TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A., a company managed in a two-tier system

SEPARATE FINANCIAL STATEMENTS 31 DECEMBER 2018

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

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

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2018

(All amounts are presented in RON)

For the financial year ended at 31 December	Note	Row	(RON) 2018	(RON) 2017
Continuing operations				
Income from accommodation	3	1	29,393,891	21,016,132
Income from catering	3	2	13,932,309	10,128,015
Rental income	3	3	1,413,225	876,151
Other income included in turnover	3	4	1,676,723	2,399,878
Income from disposals of tangibles and non-current assets held for sale	4	5	14,673,559	1,382,160
Other income	3	6	1,869,674	2,795,169
Changes in stock	3	7	0	0
Total Operational Income		8	**62,959,380**	**38,597,505**
Expenses related to inventories	6	9	7,501,716	6,139,255
Utility expenses	6	10	2,752,571	2,260,544
Employee benefits expense	5	11	12,463,395	11,084,218
Depreciation and amortization expenses	6	12	6,714,282	6,820,711
Expenses related to disposed fixed assets and assets held for sale	6	13	7,257,886	712,351
Other taxes	6	14	4,362,672	3,252,799
Expenses related to external services	6	15	7,284,270	5,173,292
Other expenses	6	16	1,398,806	1,289,070
Total Operational expenses		17	**49,735,600**	**36,732,240**
The result of operational activities		18	**13,223,780**	**1,865,265**
Financial income		19	585,376	460,791
Financial expenses		20	(2,506,100)	113,124

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2018

(All amounts are presented in RON)

For the financial year ended at 31 December	Note	Row	(RON) 2018	(RON) 2017
Net financial result		***21***	**1,920,723**	**347,667**
Result before taxation		***22***	**11,303,056**	**2,212,932**
Current income tax expense		*23*	*930,777*	0
Specific activity tax expense		*24*	*439,630*	293,512
Deferred income tax expenses	*7*	*25*	*109,434*	227,584
Deferred income tax income		*26*	*0*	*0*
Result for continuing operations		**27**	**9,823,215**	**1,691,836**
Other comprehensive income				
Increase/(decrease) of revaluation surplus		*27*	*(2,321,427)*	*(485,555)*
Tax related to other comprehensive income	*7*	*28*	*(88,811)*	*(38,457)*
Other comprehensive income after taxation		**29**	**(2,410,238)**	**(524,012)**
Total comprehensive income for the period		**30**	**7,412,977**	**(1,167,824)**
Earnings per share (RON/share)			0.016967	0.0029
Diluted earnings per share (RON/share)			0.016967	0.0029

The separate financial statements were approved by the Board of Directors on March 14, 2019 and were signed by the:

CHAIRMAN OF THE BOARD OF DIRECTORS
NARCISA MOSOIU

CHIEF FINANCIAL OFFICER
MIRCEA CRISTIAN

(All amounts are presented in RON)

As at 31 December	Note	Row	(RON) 2018	(RON) 2017
Assets				
Non-current assets				
Tangible assets		1		
Freehold land and land improvements	8	2	58,591,430	59,734,338
Buildings	8	3	103,226,016	107,021,706
Plant and machinery, motor vehicles	8	4	5,255,180	6,648,614
Fixtures and fittings […]	8	5	8,847,100	9,499,841
Tangible assets in progress	8	6	1,458,471	991,285
Intangible assets		7		
Concessions, patents , licenses, trademarks , similar rights and assets		8	149,753	294,955
Other intangible assets	9	9	200,605	101,498
Intangible assets in progress		10	0	0
Trade receivables and other receivables		11	465,208	453,572
Investment property	8,10	12	16,065,300	17,191,112
Booked investments through equity		13	0	0
Financial assets	11	14	2,000	2,434,010
Deferred tax assets	7	15	951,078	**951,078**
Total fixed assets		**16**	**195,212,141**	**205,322,009**

STATEMENT OF FINANCIAL POSITION
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2018
(All amounts are presented in RON)

As at 31 December	Note	Row	(RON) 2018	(RON) 2017
Current Assets				
Inventories	12	17	294,185	442,128
Financial assets	11	18	0	0
Current tax assets		19	0	0
Trade receivables and other receivables	13	20	2,558,816	4,868,821
Accrued expenses	14	21	895,292	782,016
Cash and cash equivalents	15	22	27,411,276	4,439,143
Non-current assets held for sale	16	23	37,666,185	36,516,013
Total Current Assets		**24**	**68,825,754**	**47,048,121**
Total Assets		**25**	**264,037,895**	**252,370,130**
Equity				
Share capital	17	26	57,894,994	57,894,994
Capital adjustment following adoption of IAS 29 for the first time	17	27	85,945,333	85,945,333
Share premium	18	28	1,895,855	1,895,855
Reserves	18	29	24,201,711	22,894,846
Reserves from the application of IAS 29	18	30	16,745,901	16,745,901
Revaluation differences	18	31	105,189,642	107,511,069
Result for the period	19	32	9,823,215	1,691,836
Retained earnings except retained earnings from the adoption of IAS 29 for the first time	19	33	54,909,087	52,587,660
Retained earnings came following the application of IAS 29 for the first time	19	34	(102,691,275)	(102,691,275)

STATEMENT OF FINANCIAL POSITION
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2018
(All amounts are presented in RON)

31 December	Note	Row	(RON) 2018	(RON) 2017
Other elements of equity	20	35	(13,056,538)	(12,690,844)
Total Equity		**36**	**240,857,925**	**231,785,375**
Liabilities				
Long-term liabilities				
Long-term loans		37	0	1,600,000
Trade payables and other liabilities, including derivatives	21	38	65,160	39,735
Provisions	22	39	744,059	409,128
Deferred tax liabilities	7	40	13,181,121	13,160,498
Total Long-term liabilities		**41**	**13,990,340**	**15,209,362**
Current liabilities				
Short-term loans	21	42	0	800,000
Trade payables and other debts, including derivatives	21	43	8,942,597	4,550,552
Deferred income	4	44	0	0
Provisions	22	45	247,034	24,841
Deferred tax liabilities		46	0	0
Total Current liabilities		**47**	**9,189,631**	**5,375,392**
Total Liabilities		**48**	**23,179,970**	**20,584,754**
Total Equity and Liabilities		**49**	**264,037,895**	**252,370,130**

CHAIRMAN OF THE BOARD OF DIRECTORS
NARCISA MOSOIU

CHIEF FINANCIAL OFFICER
MIRCEA CRISTIAN

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(All amounts are presented in RON)

THE SITUATION OF TOTAL EQUITY AT 31.12.2018

Explanation	Share capital	Share capital adjustments IAS 29	Share premium account	Revaluation surplus	Reserve	Reserve adjustments IAS 29	Retained earnings except IAS 29	Retained earnings according IAS 29 first time adopted	Result for the period	Others equity	Total equity
Balance at January 1 2017	**57,894,994**	**85,945,333**	**1,895,855**	**107,996,624**	**22,542,624**	**16,745,901**	**52,860,602**	**(102,691,275)**	**4,455,307**	**(12,895,772)**	**234,750,438**
Reductions in output (sales, scraping, restitution)	0	0	0	(485,555)	0	0	485,555	0	0	0	0
Loss cancelation from previous years	0	0	0	0	0	0	(631)	0	0	0	(631)
Error corrections	0	0	0	0	0	0	(757,865)	0	0	0	(757,865)
Loss/ Net profit for the year	0	0	0	0	241,330	0	(4,455,307)	0	1,691,836	315,575	(2,206,566)
Transfer to reserves	0	0	0	0	110,647	0	4,455,307	0	(4,455,307)	(110,647)	0
Other comprehensive income	0	0	0	0	0	0	0	0	0	0	0
Changes in the fair value of financial investments held for sale	0	0	0	0	0	0	0	0	0	0	0
Revaluation surplus	0	0	0	0	0	0	0	0	0	0	0
Balance at 31 December 2017	**57,894,994**	**85,945,333**	**1,895,855**	**107,511,069**	**22,894,846**	**16,745,901**	**52,587,661**	**(102,691,275)**	**1,691,836**	**(12,690,844)**	**231,785,375**
Reductions in output (sales, scraping)	0	0	0	(2,321,427)	0	0	2,321,427	0	0	0	0
Loss cancelation from previous years	0	0	0	0	0	0	0	0	0	0	0
Error corrections	0	0	0	0	0	0	0	0	0	0	0
Loss/Net profit for the year	0	0	0	0	741,712	0	(1,982,287)	0	9,823,215	199,458	8,782,099
Transfer to reserves	0	0	0	0	565,153	0	1,982,287	0	(1,691,836)	(565,153)	290,451
Other comprehensive income	0	0	0	0	0	0	0	0	0	0	0
Change in fair value of financial investments held for sale	0	0	0	0	0	0	0	0	0	0	0
Revaluation surplus	0	0	0	0	0	0	0	0	0	0	0
Balance at 31 December 2018	**57,894,994**	**85,945,333**	**1,895,855**	**105,189,642**	**24,201,711**	**16,745,901**	**54,909,088**	**(102,691,275)**	**9,823,215**	**(13,056,538)**	**240,857,924**

The separate financial statements were approved by the Board of Directors on March 14, 2019 and were signed by the:

CHAIRMAN OF THE BOARD OF DIRECTORS
NARCISA MOSOIU

CHIEF FINANCIAL OFFICER
MIRCEA CRISTIAN

TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2018
(All amounts are presented in RON)

Explanation	**Row**	**2018**	**2017**
+/- Profit or Loss	1	9,823,215	1,691,836
+ Depreciation included in cost	2	6,714,282	6,820,711
- Changes in inventories (+/-)	3	1,002,229	25,333,249
- Changes in receivables (+/-)	4	(2,196,730)	(961,098)
+ Variation of suppliers and Advance payments from customers(+/-)	5	2,750,042	323,373
- Variation other asset items (+/-)	6	(2,420,374)	(13,157,858)
+ Variation in other liabilities (+/-)	7	3,369,259	6,224,096
= Cash flow from operating activities (A)	**8**	**26,271,673**	**3,845,723**
+ Disposals of tangible non-current assets	9	7,246,984	1,515,619
- Purchase of tangible non-current assets	10	7,307,062	3,818,831
= Cash flow from investing activities (B)	**11**	**(60,077)**	**(2,303,212)**
+ Loans variation (+/-), as:			
+short-term loans receivable	12	7,500,000	9,900,000
- refunds of short-term loans	13	7,500,000	9,900,000
+medium and long term loans receivable	14		0
-refunds of medium and long term loans	15	2,400,000	800,000
- Dividends paid	16	839,462	3,640,903
= Cash flow from financial activities (C)	**17**	**(3,239,462)**	**(4,440,903)**
+ Cash at beginning of the period	**18**	**4,439,143**	**7,337,535**
+ Net Cash Flow(A+B+C)	**19**	**22,972,134**	**(2,898,392)**
= Cash at end of the period	**20**	**27,411,277**	**4,439,143**

The separate financial statements were approved by the Board of Directors on March 14, 2019 and were signed by the:

CHAIRMAN OF THE BOARD OF DIRECTORS
NARCISA MOSOIU

CHIEF FINANCIAL OFFICER
MIRCEA CRISTIAN

NOTE 1 – REPORTING ENTITY

The present financial statements are separate financial statements, in accordance with IAS 27.4.
Turism, Hoteluri, Restaurante Marea Neagra S.A.(the "Company") is a company founded in 1991 that works in Romania in accordance with Law 31/1990 on companies and Law 297/2004 on the capital market.

