort	Priority	Object	Works value (lei)	Facilities value (lei)	Amount provided for 2018 (lei)	Remarks
7	Hora Hotel	Saturn	2	Underground installations	75.000		75.000	Required for operation in normal plant parameters
8	Prahova Hotel	Saturn	2	Replaced drainage between the hotel and drain house	5.000		5.000	Required for operation in normal plant parameters
9	Mureș Hotel	Saturn	2	Replaced 4 rainwater leaks on the north facade, rectified hotel leakage	15.000		15.000	Necessary to avoid infiltration
10	Laundry	Saturn	2	Replaced 4 cars 60 kg		300.000	400.000	Required for capacity and third-party retirement
			2	Steam installation remade	100.000			
11	Sirena CT	Saturn	2	Boiler replacement	85.000		100.000	Required for operation in normal plant parameters
			2	Storage isolated	15.000			

12	Vraja Marii CT	Eforie Nord	2	Design, boiler installation, electrical system replacement and automation	80.000		80.000	Required for operation in normal plant parameters
12	Connection to the gas distribution system	CT Management's Head Office	2	Connection to the gas distribution system	1.680		1.68	Necessary to reduce fuel costs
		CT Hora	2	Connection to the gas distribution system	22.425		22.425	
		CT Cleopatra	2	Connection to the gas distribution system	31.755		31.755	
		CT Laundry	2	Connection to the gas distribution system	21.710		21.710	
Nr. crt	Unit	Resort	Priority	Object	Works value (lei)	Facilities value (lei)	Amount provided for 2018 (lei)	Remarks
13	Facilities	THR Units	2	Facilities with fixed resources		800.000	800.000	Completion of endowments necessary for good functioning
Priority Total 2							2.994.270	
1	Narcis Hotel	Saturn	3	Installation of access control system for access to the rooms, including the installation works and parking access system	565.000		565.000	Needed for incomes growth
2	Venus Hotel	Eforie Nord	3	Replacement of pluvial system	20.000		162.317	MT PV 1286 /13.07.17 ANPC PV 0770397 /11.07.17
			3	Construction of facades	142.317			
3	Diana Hotel	Eforie Nord	3	Works of facades constructions	142.318		162.318	MT PV 1285 /13.07.17 ANPC 0792218/11.07.17
			3	Replacement of pluvial system	10.000			
			3	Rehabilitation of ground floor sanitary groups	10.000			



TURISM, HOTELURI, RESTAURANTE
MAREA NEAGRA S.A.

Head Office: România, 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 E-mail : office@thrmareaneagra.ro



Company managed in a dualistic system

Website: www.thrmareaneagra.ro

4	Sirena Hotel	Saturn	3	Reconstruction of facade	180.000		180.000	PV 1545 /27.07.17
5	Balada Hotel	Saturn	3	Reconstruction of facade	180.000		830.000	PV 1551 /01.08.17
			3	Replaced room door floors 1,2,8-13	350.000			
			3	Replaced carpet 1,2,8-13	300.000			
6	Mureș Hotel	Saturn	3	Reconstruction of facade	75.000		75.000	PV 1544 /27.07.2017 (in PV are also passed and replaced the doors and furniture renovation)
Crt. No.	Unit	Resort	Priority	Object	Works value (lei)	Facilities value (lei)	The amount provided for 2018 (lei)	Remarks
7	Aida Restaurant	Saturn	3	Rehabilitation of the underground floor	50.000		205.000	PV 1549 /01.08.17
				Replacement of metallic woodwork	155.000			
8	Aida Hotel	Saturn	3	Replacement of carpentry	250.000		250.000	PV 1548 /01.08.17
9	Siret Complex	Saturn	3	Renewal of hotel's facades	80.000		80.000	PV 1553 /02.08.17
Total of priority 3							2.509.635	
Total investment value without VAT							15.827.490	
Total investment value with VAT							18.834.713	

GENERAL MANAGER/EXECUTIVE PRESIDENT

Narcisa Moşoiu

MANAGING DIRECTOR/ VICE-CHAIRMAN OF THE BOARD OF DIRECTORS

Dorinel Cazacu

HUMAN RESOURCES MANAGER/MEMBER OF THE BOARD OF DIRECTORS

Doina Pârcălabu



TURISM, HOTELURI, RESTAURANTE

MAREA NEAGRA S.A.

