



S.C. "ȘANTIERUL NAVAL ORȘOVA" S.A.
Nr. RC J25/150/1991 CIF: RO 1614734
Capital social: - subscris 28.557.297,5 lei
- varsat 28.557.297,5 lei
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Codul LEI (Legal Entity Identifier): 254900UAXJ8TPIKLXG79
Cod IBAN: RO96RNCB0181022634120001- B.C.R. Orșova
Cod IBAN: RO59BRDE260SV03176142600- B.R.D. Orșova



REPORT CONCERNING THE RESULT FROM THE RE-ASSESSMENT OF THE NAVAL TRANSPORT MEANS ON 31.12.2019

According to the Accounting regulations which are in compliance with the International Standards of Financial Reporting (IAS16), but also with the company's accounting principles from the GUIDE of the accounting policies approved by the Management Board, the company proceeded to:

- Re-assessment of the ships'group existing at the head-office and branch-office;
- Carrying out the degradation test for the dormant fixed assets at the branch in Agigea.

The latest reassessment of these fixed assets took place in 2018.

The necessity to re-assess is imposed - as shown - by the accounting regulations which are in compliance with the International Standards of Financial Reporting (IAS 16) which stipulate that: *"The re-assessment must be done regularly enough to ensure that the accounting value does not differ much from what it would have been settled by usage of the fair value at the end of the reporting period."*

As well, the elements from a group of tangible assets shall be re-assessed in order to avoid the selective re-assessment and the reporting in the annual financial reports of certain values which represent a combination of costs and values calculated at different dates.

In order to carry out the works above the company required the services of a specialized company - certified by ANEVAR - S.C. Darian DRS SA Cluj - Napoca.

According to the evaluation report, the following differences were recorded in the group of ships:

Total differences from revaluation (decrement), 143.271,18 lei
of which:

- | | |
|------------|----------------|
| - increase | 479.709,66 lei |
| - decrease | 622.980,84 lei |

In what the accounting treatment is concerned for the re-assessment differences, the legal norms (IAS 16 point 39 and 40), the following are stipulated:

(39) If the accounting value of an asset is increased as outcome of the re-assessment process, then the increase must be seen in other elements from the global result and cumulated in the own capital, as surplus from the re-assessment. However, the increase must be seen in the profit or loss to the extent to which it compensates for a reduction from the re-assessment of the same asset, previously seen in the profit or loss.

(40) If the accounting value of an asset is decreased as outcome of the re-assessment process, then the decrease must be seen in the profit or loss. However, the decrease must be also seen in other elements from the global result to the extent to which the surplus from the re-assessment shows a credit balance for that asset. The decrease seen in other elements of the global result softens the cumulated amount in the own capital as surplus from the re-assessment.

According to the above mentioned, both the increase and the decrease from the revaluation was recorded as capitals, in the account 105 "Spares from the re-assessment".

According to the Assessment Report, the company also registered the following operations related to the other categories of assets that had to undertake evaluation, as shown at the beginning of the present report:, respectively depreciation of other fixed means in dormant account, except for the buildings, in the amount of 382.036,26 lei. At 31.12.2019, the costs of the company were affected by the value of 43.977,49 lei depreciation to the other fixed assets in dormant account, except for the buildings, the company already having established, from the previous years, a depreciation of 338.058,77 lei.

General Manager,
Mircea Ion Sperdea

Economic Manager,
Marilena Visescu