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

The company is headquartered in Mangalia, Lavrion Street, no. 29, Zip code 905500
Contact details of the company are:

Telephone: 0241752452
Fax: 0241755559
Website: www.thrmareaneagra.ro
e-mail: thrmareaneagra@yahoo.com

Unique registration code in the Trade Register: 2980547
Fiscal registration code: RO 2980547
Number of Registered business: J 13/696/1991

According to the statute, the main activity of the Company is CAEN code: **5510 Hotels and other similar accommodation facilities**.
The company operates in Romania, being present on other geographic markets.

Regulated market where the issued securities are traded: Bucharest Stock Exchange (market symbol: EFO).
Subscribed and paid up share capital: 57,894,993.9 RON divided in 578,949,939 shares. In reporting the years there have been no changes in the number of shares. Of the total shares issued and outstanding at 31.12.2017:

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

The main characteristics of the securities issued by T.H.R.Marea Neagra S.A.: common, dematerialized, ordinary, indivisible and of equal value, issued at a nominal value of 0.10 RON / share.

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

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

NOTE 1 – REPORTING ENTITY (CONTINUED)

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

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU.
These financial statements are separate financial statements of the Company.
The accruals principle and the going concern principle have been applied when preparing these financial statements
The company has prepared the annual financial statements for the year ended 31 December 2017 in accordance with International Financial Reporting Standards as adopted by European Union, applicable to companies whose securities are admitted to trading on a regulated market, according to the Order of the Minister of Finance no. 881/2012 regarding the application of International Financial Reporting Standards by companies whose securities are admitted to trading on a regulated market and the Order of the Minister of Finance no. 2844/2016 approving the Accounting Regulations in accordance with International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, including subsequent amendments and additions.
The accounts of the Company are listed in RON, in accordance with IFRS as adopted by the European Union.

The financial statements have been authorized for issue by the Board of Directors on March 14, 2019.

In accordance with IAS 29 and IAS 21, the separate financial statements of an entity whose functional currency is the currency of a hyperinflationary economy should be presented in the current unit to the date of the financial statements, therefore non-monetary items should be restated using a general price index which was given at the date of acquisition or contribution. IAS 29 stipulates that an economy is considered hyperinflationary if, among other factors, the cumulative inflation exceeds 100% over a period of 3 years. In consequence, at 31.12.2015 the Company proceeded to reprocess the subscribed share capital according to IAS 29, by reconstructing the evolution of the subscribed share capital and the limitations from the registration until 2003 (mentioning the exact date and source) with the application of inflation index.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Presentation of Financial Statements

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

Basis of valuation

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

Valuation of assets and liabilities was made as:

- **Inventories** are valued at the lower value between cost and net realizable value**.**
- **Tangible assets** are measured initially at:
  - i) The acquisition cost, for those acquired for consideration;
  - ii) The input value, for those received as a contribution in kind to the establishment of share capital or increase of share capital;
  - iii) At fair value at the acquisition date, for those received as free of charge.

  For subsequent recognition, the Company has adopted the revaluation model.
- **Intangible assets** are initially measured at cost. After recognition, intangible assets are accounted based on the cost model**,** at cost less any accumulated depreciation and any accumulated impairment losses.
- **Investment properties (buildings and land)** are determined at the fair value by an independent evaluator by :
  1. determining replacement value;
  2. estimating accrued depreciation;
  3. determination of the remaining value of construction ;
  4. direct comparison method by reference to market prices in a similar and comparable in area.
- **Financial investments** are recognized at cost.
- **Non-current assets held for sale** are measured at the lower value of carrying amount and fair value less cost to sell.
- **Cash and cash equivalents** are presented in the balance sheet at cost.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates and judgments

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

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

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

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

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

2.2 General aspects of applied accounting policies

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

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

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

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

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

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

(All amounts are presented in RON)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards and interpretations available in the current period

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

The company has applied starting from 2012, including 2018, the following International Financial Reporting Standards:

IAS 1	Presentation of financial statements	Fundamental Accounting Principles, structure and content of financial statements, mandatory posts and the concept of true and fair view, completed with amendments applicable from 1 January 2013.
IAS 2	Inventories	Defining of the accounting process applicable to inventories in the historical cost system: evaluation (first in - first out, weighted average cost and net realizable value) and the perimeter of allowed costs.
IAS 7	Statement of Cash Flows	Analysis of cash variations, classified into three categories: cash-flows from operating activities, cash-flows from investing activities, cash-flows from financing activities.
IAS 8	Accounting policies, Changes in Accounting Estimates and Errors	Defining the classification, the information that need to be disclosed and accounting treatment of certain items in the income statement.
IAS 10	Events after the reporting period	Requirements for when events after the end of the reporting period should generate an adjustment to the financial statements: definitions, terms and conditions, particular cases (dividends).
IAS 12	Income Taxes	Definition of tax accounting processing on the period result and detailed stipulations on deferred taxes, supplemented by amendments applicable from 1 January 2013.
IAS 16	Property, plant and equipment	Accounting treatments, net book value calculation and relevant principles regarding depreciation for most types of property, plant and equipment.
IAS 17	Leases	Defining lessee and lessor, accounting treatments regarding location-financing contracts and simple location contracts.
IAS 18	Revenue	Revenue recognition principles for ordinary activities from certain types of transactions and events (fair value principle, the principle of linking expenditure to income, the percentage of advancement services, asset sharing, etc.).

(All amounts are presented in RON)

IAS 19	Employee benefits	Accounting principles regarding employee benefits: short and long term benefits, post-employment benefits, advantages on equity and allowances on termination of employment, with revisions made in 2011, applicable from January 1, 2013.
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	Accounting principles for direct or indirect public aid (clear identification, concept of fair value, restraining subsidized connection etc.).
IAS 21	The Effects of changes in Foreign Exchange Rates	Accounting treatments of abroad activities, foreign currency transactions and restarting financial statements of a foreign entity.
IAS 23	Borrowing Costs	The definition of borrowing costs and accounting treatments: the notion of qualifying asset, how to incorporate borrowing costs in the amount of qualified assets.
IAS 24	Related Party Disclosures	Details of related party relationships and transactions (legal and natural persons) who exercises control or significant influence over one of the group's companies or the management.
IAS 26	Accounting and Reporting by Retirement Benefit Plans	Principles and information on the retirement schemes (funds), distinguishing defined contribution schemes and defined-benefit.
IAS 27	Separate Financial Statements	The principles on the presentation of the consolidated accounts, defining the obligation of consolidation and the control notion, the convergence of accounting regulations inside the group, other principles;
IAS 28	Investments in Associates	Defining the evaluation and information principles regarding investments in associates, except those held by: a) Venture capital organizations b) Mutual funds, unit trusts and similar entities, including insurance funds with an investment component which are considered to be at their fair value through profit or loss or classified as held for trading and accounted in accordance to IAS 39. Financial instruments: recognition and evaluation. This kind of investment must be evaluate at their true value according to IAS 39, with the right modifications of the value seen in profit or loss during the modifications.

(All amounts are presented in RON)

IAS 29	Financial Reporting in Hyperinflationary Economies	The reconstruction of the equity and reserves.
IAS 31	Interests in Joint Ventures	Accounting principles and policies to joint venture operations performed, assets or holdings in a joint venture.
IAS 32	Financial instruments: presentation	Rules of presentation (classification of debt equity, expenses or income / equity).
IAS 33	Earnings per Share	Principles of determination and representation of earnings per share.
IAS 36	Impairment of Assets	Key definitions (recoverable amount, fair value less costs of disposal, value in use, cash-generating units), the frequency of impairment test, accounting for the impairment, for goodwill impairment.
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	Defining provisions and approach of estimating provisions, individual cases examined (including the problem of restructuring).
IAS 38	Intangible Assets	Definition and accounting treatments for intangible assets, recognition and measurement policies on the processing costs for research and development etc.
IAS 39	Financial Instruments: Recognition and Measurement	Recognition and measurement principles regarding financial assets and liabilities, the definition of derivatives, hedge accounting operations, the issue of fair value etc.
IAS 40	Investment Property	Establishing the evaluation method: fair value model or cost model, transfers between different categories of assets etc.
IFRS 1	First-time Adoption of International Financial Reporting Standards	The procedures for financial statements according to IAS / IFRS optional exemptions and mandatory exceptions to retrospective application of IAS / IFRS, supplemented by amendments applicable from 1 January 2013.
IFRS 5	Non-current Assets Held for Sale and Discontinued Operation	Defining an asset held for sale and discontinued operations, and the evaluation of these elements.

(All amounts are presented in RON)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IFRS 7	Financial Information: Disclosures	Financial information related to financial instruments are referring primarily to: (i) information about the significance of financial instruments; and (ii) information about the nature and extent of risks arising from financial instruments, supplemented by amendments applicable from 1 January 2013.
IFRS 9	Financial instruments	The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The version of IFRS 9 issued in 2014 supersedes all previous versions and is mandatorily effective for periods beginning on or after 1 January 2018 with early adoption permitted (subject to local endorsement requirements)
IFRS 10	Consolidated Financial Statements	Establishing principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.
IFRS 11	Joint Arrangements	Establishing principles for financial reporting for entities that hold interests in jointly controlled commitments.
IFRS 12	Disclosure of Interests in Other Entities	Requires an entity to disclose information that will enable users of its financial statements to evaluate: the nature and risks associated with interests held in other entities; and the effects of those interests on the financial position, financial performance and its cash flows.
IFRS 13	Fair value measurement	The definition of fair value, establishing, in a single IFRS, a framework for measuring fair value, requiring the presentation of information on fair value.
IFRS 15	Revenue from customer contracts	IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. IFRS 15 was issued in May 2014 and applies to an annual reporting period beginning on or after 1 January 2018. On 12 April 2016, clarifying amendments were issued that have the same effective date as the standard itself.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3.1 Foreign currency translation

Presentation currency and functional currency

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

Transactions and balances

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

The exchange rates of major foreign currencies were:

	31 December 2018	**31 December 2017**
EUR	4.6639	4.6597
USD	4.0736	3.8915

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

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

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

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

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3.2 Property, plant and equipment

Measurement at recognition

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

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

Evaluation after recognition

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

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

Revalued amount (in addition) substitutes the acquisition cost.

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

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

The revaluation surplus included in equity in respect of an item of property and equipment is transferred directly to retained earnings when the asset is derecognized.It involves the transfer of the entire surplus when the asset is retired or disposed of.Transfers from revaluation surplus to retained earnings is not made through profit or loss.

Amounts paid or payable, generated daily repairs and maintenance of tangible assets are recorded at cost-owned company under accrual accounting properly influencing the income statement for the period.

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation

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

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

When registering revaluations, accumulated depreciation is eliminated.

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

Land is not depreciated.

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

	Years	
	2018	**2017**
Buildings	50	50
Other equipment, furniture and other changes	as far as 12	as far as 12
Vehicles	as far as 14	as far as 14

Impairment of tangible assets

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

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

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition

The carrying amount of a fixed asset shall be derecognized:

(a) when disposed, or

(b) When no future economic benefits are expected from its use or disposal.

The gain or loss arising from the derecognition of a fixed asset shall be included in profit or loss when the item is derecognized.
Gains shall not be classified as revenue.