Sediul: România, Mangalia, str.Lavrion nr.29, jud.Constanța Tel:+40-241-752-452 Fax:+40-241-755-559
Nr. Înregistrare Registrul Comerțului Constanța: J13/696/1991, CIF: RO2980547,
Cont IBAN: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Agenția Mangalia
Capital social subscris și varsat : 57.894.993,9 lei
Societate administrată în sistem dualist

www.thrmareaneagra.ro

III. Activity program for 2018

Marketing activity

Practice a competitive pricing policy to boost the sale of the travel product by:

- Permanent pursuit of the tariff policy practiced by the competition and compliance with the market trend;
- Enrollment in the national program at the special offers "Early Registrations". We will grant a 15% discount for early registrations, the offer valid for registrations up to 31.01.2018 with full payment until 15.02.2018 and a 10% discount for early registrations, the offer valid for registrations up to the date of 30.04.2018 with full payment until 15.05.2018;
- Introducing the special offer with linear tariffs throughout the season, in the form of a package and board, meant to attract large groups and trade unions;
- Special offers for you.
- Providing attractive facilities (free access to swimming pools, facilities for children, etc.);
 - Boost sales through online systems.
- Attendance in national programs launched by the Tourism Association (OPTBR, FPTR):
 - “O saptamana de refacere”
 - “Decada balneara”
 - “Litoralul pentru toti”
 - “Hai la bai”
- Launching special offers for the foreign market.

In order to increase the attractiveness of the tourist product, coupled with the offers of competitive markets, facilities have been created to provide off-season tourist traffic, especially for the treatment tourists, generally elderly, as well as children's facilities for the season, in order to stimulate family holidays.

Establishment of the opening and closure dates of the operative units according to the tourist accommodation, so as to ensure a high occupancy rate for the operating units and their operation in terms of efficiency.

Contracting the material base and following the proper execution of the tourism service contracts with the travel agencies, the National House of Public Pensions and other direct collaborators.

Promotion of tourist offers for periods of low demand, both on the domestic and foreign markets.

Underlined promotion of newly renovated high-comfort units.

Developing online sales.

Development of the treatment segment within the treatment bases Hora, Balada, Sirena and Bran-Brad-Bega.

Attendance in national and regional fairs and tourism fairs to promote their own products and services.

Promotion of the tourism product and the THR Marea Neagră brand in the local and national press, TV, radio, on its own site, on socializing sites (Facebook promotion campaigns), Google promotion.

Continuous updating of the company's website www.thrmareaneagra.ro .

1. *Production and service activities*

Diversification of serving systems in public catering establishments, thus providing flexibility to meet the needs of as many categories of tourists as possible.

There will be used the systems: „bufet suedez”, „a-la-carte”, „menu fix” and „self-service”.

Diversification of culinary production by introducing prescriptions to meet the requirements of tourists, correlated with the current trends in gastronomy and the principles of healthy food, especially culinary preparations with Romanian, fish, etc., dietetic for tourists with health problems, especially elderly people who are consumers of spa treatment.

Diversification of payment options through the following choices:

- payment from customer's account
- card payment
- cash payment
- holiday vouchers.

Creating events to attract tourists to the locations managed by the company, namely:



TURISM, HOTELURI, RESTAURANTE

MAREA NEAGRA S.A.

Sediul: România, Mangalia, str.Lavrion nr.29, jud.Constanța Tel:+40-241-752-452 Fax:+40-241-755-559
Nr. Înregistrare Registrul Comerțului Constanța: J13/696/1991, CIF: RO2980547,
Cont IBAN: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Agenția Mangalia
Capital social subscris și varsat : 57.894.993,9 lei
Societate administrată în sistem dualist

www.thrmareaneagra.ro

- interactive recreational activities through animators in Cleopatra Aqua Park, Balada Aqua Park and Bran Pool;
- organizing Romanian evenings, by preparing specific dishes and inviting folk music and dance groups, rotation, in the restaurants of the company; organizing on these evenings dance competitions with prizes, raffles;
- attracting exhibitors (paintings, art objects, cartoons) to use the space offered by the receptions of the 3 and 4-star hotels.