2.3.3 Intangible assets

Recognition and measurement

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

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

Recognition criteria:

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

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

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

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

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recognition of expenses

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

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

Evaluation after recognition

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

Amortization

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

2.3.4 Cash and cash equivalents

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

2.3.5 Trade receivables

Trade receivables are categorized as financial assets.

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

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3.6 Financial assets and liabilities

Classification

The Company classifies financial instruments held in the following categories:

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

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

Investments held-to-maturity

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

Loans and receivables

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

Financial assets held for sale

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

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recognition

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

Amortized cost measurement

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

Fair value measurement

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

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

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Identification and measurement of impairment

Financial assets measured at amortized cost

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

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

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

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

Available-for-sale financial assets

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

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

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition

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

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

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

2.3.7 Employee Benefits

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

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

2.3.8 Income tax

Recognition of current tax assets and liabilities

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

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

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

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recognition of deferred tax assets and liabilities

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

The main temporary differences arise from the following operations:

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

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

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

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

i) is not a business combination;

ii) at the time of the transaction, affects neither the accounting profit nor taxable profit (tax loss).

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3.9 Specific activity tax

Starting from January 1st 2017, THR Marea Neagra applied the provisions according to Law 170/ 2016 on the specific activities tax taking in consideration the principal activity corresponding to CAEN 5510 - " Hotels and other accommodation facilities',

2.3.10 Provisions

Provisions are liabilities of uncertain timing or amount.

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

If the Company expects a partial or full reimbursement of the expenditure required to settle a provision (e.g. insurance contracts) it shall:
a) recognize a reimbursement only if it is certain that it will take place if the company will fulfill its obligations and the amount recognized for a reimbursement will not exceed the provision;
b) recognize the amount refunded as a separate asset. In statement of comprehensive income, expenditure related to a provision may be presented after the recognized amount of repayment was decreased.
Provisions shall be reviewed at the end of the reporting period and adjusted to reflect the current best estimate. If an outflow of resources embodying economic benefits is not probable, the provision must be reversed.
No provision is recognized for costs that are incurred for this activity in the future.
Company records provisions for onerous contracts in situations where the expected benefits to be derived from a contract are lower than the unavoidable costs associated with contractual obligations.
Provisions are recognized when the company has a legal or constructive obligation arising from past events, when it is necessary to settle the obligation that an outflow of resources embodying economic benefits and when the amount of the obligation can be measured reliably.

2.3.11 Recognition of income

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Income from financial assets, respectively dividends receivable from entities in which the Company holds equity, are recognized in the financial statements of the Company in the financial year when they are approved by the General Meeting of each entity. The nominal value of shares that are received free of charge is also recorded as income from financial assets, as a result of direct incorporation of the profit for the last period in the equity of an entity in which shares are held.

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

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

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3.12 Dividend Payment

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

2.3.13 Activity segments

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

2.3.14 New international standards not applied by the Company

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

- IFRS 17 "Insurance Contracts", issued on 18 May 2017, with effect from 1 January 2021.
- Annual Improvements to the IFRS Standards for the Period 2015-2017, issued on December 12, 2017, with effect from 1 January 2019.
- Amendments to IAS 19 "Change Planning, Reducing or Settlement Planning" appeared on 7 February 2018 with effect from 1 January 2019.
- Amendments to the conceptual framework references of the IFRS, issued on 29 March 2018 with effect from 1 January 2020.
- Amendments to IFRS "Business Combinations", issued on 22 October 2019, with effect from January 1, 2020
- Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors," as of 31 October 2018, with effect from 1 January 2020. "

(All amounts are presented in RON)

NOTE 3 – OPERATING INCOME, LESS INCOME FROM ASSET SALES

The main activity of the company is tourist accommodation services, catering and entertainment. In 2018, the company recorded next tourist traffic:

Day-tourist

Month	National House of Public Pension – Treatment	Agencies	On their own+online	Other beneficiaries	TOTAL
Conducted in 31 December 2018	*109,664*	*261,094*	*29,297*	*35,284*	*435,339*
Income and expenses budget(BVC) 2018	*128,563*	*185,247*	*33,311*	*33,894*	*381,015*
Differences from 2018/BVC 2018	**(18,899)**	**75,847**	**(4,014)**	**1,390**	**54,324**
Percentage achieved 2018/BVC 2018	**85.30%**	**140.94%**	**87.95%**	**104.10%**	**114.26%**
Conducted in 31 December 2018	*128,563*	*189,201*	*32,152*	*32,619*	*382,535*
Differences in 2018 from 2017	**(18,899)**	**71,893**	**(2,855)**	**2,665**	**52,804**
Percentage achieved from 2018/ achieved 2017					
Percentage BVC 2018/ achieved 2017	**85.30%**	**138.00%**	**91.12%**	**108.17%**	**113.80%**
Differences BVC 2018/ achieved 2017					
Share structure 2018	**25.19%**	**59.97%**	**6.73%**	**8.10%**	**100.00%**
Share structure 2017	**33.61%**	**49.46%**	**8.40%**	**8.53%**	**100.00%**

As it can be seen, in the year 2018 there was a tourist flow of 435,339 days-tourist, representing an increase compared to the budgeted indicator (381,015 days-tourist) by 14.26%, and an increase compared to the year 2017 (382,535 days -tourist) by 13.80%.

(All amounts are presented in RON)

NOTE 3 – OPERATING INCOME, LESSINCOME FROM ASSET SALES

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

RON

Indicator	Financial year ended as at 31 December 2018	Financial year ended as at 31 December 2017	Index 2018 / 2017 (%)
Turnover, including	**46,416,147**	**34,420,176**	**134.85%**
Income from accommodation	29,393,891	*21,016,132*	139.86%
Income from catering	13,932,309	*10,128,015*	137.56%
Rental income	1,413,225	*876,151*	161.30%
Other income included in turnover	1,676,723	*2,399,878*	69.87%
Income from disposed fixed assets and non-current assets held for sale	**14,673,559**	**1,382,160**	1061.64%
Other income	**1,869,674**	**2,795,169**	**66.89%**
Total operational income	**62,959,380**	**38,597,505**	**163.12%**

NOTE 4 - INCOME FROM DISPOSAL OF FIXED ASSETS AND NON-CURRENT ASSETS HELD FOR SALE

RON

Explanation	Financial year ended as at 31 December 2018	Financial year ended as at 31 December 2017
Income from disposed fixed assets	12,546,918	0
Income from non-current assets held for sale	2,126,641	1,382,160
Income from disposal of fixed assets and non-current assets held for sale	**14,673,559**	**1,382,160**

Income from disposed fixed assets for 2018 are result of selling the following:
a) Income from disposed assets:
- a surface of 383 square meters in the Danube Holiday Village
- complex Lidia from Venus - hotel building + restaurant building + the adjoining terrain
-Flora villa in Eforie Nord - the building and the surrounding land

b) Income from assets held for sale:
-Carmen's Snack Bar in Eforie Nord
-hotel Riviera in Eforie Sud - building
-Saturn Building - building and the adjacent land

(All amounts are presented in RON)

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

Employee benefits expenses are presented as follows: RON

Explanation	Financial year ended as at 31 December 2018	Financial year ended as at 31 December 2017
Salaries	**11,464,345**	**8,429,101**
Board of directors salary expenses (Supervisory Board starting from November, 2017)	*958,340*	*782,225*
Salary day laborer	*187.272*	*0*
Employees salary	*10.318.733*	*7.646.876*
Social security contributions	**762,697**	**2,392,813**
Meal vouchers expenses	**236,353**	**262,304**
TOTAL	**12,463,395**	**11,084,218**

The Company has no contracted obligations to pay pensions to former members of the Board of Directors, management and oversight, and therefore has no accrual of such commitments.

The Company has not granted or granted credits or advances (except for wage advances and / or to cover delegation expenses) to members.

The Supervisory Board and the Executive Directors. Accounting does not account for commitments of this nature in the balance at the end of 2018.

Regarding the Human Resources in 2018, comparing to 2017 the evolution is as presented:

No.	Indicator	Number at 31.12.2018	Average number in 2018	Average number in 2016
A	**Permanent staff. showing separately:**	**101**	**105**	**108**
	a) TESA staff	*34*	*35*	36
	b) Operative staff	*67*	*70*	72
B	**Seasonal staff**	**30**	**211**	20
	Total staff	**131**	**316**	128
1	**Administrators**	**6**	**6**	**6**

The company has no obligations for pension plans, other than those provided by Law no. 263/2010 on the unitary pension system, as subsequently amended and supplemented.

(All amounts are presented in RON)

NOTE 6 - OPERATIONAL EXPENSES (EXCEPT EMPLOYEE BENEFITS)

RON

No.	Operational Expenses	Financial year ended as at 31 December 2018	Financial year ended as at 31 December 2017
1	**Expenses related to inventories:**	**7,501,716**	**6,139,255**
1.1.	*Raw materials and consumables expenses*	*2,506,894*	*2,285,996*
1.2.	*Materials in form of small inventories and packaging expenses*	*561,789*	*404,202*
1.3.	*Merchandise expenses*	*4,433,033*	*3,449,057*
2	**Utility expenses**	**2,752,571**	**2,260,544**
3	**Amortization/depreciation and impairment expenses of fixed assets**	**6,714,282**	**6,820,711**
4	**Expenses from disposed assets and non-current assets held for sale:**	**7,257,886**	**712,351**
5	**Other taxes. duties and similar expenses**	**4,362,672**	**3,252,799**
6	**External performance expenses**	***7,284,270***	**5,173,291**
7	**Other expenses**	**1,398,806**	**1,289,070**
7.1.	*Evaluation loss expenses*	*0*	*43,912*
7.2.	*Provisioning expenses adjustments for assets depreciation*	*1,277,813*	*1,191,170*
7.3.	*Other expenses*	*120,993*	*53,988*
	Total operational expenses (except employee benefits)	**37,272,205**	**25,648,022**

(All amounts are presented in RON)

NOTE 7 – SPECIFIC ACTIVITY TAX, CURRENT TAX AND DEFERRED TAX, EARNINGS PER SHARE (CONTINUED)

Starting from January 1st 2017, according to Law 170/ 2016 on the specific activities tax, the legal Romanian persons which on 31 December 2016 have simultaneously fulfill the conditions:

- They were entered in Articles of Association, as a principal or secondary activity one of the activities corresponding to CAEN 5510 - " Hotels and other accommodation facilities',

5520 - "facilities for accommodation for holidays and periods of short duration", 5530 - "Parks for caravans, camping and camps", 5590 - "Other accommodation services", 5610 - "Restaurants", 5621 - " Food services activities (catering) for events", 5629 - "Other food services activities", 5630 - "Bars and other a beverage serving activities";

- Which actually carries on activities in the areas referred to in the preceding subparagraph;

- Not in liquidation, according to the law, are liable to pay tax to specific activities.

The Company shall carry out their activities subject to specific activity tax (CAEN code 5510, 5610 and 5630) via:

- A number of 21 Hotel resort (hotel restaurant bar) with a capacity of the marketable production of 6,808 places of accommodation 4,952 places in restaurants and 674 seats in pubs/cafés;

- buffet with a capacity of 30 seats and a commercial area of 46 square meters.

According to the provisions of art. 5 paragraph 2 of the Methodological Norms for the application of Law no. 170/2016, the Company has calculated the specific tax for the period of the calendar year for which it carries out its activity, the period being set from the opening of the unit until the last day of its validity the operating license for the units in the district of Mangalia mayoralty, and for the ones within the radius of the municipality of Eforie, as no operating permits are issued for the hotel units, the entire period of the year was taken into account..

In table no.1 we present a summary of specific activity tax for 2017, in table no 2, 3, 4, the specific activity tax calculation on each resort, and in table no 5 the calculation for each hotel :

Table no.1

Nr. no	Indicators	TOTAL year 2018	Total complex hotelier (hotel+ restaurant + bar)	*Total 4 stars*	*Total 3 stars*	*Total 2 stars*	Total alimentație puiblica
1	**Accommodation places**	**6,580**	**6,580**	992	3,446	2,142	**0**
	number of places buffet – independent catering	**30**	**0**	0	0	0	**30**
2	Standard specific activity tax (k)	**0**	**0**	271	171	113	**1,400**
3	**Specific activity tax /unit/ no. of days according to schedule of opening/closing in 2018 (RON)**	**439,629**	**429,591**	154,895	158,277	116,420	**10,038**

(All amounts are presented in RON)

NOTE 7 – SPECIFIC ACTIVITY TAX, CURRENT TAX AND DEFERRED TAX, EARNINGS PER SHARE (CONTINUED)

Table no. 2

Nr. no	Indicators	Total 4 stars	4 stars		
			Complex Brad-Bran-Bega		Cleopatra
1	**Accommodation places**	992	146	292	554
2	Standard specific activity tax (k)		271	271	271
3	**Number of working days according to the opening and closing schedule 2018**		365	365	88
4	**Specific activity tax /unit/ no. of days according to schedule of opening/closing in 2018 (RON)**	**154,895**	39,566	79,132	36,197

TABLE no. 3

Nr. No	Indicators	Total 3 stars	3 stars							
			Hora	Balada	Sirena	Cerna	Raluca	Lidia	Narcis	Siret
1	**Accommodation places**	**3,446**	566	566	566	298	260	244	640	306
2	Standard specific activity tax (k)		171	171	171	171	171	171	171	171
3	**Number of working days according to the opening and closing schedule 2017**		131	93	100	91	71	90	88	100
4	**Specific activity tax /unit/ no. of days according to schedule of opening/closing in 2017 (RON)**	**158,278**	34,737	24,661	26,517	12,705	8,648	10,288	26,386	14,336

TABLE no. 4

Nr. No	Indicators	Total 2 stars	Prahova	Mures	Aida	Gloria	Capitol	Diana	Venus	Vraja Marii	Atena
1	**Accommodation places**	2,142	306	306	448	216	218	234	208	60	146
2	Standard specific activity tax (k)		113	113	113	113	113	113	113	113	113
3	**Number of working days according to the opening and closing schedule 2017**		81	78	78	94	365	365	365	365	64
4	**Specific activity tax /unit/ no. of days according to schedule of opening/closing in 2017 (RON)**	**116,419**	7,673	7,389	10,818	6,286	24,634	26,442	23,504	6,780	2,893
	Periode used for tax calculation		**18 jun-07 sept**	**24 jun-10 sept**	**24 jun -10 sept**	**30 mai - 31 aug**	**01 jan - 31 dec**	**01 jan - 31 dec**	**01 jan - 31 dec**	**01 jan - 31 dec**	**29 jun -01-sept**

(All amounts are presented in RON)

NOTE 7 – SPECIFIC ACTIVITY TAX, CURRENT TAX AND DEFERRED TAX, EARNINGS PER SHARE (CONTINUED)

TABLE no. 5

No.	Indicators/Coefficients	Total public services	Cold baths buffet
1	Number of places decreased	30	30
2	Standard tax value(k)	1,400	1,400
3	The variable according to the ranking of the locality(x)	5	5
4	The variable of the effective area of the location (y)	21	21
5	Seasonality coefficient(z)	0.3	0.3
6	Write-down coefficient for the technical area (q)	0.9	0.9
7	**F=k*x*y*z*q(RON)**	**10,038**	**10,038**

In accordance with the requirements of art.10 of Law 170/2016, related to specific activities tax for some activities taking into consideration that the entity derives revenues from other activities that aren't included in the corresponding CAEN codes subjected to the specific activity tax, applying for these activities the declaration and payment system of the tax profit provided by Law no. 227/2015 with subsequent amendments and supplements.

We present, the profit/gross loss broken down on the two types of activities subjected to tax and specific activity tax:

Indicators	Tax profit	Specific activity tax	Total
	31 december 2018	**31 december 2018**	**31 december 2018**
Total revenue	**22,211,932**	**41,719,539**	**63,931,471**
Total taxable revenues:	**969,660**	**0**	**969,660**
Dividends revenues	224,200	0	224,200
Other non-taxable revenue (revenue from cancellation of provisions disputes and revenue from evaluation of the fair value investments property)	**745,460**	0	**745,460**
Revenue from cancellation of provisions	*386,715*	*0*	*386,715*
Revenue from faire value evaluation of investment property	*358,745*	*0*	*358,745*

(All amounts are presented in RON)

Indicators	Tax profit	Specific activity tax	Total
	31 december 2018	**31 december 2018**	**31 december 2018**
Similar revenue elements (tax dif. Reev saled assets 2017, reev dif depreciation 2017, tax reev dif scraped assets 2017.	**1,215,682**	**73,079**	**1,288,761**
Reevaluation reserve for non-current assets sale in 2018	*1,119,662*	*0*	*1,119,662*
Surplus from reevaluation reserve 2018	*78,321*	*58,284*	*136,605*
Reevaluation reserve for non-current assets disposal in 2018	*17,699*	*14,795*	*32,494*
TOTAL TAXABLE ELEMENTS	**22,457,954**	**41,792,618**	**64,250,572**
Total expenses	**21,714,865**	**32,393,391**	**54,108,256**
Total non-deductibile	**5,275,043**	**1,146,103**	**6,421,146**
Tax profit expense	930,777	0	930,777
Deffered tax expense	109,434	0	109,434
Specific activity tax expense	0	493,630	439,630
Fines and penalities	34,296	17,708	52,004
Sponsorship expense	3,120	5,880	9,000
Not deductible fiscal depreciation expense (fixed assets depreciation 20%, small inventory depreciation reclassified as fixed assets)	87,690	665,595	753,285
Variable allowance provision	0	0	0
Other provisions	4,096,538	0	4,096,538
Not deductible hospitality expenses (635C+6232).	6,828	15,538	22,366
Other not deductible expenses (acc. 612 SHMN)	6,360	1,752	8,112
Tax depreciation expense (fixed assets tax amortization facilit.20%, tax depreciation small inventories.reclasif.as fixed assets)	104,413	740,361	844,774
TOTAL DEDUCTIBLE EXPENSES	**16,544,235**	**31,987,649**	**48,531,884**
Gross profit	**1,537,278**	**9,765,778**	**11,303,056**
Accounting profit for the legal reserve (gross profit)	**1,537,278**	**9,765,778**	**11,303,056**
Legal reserve (5% x accounting profit for the legal reserve)	**76,864**	**488,289**	**565,153**
Taxable profit	**5,836,855**	0	**5,836,855**
Tax	**933,897**	0	**933,897**

Indicators	Tax profit	Specific activity tax	Total
	31 december 2018	31 december 2018	31 december 2018
Net profit	**493,947**	**9,326,148**	**9,820,095**
Income tax to be registred	**933,897**	**0**	**933,897**
Fiscal credit	3,120	0	3,120
Income tax due	**930,777**	**0**	**930,777**
Net profit available for distribution	**497,067**	**9,326,148**	**9,823,215**

For the establishment of the common expenses that have been taken into account in the determination of the outcome of the tax, the company has used the method of allocation in proportion to the share of revenue from the activities concerned in the total revenues achieved.

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

RON

Year	Explanation	Total	Tax rate	Deferred tax assets/liabilities	Differences from previous year
2018	Temporary differences recognized in profit and loss	4,248,289	16%	679.726	635.070
	Temporary differences recognized in equity	78,078,570	16%	12.492.571	(88.812)
	Temporary differences recognized in retained earnings	0	16%	0	0
	Total Deferred income tax at 31.12.2018	**82,326,859**	16%	**13.172.297**	**546.258**
2017	Temporary differences recognized in profit and loss	2,421,023	16%	387,364	44,656
	Temporary differences recognized in equity	78,633,642	16%	12,581,383	(38,458)
	Temporary differences recognized in retained earnings	0	16%	0	(632)
	Total Deferred tax liability as at 31.12.2017	**81,054,665**	16%	**12,968,747**	**5,566**

(All amounts are presented in RON)

NOTE 7 – SPECIFIC ACTIVITY TAX, CURRENT TAX AND DEFERRED TAX, EARNINGS PER SHARE (CONTINUED)

Earnings per share

The earnings per share is calculated by dividing the net profit attributable to the shareholders of the company for the financial year 2018 in the amount of 9,823,215 RON to the weighted average number of ordinary shares outstanding of 578,949,939 RON adjusted by the value of own shares held. Diluted earnings per share is determined by adjusting the net profit attributable to ordinary equity holders and the weighted average number of shares outstanding, adjusted by the amount of own shares held, with dilution effects of all ordinary potential shares.

Profit attributable to ordinary shareholders RON

	31 December 2018	31 December 2017
Profit (loss) for the period	**9,823,215**	**1,691,836**
Profit (loss) for the period attributable to ordinary shareholders	9,823,215	1,691,836
Weighted average number of ordinary shares	578,949,939	578,949,939
Ordinary shares issued at 1 January	0	0
Effect of self -owned shares held	0	0
Weighted average number of ordinary shares at 31 December	578,949,939	578,949,939
Earnings per share (basic)	**0,016967**	**0,0029**
Profit attributable to ordinary shareholders (basic)	9,823,215	1,691,836
Convertible bonds interest expenses after tax	0	0
Profit attributable to ordinary shareholders (diluted)	9,823,215	1,691,836
Weighted average number of ordinary shares (diluted)	**578,949,939**	**578,949,939**
Weighted average number of ordinary shares (basic)	578,949,939	578,949,939
Effect of conversion of convertible bonds	0	0
Effect of share options issued	0	0
Weighted average number of ordinary shares (diluted) at 31 December	578,949,939	578,949,939
Earnings per share (diluted)	**0.016967**	**0.0029**

(All amounts are presented in RON)