Raising the degree of comfort according to the investment program and providing the facilities corresponding to the classification category of each operating unit.

Permanent performance control of the quality of services rendered by:

1. continuous monitoring of the activity, with the identification of the non-conformities, establishing corrective measures and monitoring their implementation;
2. operational control of the management.

Strict pursuit of each category of expenditure, especially the pursuit of compliance with consumption norms for consumables, cleaning materials, laundry, etc.

Human resources activity

Increasing the level of professional training of the employees directly or indirectly involved through internal courses supported by the employees of the company, with the following themes:

- Operation of Opera hotel management program
- Operation of Micros Public Food Management Program
- Organization of housekeeping activity
- HACCP standards, quality and environmental management
- Exploitation Clarvision Program in Human Resources
- Other training courses.

Responsibility of the staff involved in the provision of services by tracking the way the tasks are carried out according to the job description.

Employing a core of staff for a period of 6 months, mainly maid, governess, waiters, chefs to carry out sanitation work for accommodation and public catering; they will also participate in the preservation of the units after the end of the season, in order to achieve a loyalty of the staff;

Employing the personnel with an individual labor contract for a definite period correlated with the number of tourists on the accommodation units, and for the public food units correlated with the receipts and the addition of public food;

For the efficient use of human resources, in the off-season, individual contract management for an indefinite period of time will ensure the guard of the managed goods, being integrated into the company's chart and security program;

Employing managers with professional and psychological testing, managers who will enter into basic guarantee contracts and additional guarantee agreements;

Concluding agreements with profile schools to provide qualified staff (waiter, cook) and unqualified (waiter, chef help) in public catering establishments, recruitment and selection of personnel in the country through ANOFM, advertising announcements to ensure the number of employees provided in regulations.

Technical and investment activity

In order to provide high quality services to tourists, we aim at the execution of repairs and repairs on time and quality. Related activities: security, fire protection, environmental protection will be carried out according to the legislation in force, to eliminate all risks.

Investment works will be carried out according to the approved schedule.

To reduce the consumption of utilities, the following activities will be carried out:

- According to the "Working procedure on the activity of highlighting, tracking and fitting into the specific consumption for utilities", approved by the management of S.C. T.H.R. Marea Neagră S.A. daily water consumption monitoring and inspecting the basements for immediate intervention in case of damage. The specific consumption per tourist day will be monitored and their allocation in the quantities approved by BVC. These consumptions will be analyzed, and if overtakings are found, the causes that have caused the overrun will be determined and remedial measures will be taken;



TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Sediul: România, Mangalia, str.Lavrion nr.29, jud.Constanța Tel:+40-241-752-452 Fax:+40-241-755-559
Nr. Înregistrare Registrul Comerțului Constanța: J13/696/1991, CIF: RO2980547,
Cont IBAN: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Agenția Mangalia
Capital social subscris și varsat : 57.894.993,9 lei
Societate administrată în sistem dualist

www.thrmareaneagra.ro

- Employee involvement and customer request to be active in water and energy saving activities, selective waste collection.

Measures regarding the compliance with the approved consumption of electricity, drinking water and fuel:

- the use of machinery (hotplates, electric grills, furnaces, chillers and air-handling units) based on an operating schedule established according to the needs and the number of tourists;
- the use of low-consumption light bulbs (with led) and sensors;
- proper maintenance of sanitary facilities in order to avoid water loss by: non-sealing of the washbasin or shower faucet, leakage from the WC basins, breakage of hot or cold water supply pipes;
- use of aerators for valves and shower heads with optimal flow;
- avoiding water leaks by emptying the valves, especially in kitchens;
- tracking fuel consumption on tourist days, fitting into approved quantities, and correlation between the amount of water delivered and fuel consumption;
- Permanent concern (with attributions to unit managers) to reduce utility consumption.