NOTE 8 - TANGIBLE NON-CURRENT ASSETS

RON

Description	Property	Plant	Equipment	Furniture and Fixtures	Work in progress	Total
0	1	2	3	4	5	6
Cost or assumed cost						
Balance at January 1. 2017	**83,619,733**	**111,794,978**	**16,415,232**	**16,224,177**	**1,355,732**	**229,409,852**
Acquisitions	*0*	*3,395,036*	*11,276*	*10,622*	*4,247,447*	***7,664,381***
Entries from assets reclassifications held for sale and real estate investments	*547,563*	*1,019,144*	*9,515*	*14,252*	*0*	***1,590,474***
Disposals of non-current assets	*(163,976)*	*0*	*(16,852)*	*(2,350)*	*(4,611,894)*	***(4,795,072)***
Outputs from the classification of tangible assets in assets held for sale	*(24,264,864)*	*(2,852,666)*	*(13,771)*	*(1,573)*	*0*	***(27,132,874)***
Balance at December 31. 2017	**59,738,456**	**113,356,492**	**16,405,399**	**16,245,128**	**991,285**	**206,736,761**
Balance at January 1. 2018	**59,738,456**	**113,356,492**	**16,405,399**	**16,245,128**	**991,285**	**206,736,761**
Acquisitions	*0*	*5,059,156*	*254,558*	*836,506*	*7,119,974*	***12,767,626***
Entries from assets reclassifications held for sale and real estate investments	*0*	*50*	*0*	*0*	*0*	***50***
Disposals of non-current assets	*(1,142,908)*	*(5,888,245)*	*(179,334)*	*(36,497)*	*(6,652,788)*	***(13,397,204)***
Balance at December 31. 2018	**58,595,548**	**112,527,453**	**16,480,623**	**17,045,137**	**1,458,471**	**206,107,233**
Amortization and impairment losses						
Balance at January 1. 2017	**4,118**	**3,115,497**	**7,965,562**	**5,238,774**	**0**	**16,323,952**
Period amortization	0	3,265,387	1,807,035	1,507,863	0	6,580,284
Amortization of non-current assets (reduction)	0	(46,098)	(15,813)	(1,349)	0	(63,260)
Balance at December 31. 2017	**4,118**	**6,334,786**	**9,756,784**	**6,745,288**	**0**	**22,840,976**
Balance at January 1. 2018	**4,118**	**6,334,786**	**9,756,784**	**6,745,288**	**0**	**22,840,976**
Period amortization	0	3,450,758	1,548,278	1,476,560	0	6,475,596
Amortization of non-current assets (reduction)	0	(484,108)	(79,620)	(23,810)	0	(587,538)
Balance at December 31. 2018	**4,118**	**9,301,437**	**11,225,442**	**8,198,038**	**0**	**28,729,035**
Balance at January 1. 2017	**83,615,615**	**108,679,480**	**8,449,670**	**10,985,403**	**1,355,732**	**213,085,900**
Balance at December 31. 2017	**59,734,338**	**107,021,706**	**6,648,615**	**9,499,840**	**991,285**	**183,895,784**
Balance at January 1. 2018	**59,734,338**	**107,021,706**	**6,648,615**	**9,499,840**	**991,285**	**183,895,784**
Balance at December 31. 2018	**58,591,430**	**103,226,018**	**5,255,181**	**8,847,099**	**1,458,471**	**177,378,198**

(All amounts are presented in RON)

NOTE 8 - TANGIBLE NON-CURRENT ASSETS (CONTINUED)

The last revaluation of tangible assets (buildings and land) was performed on 31.12.2015. The Company proceeded to revaluation of tangible assets in the years: 1999, 2002, 2003, 2005, 2007, 2009, 2011, 2012.
Additional revaluation differences are reflected in accounting for other comprehensive income and accrued in equity as a revaluation surplus or the increase offsets a decrease from the previous revaluation of the same previously recognized asset in profit or loss in which case the increase is recognized directly into profit or loss.
Minus revaluation differences are recognized in profit or loss (unless the decrease compensates for a previous revaluation gain accumulated in equity as a revaluation surplus, in which case the decrease is recognized in other comprehensive income, decreasing the surplus from revaluation).
The revaluation differences existing in the balance at 31.12.2018 related to the assets in the patrimony are of 105,189,642 RON and can’t be distributed to the shareholders.
The revaluation differences according to the nature of the fixed assets have the following composition:

Explicație	Financial year ended 31 December 2018	Financial year ended 31 December 2017
Land revaluation reserves	89,675,312	90,956,743
Construction revaluation reserves	12,663,454	13,658,937
Reserves from revaluation of other tangible assets	2,850,876	2,895,389
Total revaluation reserves	**105,189,642**	**107,511,069**

For tangible assets registered in the company's assets there were no changes in the method of determining the depreciation of tangible assets and no assets or parts of the expense expense on other expenses were reclassified.
For tangible non-current assets, the Company hasn’t registered any life span changes, the determination of the amortization for the pledged assets hasn’t changed as well and there was no reclassification for some parts of the expenses or the amortization on behalf of other expenses.
The company has signed a novation contract with Porsche Mobility SRL which takes over from Transilvania Hotels & Travel SA rights and obligations arising from operating leases of an Volkswagen car. The lease payments meaning leasing rates (rents). administration fees. management taxes. RCA. vignette etc. are recognized as expenses over the contract period.
Regarding tangible non-current assets, the company has no restrictions on the ownership title.
The company owns:
- all the presented assets,
- a total land area of **455,647.36** square meters, as:
    - 414,201.82 square meters based on ownership certificates issued by the Ministry of Tourism for: Saturn S.A., Venus S.A., Eforie Nord S.A., Eforie Sud S.A. and release and receipt protocol between Neptun - Olimp S.A. and Miorita Estival 2002 S.A.,
    - 17,278.70 square meters purchased from the City Hall Eforie North, under contracts of sale - buy,
    - 24,166.84 square meters following the exchange conducted with the City Hall Mangalia and Eforie North.

(All amounts are presented in RON)

NOTE 8 - TANGIBLE NON-CURRENT ASSETS (CONTINUED)

Pledged, mortgaged and restricted assets

On December 31, 2018, the Company has mortgages on the assets of Complex Hotel - Sirena Restaurant in Saturn and the related land in favor of BCR, the value of the guaranteed loan amounting to 7,500,000 lei, as at 31.12.2018 being unused.

No third party compensation for depreciated assets was recorded in this asset category.

Investments

In 2018, the Company made investments amounting to 8,626,767 RON (including VAT), which are presented in the table below:

RON

No.	The investment objective	Value from which:	Work	Equipments
1	Interior work, Furniture and carpets, Wood carpentry of wood- Hotel Diana	1,045,976	662,933	383,043
2	Kitchen extension, kitchen equipments, construction works, plumbing, painting, electrical installations- Restaurant Cerna	929,446	720,776	208,670
3	Carpet rooms and halls, furniture, mounted tiles 1880 sqm, painting, wood carpentry 450 sqm, modernization of electrical panels CT- Hotel Venus+CT	902,878	600,148	302,730
4	Underfloor heating systems, Chiller, Design, installation of boiler, electrification and automation- Hotel Sirena	621,288	621,288	0
5	Door rooms 1,2,8-13, carpets 1,2,8-13, Rehabilitation of electrical panels-Hotel Balada	618,077	618,077	0
6	Hygiene kitchen space, lounge and terrace modernization, carpentry replaced, self-service line fitting, partial kitchen area rehabilitation, sanitary rehabilitation small parter salon, self-service line- Restaurant Venus	586,215	507,929	78,286
7	Rehabilitation of facades- Hotel Raluca	294,996	294,996	0
8	Air conditioning installation, Intangible assets (licenses, works projects), electronic archive houses- Administrative office	288,839	14,278	274,560
9	Interior, exterior rehabilitation- Pool BBB, Raluca, Balada, Cleopatra	191,257	191,257	0
10	Clarvision's economic management system- Administrative office	170,925	170,925	0
11	Construction work, plumbing, painting, electrical installation- Hotel Bega	156,700	156,700	0
12	Preparation of ISU documentation- H.Cleopatra, R.Cleopatra, H. + R.Sirena, H + R.Lidia, H +	125,690	125,690	0

(All amounts are presented in RON)

No.	The investment objective	Value from which:	Work	Equipments
	R.Narcis,complex BBB,			
13	Door halls access, anti-fire doors-Hotel Cleopatra	118,829	118,829	0
14	Fire scale- Hotel Aida	95,248	100,051	0
15	Modernization of electric panels, arrangement of 12 bathrooms- Hotel Capitol	100,051	95,248	0
16	Furnishing furniture, beach design- Beach Saturn	92,839	0	92,839
17	Waterproofing kitchen area, modernization of electrical panels- Restaurant Capitol	85,275	85,275	0
18	Modernization of electrical panels- Hotel Gloria	82,195	82,195	0
19	Rehabilitation of sanitary groups and underground facilities- Hotel Cerna	75,626	75,626	0
20	Modernization of electrical panels, rehabilitation of balconies, exterior painting- Hotel Vraja Marii	67,887	67,887	0
21	BITSOFT - Intangible Assets (Interfaces OPERA-Clarvision swi MC-Clarvision)- Administrative office	57,259	57,259	0
22	Kitchen equipments, fans- Restauratant Bega+Brad	53,304	46,494	6,810
23	Exterior extensions, kitchen equipments- Restaurant Balada	52,568	41,557	11,011
24	Rehabilitation (finishing work started in 2016)- Restaurant Narcis	23,614	23,614	0
25	Fitting locker rooms- Restaurant Aida	20,003	20,003	0
26	Repair of facade- Hotel Prahova	33,095	33,095	0
27	Construction work, plumbing, painting, electrical installation- Units of THR Marea Neagra	359,306	359,306	0
	TOTAL INVESTMNETS without VAT	**7,249,384**	**5,891,436**	**1,357,948**
	VAT	1,377,383		
	TOTAL INVESTMENTS including VAT	**8,626,767**		

(All amounts are presented in RON)

NOTE 9 - INTANGIBLE ASSETS

RON

EXPLANATION	31 December 2018	31 December 2017
I) Book value of intangible assets:	**2,531,556**	**2,340,658**
Licenses + projects	1,733,992	1,668,784
Other intangible assets	797,564	671,874
II) Decreases (amortization):	**2,181,198**	**1,944,206**
Licenses + projects	1,584,239	1,373,829
Other intangible assets	596,959	570,377
III) Net book value	**350,357**	**396,452**
a) Licenses + projects	149,753	294,955
b) Other intangible assets	200,605	101,498

The increase is mainly due to the execution of compulsory works under ISU legislation in force (preparation of ISU approval reports, preparation of fire intervention plans), implementation of new interfaces between OPERA program, used in the receptions of hotels operated by THR Marea Black SA and the Clarvision accounting program, as well as the installation of some interfaces between the Materials Control program used in public catering establishments and the Clarvision accounting program.
All intangible assets have defined useful life, amortization method is linear in all cases for the useful life. According to the accounting policy adopted in the company, life duration is up to 20 years for concessions, patents, licenses and up to 5 years for other assets. Intangible assets are booked at their cost.

All intangible assets are pointed in their cost value.

(All amounts are presented in RON)

NOTE 10 – INVESTMENT PROPERTIES

Investment properties are measured at 31.12.2018 using the fair-value model and are disclosed as follows:

RON

Explanation	31 December 2018	31 December 2017
Complex Claudia (land+building)	0	1,484,529
Complex Minerva (land+building)	821,980	807,441
Complex Miorita (land+building)	7,883,371	7,819,118
Complex Semiramis (land+building)	6,247,559	5,968,634
Atelier Mecanic Saturn land	675,880	675,272
Semiramis beach buffet land	436,510	436,118
Total	**16,065,300**	**17,191,112**

Assets classified as investment properties were evaluated by independent evaluators (IPIEV Consulting) in a corporate member of ANEVAR. with certificate number 0250 - 01/01/2016. The company’s headquarter is located in Bucuresti. Nicolae Grigorescu Bvd. nr. 29A. bl. N22. sc. B. et. 4. ap.53. sector 3. Its trade registration number is J40 / 10356/2001 and it is a corporate member of ANEVAR certified by nr. 0250/01.01.2016.

The approaches used in the evaluation were: cost approach - replacement cost method and income approach – discounted future cash-flow method.

Analyzing all estimated values according to the approach. in the present case. the selected property value is obtained by the cost approach. given the purpose of the assessment made.

For assets recognized as investment property there are leases signed. Rental incomes are recognized in the income statement and are presented in Note 4 - Income from operating activities.

The inputs used in measuring fair value techniques are classified by level 2, comprising inputs other than quoted prices included in Level 1 that are observable for the asset or liability in question, either directly or indirectly,

Level 2 Inputs include quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, observable inputs other than quoted prices for the asset or liability and data input or results mainly in conjunction with observable market data by correlation or other means.

In the year 2018 the following assets have emerged through reclassification:

-Claudia Complex (building + land) being reclassified as an asset held for sale.

(All amounts are presented in RON)

NOTE 10 – INVESTMENT PROPERTIES (CONTINUED)

Fair value adjustments to assets classified as investment property in profit and loss account at 31.12.2018 after the evaluation from 31.12.2018 are:

RON

Explanation	31 December 2018			31 December 2017		
	Gains from fair value measurement of investment properties	Losses from fair value measurement of investment properties	Gains/Losses	Gains from fair value measurement of investment properties	Gains/losses from fair value measurement of investment properties	Gains/Losses
Complex Claudia (land+building)	0	0	0	108,475	0	108,475
Complex Minerva (land+building)	14,539	0	14,539	57,861	0	57,861
Complex Miorita (land+building)	64,253	0	64,253	703,336	0	703,336
Complex Semiramis (land+building)	278,925	0	278,925	180,202	0	180,202
Machine Shop Saturn – land	608	0	608	43,688	0	43,688
Semiramis beach buffet – land	392	0	392	49,738	0	49,738
Total	**358,717**	**0**	**358,717**	**1,143,300**	**0**	**1,143,300**

(All amounts are presented in RON)

NOTE 11 – FINANCIAL ASSETS

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

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

RON

Other investment	31 December 2018			31 December 2017		
	Book value	Impairment	Net book value	Book value	Impairment	Net book value
Long-term investments						
Shares at Balneoterapia Saturn S.R.L	2,000	0	2,000	2,000	0	2,000
Shares at Transilvania Hotels&Travel S.A.	0	2,432,010	2,432,010	2,432,010	0	2,432,010
Long-term investments	**2,000**	**2,432,010**	**2,434,010**	**2,434,010**	**0**	**2,434,010**

Long term securities are recognized in the financial statements in accordance with IAS 27 Consolidated and Separate Financial Statements, at cost. Securities that fall into the first category consist of equity in Balneoterapia Saturn SRL and Transilvania Hotels&Travel SA being recognized at financial assets:

RON

Company	Share capital %	31 December 2018	31 December 2017
Balneoterapia Saturn S.R.L	100.000%	2,000	2,000
Transilvania Hotels&Travel SA	32.059%	2,432,010	2,432,010

Balneoterapia Saturn SRL has a share capital of 2,000 RON, comprising 20 shares and has the Registered office: Lavrion Street, no. 29. Mangalia, Constanta.
Transilvania Hotels&Travel SA has a share capital of 7,586,120 RON, comprising 3,034,448 shares with a nominal value of 2.5RON/share and has the registered office: Maria Rosetti Street, No. 35, branch 2, Bucuresti. The company has entered to insolvency since 2017.

(All amounts are presented in RON)

NOTE 12 – INVENTORIES

RON

Inventories	Book value (RON) at 31.12.2018	Adjustments for depreciation 31.12.2018	Balance at 31.12.2018	Book value (RON) at 31.12.2017
Raw materials	0	0	0	0
Materials (without price differences and VAT)	218,958	240,498	459,456	430,736
Inventories	40,597	10,021	50,619	2,618
Finished goods	0	0	0	0
Raw materials and consumables at third parties	0	0	0	0
Merchandise	29,398	0	29,398	4,153
Packaging materials	4,621	0	4,621	4,621
Advances for inventories acquisitions	612	0	612	0
Total	**294,185**	**250,519**	**544,704**	**442,128**

Stocks of materials are the nature of materials purchased for investment and repair work. Considering that some materials are very old and are not expected to be used in a very close time, they were adjusted in 2018 in the sense of depreciation with the amount of 212,215 RON.

(All amounts are presented in RON)

NOTE 13 – RECEIVABLES

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

RON

No	Name	Receivables at 31.12.2018	Allowances at 31.12.2018	Net book value of receivables 31.12.2018	Net book value of receivables 31.12.2017	Variation of receivables 20118/2017 (%)
1	Trade receivables from which:	787,604	1,727,934	2,515,538	1,501,784	52.44%
	Transilvania Hotels&Travel SA	3,664	*443,593*	447,257	*670,329*	0.55%
2	Receivables from state budget	1,593,574	0	1,593,574	3,228,288	49.36%
3	Debtors active sales	0	0	0	0	
4	Sundry debtors	27,113	0	27,113	216	12,552.12%
5	Other receivables	150,526	0	150,526	138,533	108.66%
	Total	**2,558,816**	**1,727,934**	**4,286,750**	**4,868,821**	**52.56%**

The receivables of the company, at 31.12.2018, recorded a decrease of 47.44% compared to the receivables recorded on 31.12.2017, and consist of:

- Trade receivables represented by tourist services and other services rendered by THR Black Sea to third parties, amounting to 2,515,538 RON which have been adjusted with the amount of 1,727,934 lei representing debts older than one year for the services rendered to Rugby Club Constanta, Mareea Comtur SRL, Transilvania Hotels & Travel SA, Romanian Boxing Federation, Sind Tour Operator, ACS Cuza Sport, Ager Construct and Remat Sud Mangalia;

-State budget receipts represented mainly by VAT to be recovered in the amount of 1,547,848.22 RON;

- Other receivables are represented mainly by the interest receivable at deposits with BCR in the amount of 46,049 RON, various attachments of ANAF which in January 2019 will extinguish from the debts of the company to the State Budget, BEJ attachments to be repaid at the beginning of 2019 .

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

No	Receivables	Total at 31.12.2018	Under 30 days	30-180 days	181-365 days	>1 year
1	Trade receivables from which:	2,515,538	75,224	678,199	32,520	1,729,595
	Transilvania Hotels & Travel SA	447,257	*0*	*3,664*	*0*	*443,593*
2	Receivables from state budget	1,593,574	8,743	562,204	514,963	507,664
3	Debtors active sales	0	0	0	0	0
4	Sundry debtors	27,113	10,913	10,805	5,245	149
5	Other receivables	150,526	88,767	29,608	108	32,042
	TOTAL	**4,286,750**	**183,647**	**1,280,816**	**552,836**	**2,269,450**

(All amounts are presented in RON)

NOTE 14 - ACCRUED EXPENSES

RON

Accrued expenses	31 December 2018	31 December 2017
Inventory use	853,622	742,361
Exploitation of mineral resources annual tax	0	137
Vignette tax	230	184
Tax and local tax expenses	56	0
Insurance policies	41,384	39,334
Total accrued expenses	**895,292**	**782,016**

NOTE 15 - CASH AND CASH EQUIVALENTS

RON

Explanation	31 December 2018	31 December 2017
Bank accounts in RON	27,382,916	4,414,332
Bank account in foreign currencies	1,587	900
Petty cash in RON	24,465	18,308
Other values	2,308	5,603
Total	**27,411,276**	**4,439,143**

(All amounts are presented in RON)

NOTE 16 –NON-CURRENT ASSETS HELD FOR SALE

RON

NO	Category	Book value of non-current assets held for sale in 2018	Book value of assets disposed or disposed through reclassification in 2018	Book value of non-current assets held for sale at 31.12.2018	Book value of non-current assets held for sale in 2017	Book value of non-current assets sold in 2017	Book value of non-current assets held for sale at 31.12.2017
1	Restaurant Minerva	239	0	149,672	149,433	0	149,433
2	Restaurant |Sulina	1,353	0	89,705	88,351	0	88,351
3	Restaurant Dunarea	1,611	0	176,298	174,688	0	174,688
4	Complex Atena (hotel + restaurant)	11,059	0	1,322,520	1,311,461	0	1,311,461
5	Complex Tosca (Hotel + restaurant + buffet)	30,366	0	2,920,388	113,049	0	2,890,022
6	Stop on the tour Saturn	239	0	32,452	32,213	0	32,213
7	CP 3 Saturn	3,021	0	182,082	179,061	0	179,061
8	Restaurant Pelican	0	0	145,092	145,092	0	145,092
9	GG Jupiter	0	0	451,633	451,633	0	451,633
10	Bakery Saturn	0	19,035	0	19,035	0	19,035
11	Restaurant Mercur	0	0	0	4,110	117,790	0
12	Complex Venus (Hotel + restaurant)	0	0	0	0	1,010,910	0
13	Garden/restaurant Rapsodia	0	0	315,431	264,658	43,912	315,431
14	Hotel Ancora	0	0	258,532	0	0	258,532
15	Complex Capitol (Hotel + restaurant)	185,326	0	729,210	60,862	0	543,884
16	Hotel Gloria	82,195	0	567,435	43,414	0	485,240
17	Complex Magura (Hotel + restaurant)	0	0	1,526,033	32,881	0	1,526,033
18	Hotel Riviera	0	464,177	0	0	0	464,177
19	Hotel Meteor	0	0	246,812	246,812	0	246,812
20	CT Neon	0	0	0	75,334	205,370	0
21	Complex Claudia (Hotel + restaurant)	438,652	0	438,652	0	0	0
	TOTAL BUILDINGS	**754,061**	**483,212**	**9,551,947**	**3,392,088**	**1,377,981**	**9,281,098**

(All amounts are presented in RON)

NO	Category	Book value of non-current assets held for sale in 2018	Book value of assets disposed or disposed through reclassification in 2018	Book value of non-current assets held for sale at 31.12.2018	Book value of non-current assets held for sale in 2017	Book value of non-current assets sold in 2017	Book value of non-current assets held for sale at 31.12.2017
1	Land Restaurant Minerva	0		1,813,760	1,813,760		1,813,760
2	Land Restaurant |Sulina	0		1,458,496	1,458,496		1,458,496
3	Land Restaurant Dunarea	0		1,183,104	1,183,104		1,183,104
4	Land Complex Atena (hotel + restaurant)	0		1,251,952	1,251,952		1,251,952
5	Land Complex Tosca (Hotel + restaurant + buffet)	0	0	2,602,496	0	0	2,602,496
6	Land – stop on the tour Saturn	0		15,890,160	15,890,160		15,890,160
7	Land CP 3 Saturn	0		791,024	791,024		791,024
8	Land Restaurant Pelican	0		668,304	668,304		668,304
9	Land GG Jupiter	0		1,080,560	1,080,560		1,080,560
10	Land - Bakery Saturn	0	127,504	0	127,504		127,504
11	Land Restaurant Mercur	0	0	0	0	222,949	0
12	Land Complex Venus (Hotel + restaurant)	0	0	0	0	547,563	0
13	Land - Garden Rapsodia	0	0	233,022	0	0	233,022
14	Land - Hotel Sport	0	0	0	163,976	163,976	0
15	Land - Snack Bar Carmen	0	39,050	0	0	0	39,050
16	Land complex Cocorul acces way	0	0	95,483	0	0	95,483
17	Land complex Claudia	1,045,877	0	1,045,877	0	0	0
18	Land 383 sqm from Vacanta Dunarea village	79,664	79,664	0	0	0	0
	TOTAL LANDS	**1,125,541**	**246,218**	**28,114,238**	**24,428,840**	**934,488**	**27,234,915**
	TOTAL ASSETS HELD FOR SALE	**1,879,602**	**729,430**	**37,666,185**	**27,820,928**	**2,312,469**	**36,516,013**

(All amounts are presented in RON)

NOTE 16 –NON-CURRENT ASSETS HELD FOR SALE (CONTINUED)

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

RON

2018			2017		
Income from disposal of non-current assets held for sale	**Expenses from disposal of non-current assets held for sale**	**Profit/Loss**	**Income from disposal of non-current assets held for sale**	**Expenses from disposal of non-current assets held for sale**	**Profit/Loss**
14,673,559	**(7,257,886)**	**7,415,673**	**1,382,160**	**(710,084)**	**672,076**

Income from disposal of non-current assets held for sale were included on line 5 of the statement of profit or loss and other comprehensive income and disposal expenses of assets held for sale were presented in row 13 form the statement of comprehensive income.