Related activities to be followed to avoid risks:

- tracking all assets of the building society in exploitation;
- the conclusion of insurance policies for possible damage;
- tracking ISCIR licensing activity;
- tracking compliance with all requirements to obtain fire safety approvals;
- organization of the security and order activity of the company according to the legislation in force;
- organization of the security and order activity of the company in accordance with the legislation in force;

Technical and material supply activity

Determining the consumption of materials / goods / objects in volume, structure and deadlines.

Purchases of goods, supplies and equipment will be made from suppliers selected on the basis of the most advantageous offer in terms of quality and price, by prospecting the market and testing the credibility of the selected suppliers. Negotiating supply conditions to obtain advantageous prices, discounts / rebates or bonuses.

The supply will be done rhythmically, with minimal stocks and in the structure corresponding to the orders, after confronting the necessary to buy with the existing stocks in the warehouse.

Consideration will be given to the protection and rational conservation of material resources during storage.

It will optimize transport routes and capacities, with the supply being largely made up of a productive unit or a beneficiary warehouse.

The return of the goods to the suppliers after the units closure will be performed, but not before their redistribution between the operating units in operation, according to the commands launched.

Materials for repair, maintenance, cleaning, sanitation and other consumable materials will be purchased based on the needs and distributions sent by the functional departments.

Consumables will be accompanied by Technical Data Sheets / Product Safety Data Sheets / Market Appraisal Opinions and Documents, etc.

Legal activity

Track files with significant impact on society's patrimony, solve and enforce court sentences.

Continuation of court actions for the recovery of debts as a result of the non-payment of debts on time.

Tracking files where the company is represented by law firms.

The observation of compliance with the legal framework in the company's internal activity, as well as in the activity with third parties, regulated by economic contracts, relations with the state institutions.

Economic activity



TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Sediul: România, Mangalia, str.Lavrion nr.29, jud.Constanța Tel:+40-241-752-452 Fax:+40-241-755-559
Nr. Înregistrare Registrul Comerțului Constanța: J13/696/1991, CIF: RO2980547,
Cont IBAN: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Agenția Mangalia
Capital social subscris și varsat : 57.894.993,9 lei
Societate administrată în sistem dualist

www.thrmareaneagra.ro

Compliance with the company's accounting policies, as approved by the Supervisory Board, their annual review and their modification by adapting to the requirements of their business when required.

Protect the balance sheet assets by ensuring at least annual inventory of all assets and liabilities, as well as complying with legal regulations in this respect.

Tracking and delivering accurate and accurate information to the company's management on asset status, profitability and efficiency.

Implementing a new financial accounting program, Fixtures, Inventory Objects, Financial Analysis, Supply, Disposal, Stock Management, Management Accounting, Human Resources and Payroll.

It will collaborate with the internal control departments to ensure that regular checks on the asset management within the company are carried out.

Identify all assets that do not generate revenue and negatively affect performance indicators by making proposals for end-of-life or alienation.

Checks will be performed according to the annual control plan.

Very careful tracking of treasury flows, disposable assets, debts and debts, and recovery, payment, etc. at terms. Ensuring good collaboration with internal and external audit firms.

Follow-up of the organization of the financial accounting according to the International Accounting Standards and all the legal regulations in force.

Collaboration to substantiate pricing policies, rental calculations, asset ratings, and fixed assets. Correctly calculating and timely declaring tax liabilities, strictly tracking government and local government debts to avoid delays or payment incidents. Collaboration with the Legal Office in order to take steps to recover outstanding debts and to pay in due time the debts, according to the contractual clauses.

MANAGER DIRECTOR/EXECUTIVE PRESIDENT

Narcisa Moşoiu

MANAGING DIRECTOR/ VICE-CHAIRMAN OF THE BOARD OF DIRECTORS

Dorinel Cazacu

HUMAN RESOURCES MANAGER/MEMBER OF THE BOARD OF DIRECTORS

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**