Assets classified as held for sale were valued according to IFRS at 31.12.2018, the resulting amounts being greater than the amount recorded in the accounting. The bookkeeping of the assets held for sale was made at the carrying amount, at the lower value.

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

The subscribed and paid up share capital is amounted to 57,894,993.9 RON divided into a number of 578,949,939 shares. During the reporting periods subscribed and paid in share capital did not change.

Of the total number of shares issued and outstanding at December 31, 2018 and December 31. 2017:

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

The main characteristics of the securities issued by T.H.R.Marea Neagra S.A.: common, nominative, of equal value and dematerialized shares issued at a nominal value of 0.10 RON / share.
During 2018 the share capital has not changed, the structure of shareholders at 31.12.2018 communicated from BVB website is as follows:

Shareholders' name	Percent(%)	Shares	Share capital amount(RON)
SIF Transilvania S.A.	77.7131%	449,920,140	44,992,014.00
Other corporate and individuals shareholders	22.2869%	129,029,799	12,902,979.90
TOTAL	**100.0000%**	**578,949,939**	**57,894,993.90**

(All amounts are presented in RON)

NOTE 17 - SHARE CAPITAL, OWNERSHIP STRUCTURE AND CHANGES IN SHARE CAPITAL (CONTINUED)

The Company has no employee stock grant schemes and there are no restrictions on voting rights. It also has no knowledge of agreements between shareholders which may result in restrictions on the transfer of securities and / or voting rights.
THR Marea Neagră S.A. shares are listed on the second category of Bucharest Stock Exchange starting from 15 august 2002 with symbol “EFO”. In the last trading day of 2018, 29.12.2018, the closing price of EFO was 0.0924 RON/share compared to 0.098 RON/share at 31.12.2017.

RON

Explanation	31 December 2018	31 December 2017
Revaluation surplus	105,189,642	107,511,069
Reserves	24,201,711	22,894,846
Reserves due to IAS29 application	16,745,901	16,745,901
Total reserve	**146,137,254**	**147,151,816**

The revaluation surplus refers to property and plant of the company and it was generated by the revaluations of tangible non-current assets in the years of 1999, 2002, 2003, 2005, 2007, 2009, 201, 2012 and 2015.

Revaluation differences were reduced in 2018 on account of assets sold, scrapped or returned and transferring it to retained earnings.

The reserves increased in 2018 on the distribution of the net profit of 2017 on other sources of financing (741,712 RON) and on the account of the distribution of the net profit of 2018 on the legal reserve (565,153 RON).

NOTE 19 - RETAINED EARNINGS

RON

Element name	31.12.2018	Increase	Decrease	31.12.2017
Retained earnings except retained earnings from the adoption of IAS 29 for the first time	**54,909,087**	**2,750,802**	**5,072,229**	**52,587,660**
Retained earnings representing non-distributed benefits	*0*	1,982,287	1,982,287	0
Retained earnings from correction of accounting errors from previous years	*0*	0	768,516	(768,516)
Surplus from revaluation reserves	*54,909,087*	768,516	2,321,427	53,356,176
Retained earnings from adoption of IFRS	*0*		0	0
Retained earnings came following the application of IAS 29 for the first time	***(102,691,275)***			**(102,691,275)**

(All amounts are presented in RON)

NOTE 20 - OTHER ELEMENTS OF EQUITY

RON

Other elements of equity	31 December 2018	31 December 2017
Deferred tax recognized in equity	(12,491,385)	(12,580,197)
Profit distribution to legal reserve	(565,153)	(110,647)
Total other elements of equity	**(13,056,538)**	**(12,690,844)**

NOTE 21 - LIABILITIES. OTHERS THAN DEFERRED INCOME

RON

Short-term liabilities	Liabilities at 31.12.2018	Liabilities at 31.12.2018	under 30 days	30-90 days	91-180 days	181-270 days	between 270-365 days	> 1 year
Short term loans	**800,000**	**0**	**0**	**0**	**0**	**0**	**0**	**0.00%**
Trade payables and other liabilities. including derivatives	**4,550,552**	**8,942,597**	**5,123,048**	**1,878,227**	**54,241**	**8,324**	**1,878,758**	**196.52%**
Advances collected for orders	**709,062**	**2,317,080**	**71,533**	**372,833**	**0**	**0**	**1,872,714**	**326.78%**
Trade payables	**950,057**	**2,085,578**	**2,085,578**	**0**	**0**	**0**	**0**	**219.52%**
Debts to the state budget	**293,537**	*1,410,056*	**479,279**	**930,777**	**0**	**0**	**0**	**480.37%**
Debt with the staff	341,500	*415,230*	415,230	0	0	0	0	**121.59%**
Other liabilities	**2,256,398**	**2,714,654**	**2,071,428**	**574,617**	**54,241**	**8,324**	**6,044**	**120.31%**
Total	**5,350,552**	**8,942,597**	**5,123,048**	**1,878,227**	**54,241**	**8,324**	**1,878,758**	**167.13%**

(All amounts are presented in RON)

NOTE 21 - LIABILITIES. OTHERS THAN DEFERRED INCOME (CONTINUED)

Short-term payables as of December 31, 2018, less accrued income and provisions, increased by 67.13% over the same period last year, due to:
- advances amounting to 2.245.547 RON , collected for sales of Assets based on Active Selling Promises (Hotel Meteor, Hotel Ancora and Rhapsody Garden), advances that will be closed at the time of conclusion of the sale-purchase contracts;
-guaranties in the amount of 579,180 RON, collected for participation in active buying auctions (Claudia complex, CFR travel agency), which will close also at the moment of conclusion of the sale-purchase contracts;
- the profit tax calculated at 31.12.2018 in the amount of 930,777 RON;
-providers of service.

The situation of debts after their exigibility and their structure is presented in the following table:

Nr.crt.	Denumirea contului	Liabilities at 31.12.2018	under 30 days	30-90 days	91-180 days	181-270 days	between 270-365 days
1	**COMMERCIAL LIABILITIES AND OTHER LIABILITIES**	**8,942,597**	**5,123,048**	**1,878,227**	**54,241**	**8,324**	**1,878,758**
1.1.	**Advance payments on the orders account**	***2,317,080***	**71,533**	**372,833**	**0**	**0**	**1,872,714**
	Advance payments for active sales based on Sales-Buy Promises	**2,245,547**	**0**	**372,833**	**0**	**0**	**1,872,714**
	Atinimul - Hotel Meteor	*466,680*	*0*	*0*	*0*	*0*	*466,680*
	Media Class - Hotel Ancora	*1,170,764*	*0*	*0*	*0*	*0*	*1,170,764*
	Star 95 SRL - Grădina/restaurant Rapsodia	*608,103*	*0*	*372,833*	*0*	*0*	*235,270*
	Advance payments for tourist services	**71,533**	**71,533**	**0**	**0**	**0**	**0**
1.2.	**COMMERCIAL LIABILITIES**	**2,085,578**	**2,085,578**	**0**	**0**	**0**	**0**
	Suppliers	*1,945,476*	1,945,476	0	0	0	0
	Suppliers of non-current assets	*76,793*	76,793	0	0	0	0
	Suppliers – invoices to be recieved	*63,310*	63,310	0	0	0	0
1.3.	**DEBT WITH STATE AND LOCAL BUDGET**	**1,410,056**	**479,279**	**930,777**	**0**	**0**	**0**
	Social Security	**194,630**	**194,630**	0	0	0	0
	Work insurance contribution	**11,771**	**11,771**	0	0	0	0
	Current income tax	**930,777**	**0**	**930,777**			
	VAT under settlement	**2,002**	**2,002**	0	0	0	0
	Payroll tax	**33,825**	**33,825**	0	0	0	0
	Special funds	**7,884**	**7,884**	0	0	0	0
	Disability fund	*7,884*	*7,884*	0	0	0	0

(All amounts are presented in RON)

Nr.crt.	Denumirea contului	Liabilities at 31.12.2018	under 30 days	30-90 days	91-180 days	181-270 days	between 270-365 days
	Other debts with the budget	**229,167**	**229,167**	0	0	0	0
	Tax specific for the second semester 2018	*221,167*	*221,167*	0	0	0	0
	Other debts	*8,000*	*8,000*	0	0	0	0
1.4.	**DEBT WITH PERSONAL**	**415,230**	**415,230**	**0**	**0**	**0**	**0**
	Collaborators	**34,529**	**34,529**	0	0	0	0
	Employees-salaries payable	**123,602**	**123,602**	0	0	0	0
	Other social benefits granted to employees	**9,814**	**9,814**	0	0	0	0
	Employees ‘ rights not claimed	**2,387**	**2,387**	0	0	0	0
	Retention from salaries payable to third parties	**11,185**	**11,185**	0	0	0	0
	CAR	*5,293*	*5,293*	0	0	0	0
	Syndicate	*1,575*	*1,575*	0	0	0	0
	Deductions	*818*	*818*	0	0	0	0
	Food pension	*3,499*	*3,499*	0	0	0	0
	Other debt related to staff	**233,713**	**233,713**	0	0	0	0
	Personal transport	*5,482*	*5,482*	0	0	0	0
	Managers' guarantees	*228,231*	*228,231*	0	0	0	0
1.5.	**OTHER LIABILITIES**	**2,714,654**	**2,071,428**	**574,617**	**54,241**	**8,324**	**6,044**
	Other loans and assimilated debts	**402,794**	**331,043**	**3,142**	**54,241**	**8,324**	**6,044**
	Term guarantees at suppliers	*239,779*	*168,028*	*3,142*	*54,241*	*8,324*	*6,044*
	Guarantees received	*163,015*	*163,015*	0	0	0	0
	Shareholder Dividends	**455,866**	**455,866**	0	0	0	0
	gross dividends related to 2017	*421,192*	*421,192*	0	0	0	0
	net dividends from previous years	*34,673*	*34,673*	0	0	0	0
	Total sundry creditors of which:	**582,657**	**11,182**	**571,475**	**0**	**0**	**0**
	Guaranteed active auctions	***579,180***	***7,705***	***571,475***	***0***	***0***	***0***
	Const Media Services - Ag.Voiaj CFR	*7,705*	*7,705*	0	0	0	0
	Energoutil Contact - Complex Claudia	*571,475*	*0*	*571,475*	*0*	*0*	*0*
	Sundry creditors	***3,477***	***3,477***	0	0	0	0
	Amounts to be clarified	**1,273,337**	**1,273,337**	0	0	0	0

(All amounts are presented in RON)

NOTE 21 - LIABILITIES. OTHERS THAN DEFERRED INCOME

Depending on the moment of their exigibility, the long-term debts are grouped as follows:

Long-term liabilities	Liabilities at 31.12.2017	Liabilities at 31.12.2018	1-5 ani	> 5 ani
Long-term loans	**1,600,000**	**0**	**0**	**0**
Trade payables and other liabilities. including derivatives	**39,735**	**65,160**	**65,160**	**0**
Trade payables	0	0	0	0
Other liabilities	39,735	65,160	65,160	0
Deferred tax liabilities	**13,160,498**	**13,181,121**	**13,181,121**	**0**
Total	**14,800,233**	**13,246,281**	**13,246,281**	**0**

Long-term debts consist of performance guarantees provided by suppliers of non-current assets in the amount of 65,160 RON and deferred income tax.

NOTE 22 - PROVISIONS

The Company has not undertaken obligations for pension plans other than the one stated by Law no. 263/2010 on the unitary system of public pensions, with the subsequent updates. The collective labor agreement signed for 2018 stipulates a retirement bonus of a gross salary. For the retirement bonuses to be paid in 2018. the company estimated a provision.

At December 31 2018 the Company had established the following provisions:

- Provision for the amount of 6,000 RON representing court costs incurred in settling an earlier file owed to Balu Eugenia;
- provision for the amount of 577,125 RON representing claims for the improvement of the Flora villa during its exploitation by the Carja Vasile in the file no. 3093/118/2016;
- Provision for the amount of 9.000 RON representing claims worth the stolen belongings of the Domuţa Maria by unknown authors (tourist accommodated at the Sirena Hotel) - File no.10133 / 296/2016;
- provision for the amount of 10,000 lei representing the refund of 10,000 paid by the applicant as a fine for contravention, payment of overtime, claims issued by Dumitraşcu Angela in the file no.3282 / 118/2018;
- provision for the amount of 22,413 RON representing additional indemnities for the use of phonograms due to the Union of Phonogram Producers;
- Provision for the amount of 78,000 RON representing taxes and accessories calculated additionally by Eforie City Hall;
- Provision for Unpaid Leave of 209,355 RON;
- Additional provision of employee retirement rights in the amount of 12,838 RON;

(All amounts are presented in RON)

NOTE 22 – PROVISIONS (CONTINUED)

- \- provision for the amount of 41,520 lei representing court fees, lawyers' fees from files 2639/118/2017 and 4847/212/2010, sum claimed by Mateevici Alexandru, Zellinger, Stoicovici and others in file 15314/212/2018.

The company canceled in 2018 provisions totaling 386,715 RON, representing a provision of 352,547 RON related to the final sentence issued in connection with the TV fee due by THR Marea Neagra SA to the Romanian Television Society for the period 2012-2015 and a provision 34,168 lei related to the final sentence issued in connection with the remuneration due to performers for the years 2013 and 2014 and due to CREDIDAM Bucharest.

RON

Explanation	31.12.2018	Installing provisions in 2018	Cancelling provisions in 2018	31.12.2017
Provisions for litigations	744,058	721,645	386,715	409,128
Provisions for pensions	247,034	222,193	0	24,841
Total Provisions	**991,092**	**943,838**	**386,715**	**433,969**

NOTE 23 - RELATED PARTIES TRANSACTIONS

Compared to 2017, in the year 2018 were carried out transactions with related parties as set out in the tables below. Values presented include value added tax.

RON

Receivables		
Related parties	**Financial year ended at 31.dec.2018**	**Financial year ended at 31.dec .2017**
Transilvania Hotels&Travel SA	447,257	670,329
Balneoterapia Saturn SRL	893	5,639
TOTAL	**448,150**	**675,968**

Liabilities		
Related parties	**Financial year ended at 31.dec.2018**	**Financial year ended at 31.dec .2017**
Transilvania Hotels &Travel SA	615,735	223,683
Balneoterapia Saturn SRL	1,142,491	359,004
TOTAL	**1,758,226**	**582,687**

(All amounts are presented in RON)

NOTE 23 - RELATED PARTIES TRANSACTIONS (CONTINUED)

Sales		
Related parties	**Financial year ended at 31.dec.2018**	**Financial year ended at 31.dec .2017**
Transilvania Hotels &Travel SA	3,036,031	725,601
Balneoterapia Saturn SRL	505,927	453,656
TOTAL	**3,541,958**	**1,179,257**
Acquisitions		
Related parties	**Financial year ended at 31.dec.2018**	**Financial year ended at 31.dec .2017**
Transilvania Hotels and Travel SA	615,735	319,589
Balneoterapia Saturn SRL	2,078,753	1,810,914
TOTAL	**2,694,489**	**2,130,503**

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

- outstanding balances by receivables and payables between related parties are related commercial transactions are conducted under terms and conditions similar terms and conditions which were accepted by third parties and are not guaranteed,
- we cannot provide additional information on guarantees given or received as it was not appropriate to represent,
- we made adjustments for the depreciation of the amount of 443,592.84 lei representing the receivable related to the outstanding balance of Transylvania Hotels & Travel SA, a company in insolvency, with which THR Marea Neagra SA registered at the creditor table in 2017.

NOTE 24 –CONTINGENT ASSETS AND CONTINGENT LIABILITIES

In all disputes THR undertook the necessary efforts to defend ownership. In some situations, there are some litigations that claim THR assets.
The company is involved in a litigation with the City Hall Mangalia therefore tax audit conducted by the 2008-2012 period, inspection completed by the tax inspection report nr.57355 / 11.10.2015 under which were issued two decisions to impose, in total amount of 7,604,311.45 RON.
The execution of those two decisions was suspended by the Court of Appeal Constanta - file nr.776 / 118/2015 and the suspension effects subsist until the settlement of the substantive judicial action that THR will promote and which will take the annulment of decisions to impose.

The company recognized and estimated that the amount due of 1.577.262 RON represents:
i) tax additional buildings in the amount of 482,520 RON representing taxation of buildings without a reduction of 50% granted by Article 285 paragraph 2 of the Tax Code,
ii) additional land tax in the amount of 253,029 RON representing taxation without the 50% discount granted by Article 285 paragraph 2 of the Tax Code,
iii) penalties related to buildings and land tax established additional by monitoring body in the amount of 841,713 RON.

NOTE 24 –CONTINGENT ASSETS AND CONTINGENT LIABILITIES (CONTINUED)

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

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

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

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

NOTE 26 - SIGNIFICANT RISK MANAGEMENT POLICY

The company's specific activity determine the company's exposure to a variety of general risk, but also specific risks and financial market on that operates.
Risk is defined as the possibility of unfavorable deviations to arise against expected levels due to random fluctuations.
Significant risks have a high impact on the Company.
The purpose of risk assessment is to identify the significance level and effects of the risks assumed by the company in investment activity.
In their activity, the company may face uncontrollable risks, which are generally associated with external factors such as macroeconomic conditions, legislative changes, Changes in the competitive environment etc.
Usually, however, the company faced controllable risks, for which adopted active management policies and procedures (analysis, monitoring and control).
These risks are associated with internal invoices and nature of activity, the complexity of the organizational structure, quality of staff etc.
The main significant risks that the Company has to face, are:

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

Exchange rate risk

The company is easily exposed to the fluctuations of exchange rate, mainly in the case of foreign currency current accounts, receivables and liabilities in other currencies. and receivables and liabilities in RON, but which on contracts are strengthened in relation to other currencies usually in EURO and / or USD.
The company has not used and not used at this time derivatives to protect the RON exchange rate fluctuations relative to other currencies.

Interest rate risk

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

Credit risk

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

Liquidity risk

Liquidity is the ability of the Company to secure the necessary funds to fulfill all direct and indirect payable obligations, at a reasonable price at any time. Liquidity risk is the risk that the Company may encounter difficulties in fulfilling its contractual obligation associated with financial liabilities that are settled in cash.

(All amounts are presented in RON)

NOTE 26 - SIGNIFICANT RISK MANAGEMENT POLICY (CONTINUED)

An analysis of assets and liabilities has been made. based on the remaining period from the balance sheet date to the contractual maturity date for the financial year 2017. as:

RON

Explanation	Note	Book value	Under 3 months	Between 3 and 12 months	Over 1 year	Indefinite maturity
Assets						
Cash and cash equivalents	15	27,411,276	27,411,276	0	0	0
Trade receivables and other receivables	13	2,558,816	1,006,204	0	4,763	1,547,849
Inventories	12	294,185	157,620	131,944	4,621	0
Other current assets		895,292	345,382	164,990	384,919	0
Non-current assets including non-current assets held for sale		232,878,326	0	0	0	232,878,326
Total assets		**264,037,895**	**28,920,482**	**296,934**	**394,304**	**234,426,175**
Liabilities						
Provisions	22	991,092	0			991,092
Trade payables and other payables	21	22,188,878	7,001,274	1,941,323	65,160	13,181,121
Deferred income (Grants)		0	0	0	0	0
Total liabilities		**23,179,970**	**7,001,274**	**1,941,323**	**65,160**	**14,172,213**
						0
Liquidity surplus in the period		**240,857,926**	**21,919,208**	**-1,644,389**	**329,144**	**220,253,962**
Cumulative liquidity surplus		**240,857,926**	**21,919,208**	**20,274,819**	**20,603,962**	**240,857,926**

(All amounts are presented in RON)

NOTE 26 - SIGNIFICANT RISK MANAGEMENT POLICY (CONTINUED)

Capital management

Company's capital management objectives are to ensure the protection and the ability to reward shareholders. to maintain an optimal capital structure to reduce capital costs.
In order to maintain or change the capital structure. the Company may change the amount of dividends paid to shareholders, shareholders capital yield, issue new shares or sell assets to reduce debts.
The Company monitors the amount of capital raised based on gearing. This rate is the ratio of net debt and total equity. Net debts are calculated as total net cash debts. Total equity is calculated as equity plus net debt.

Explanation	**2018**	**2017**
Total liabilities (long and short term)	23,179,970	20,584,754
Cash and cash equivalents	27,411,276	4,439,143
Total equity	240,857,925	231,785,375
Net liabilities indicator	**(245,089,231)**	**(215,639,763)**

Operational risk

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

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

NOTE 27 –SUBSEQUENTEVENTS

We have no knowledge about events after the balance sheet date that would lead to significant influence on the data presented in the separate financial statements prepared for the financial year 2018.

NOTE 28 - BOARD OF DIRECTORS PROPOSAL FOR ALLOCATING NET PROFIT

At the end of 2018 the Company records a net profit of 9,823,215 RON, which the Directorate proposes to be distributed as follows:

- **To the legal reserve according to art. 183 of the Commercial Companies Act 31/1990, republished 565,153.00 RON**
- **Distribution to other reserves 4,348,566.52 RON**
- **Distribution of dividends to shareholders (gross dividend/share= 0.00848 RON) 4,909,495.48 RON**

The separate financial statements were approved by the Board of Directors on March 14, 2019 and were signed by:

CHAIRMAN OF THE BOARD OF DIRECTORS
NARCISA MOSOIU

CHIEF FINANCIAL OFFICER
MIRCEA CRISTIAN