

**INDIVIDUAL SEPARATE FINANCIAL STATEMENTS AT 30.06. 2020**

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## **BIANNUAL REPORT**

**FOR SEMESTER I 2020, IN COMPLIANCE WITH THE ASF  
REGULATION NO. 5/2018 (appendix no. 14 from the regulation)**

**DATE OF THE REPORT: 10<sup>th</sup> of August 2020**

**NAME OF THE TRADING COMPANY: ŞANTIERUL NAVAL ORŞOVA S.A**

**HEADQUARTERS: NO. 4 TUFĂRI STREET, ORŞOVA TOWN, 225200 MEHEDINŢI  
COUNTY**

**PHONE: 0252/362399; FAX: 0252/360648**

**REGISTRATION CODE FOR VAT PURPOSES: RO1614734**

**NUMBER IN THE TRADE REGISTER: J25/150/1991**

**SHARE CAPITAL ISSUED AND PAID UP: 28.557.297,5 LEI**

**REGULATED MARKET WHERE THE REAL ESTATE VALUES ISSUED ARE  
TRANSACTIONED: STOCK EXCHANGE BUCHAREST (symbol: SNO)**

**MAIN PROPERTIES OF THE REAL ESTATE VALUES ISSUED BY THE ISSUER:  
NEGOTIABLE ON THE STOCK MARKET**

**1. IMPORTANT EVENTS WHICH TOOK PLACE IN THE FIRST 6 MONTHS AS WELL AS THE MAIN RISKS AND UNCERTAINTIES FOR THE FOLLOWING 6 MONTHS OF THE FISCAL YEAR 2020. COVID-19 IMPLICATIONS ON THE QUARTERLY FINANCIAL RESULTS. TRANSACTIONS WITH AFFILIATED PARTIES.**

*The company Şantierul Naval Orşova carried out its production activity from the main head-office, during semester I of 2020, without interruption and in compliance with the provisions and scope settled through the income and expense budget corresponding to this period. At Agigea branch the activity was almost regular during the first months of the year, after which, especially during the second trimester, the effects of the pandemic with COVID-19 were felt rather obvious.*

*According to the BVC provisions, during this semester, the foreign partners had been delivered and completed 2 river ships, an 86 m crane ship and a 110 m tank ship.*

*The turnover showed increase from the provisions in the BVC, namely 12%, yet it showed decrease in comparison to the corresponding period from the last year, especially because of the structure of the realized products (type of ships built) which depends on the specificity of our activity, being by 21,3% smaller.*

*Just like in the previous years, the income was realized mainly based on the production of ships in Orsova (79,3%) from the rendering of services (repair works) and renting of barges from Agigea branch 14,5% and active sales (6,2%). The value – in absolute numbers – of the 2 ships delivered abroad was 3.695.782 Euro (during the corresponding period from 2019, a number of 3 river ships were delivered amounting to 4.650.217 Euro, built at the main site) and the 5 barges from Agigea were partially rented.*

*In comparison to the provisions from the BVC, the profit from operation were realized 58,1%, and the gross income 111,0% as there will be further shown.*

*According to the cost centers we may find that:*

- the main office recorded on the 30.06.2020 a gross income of 888.787 lei while during the period corresponding to the previous year it was recorded 1.542.283 lei (57,62%);*
- on 30.06.2020 the branch in Agigea realized a loss of 166.996 lei, while the gross profit realized for the period corresponding to the previous year was 775.675 lei.*

*Apart from the above descriptions, there were existing factors which had a negative influence on our activities, out of which the following are to be mentioned:*

- *The lack of qualified staff; although the company succeeded in gaining qualified workload in the field of ship constructions by offering proper wages packets, still, at the level of the production sections, the lack of experienced staff is felt strongly which represented and represents an inconvenience during the progress of the company's activity. This deficit of workforce is also subsequent to the fact that through the legislative modifications from the field of pensions, privileged conditions of retirement were created for certain categories of employees with seniority in the work-field. There is still an undergoing concern within the human resources' department for overcoming this situation. Even in these conditions, a high quality level was ensured, according to the requirements from the external partners.*
- *The carrying out of the activity at the main head-office in open spaces (outside) during most of the year and subsequently, the dependence to the unfavorable weather conditions influenced extensively the work productivity.*
- *The evolution of the exchange rate during the 1st trimester 2020 was favorable to the companies with delivery prices in euro, during this trimester thus recording also the minimum and maximum values of this year (4,7642 lei/euro) and namely 4,8448 lei/euro), yet it had also an almost linear evolution during the 11nd trimester.*
- *The internal measures, yet especially those external concerning the pandemic of COVID-19 represented an obstacle in what the progress of the collaboration relationships of the branch in Agigea with the partners from Turkey concerning the rental of MIDIA type ships which highly influenced also the result of the branch's activity, namely the recording of loss from the operating activity.*
- *In what the litigation with the company Veka is concerned, for taking over 2 coastal ships completed, the things did not change significantly from 31.12.2019. Although the Court of Arbitration in Rotterdam decided on this litigation (The Resolution from 13.06.2019) in the sense that the Dutch partner was obliged to open the LCs for the two coastal ships built by SNO, he did not consider the decision above stipulated. At present, the Dutch partner manifested somehow good will for the clarification of the situation, the period immediately following was settled for several meetings between the representatives of the two parties in order to sign agreements for the taking over of the two coastal ships.*

- *Considering the existing circumstances regarding the COVID 19 pandemic, according to the information available, our company considers that there are no significant uncertainties, according to point 25 from IAS 1, for the continuation of the activity and that there are no clues which might lead to a depreciation of the withheld assets, in compliance with IAS 36.*
- *Even if the activity of the branch was affected partially, by the COVID 19 pandemic, its influence to the profit and loss account is difficult to estimate, considering that the loss of certain renting contracts was generated by a complex of circumstances, and the average of incomes from this working point in total income is under 20% under normal conditions.*
- *during the period analyzed there were no transactions with the affiliated parties.*

**II. DETAILED INFORMATION CONCERNING:**

**1. THE ECONOMICAL AND FINANCIAL SITUATION**

**a) Balance sheet elements at 30.06.2020**

*The assets, capitals and debts at 30.06.2020, in comparison to the same period of the previous year, are thus:*

	No. row	Sold at		%
		30.06.2020	30.06.2019	
A	B	1	2	3
<b>FIXED ASSETS</b>				
<i>I. TANGIBLE ASSETS</i>	<i>01</i>	<i>39.358.330</i>	<i>38.735.793</i>	<i>101,61</i>
<i>II. INTANGIBLE ASSETS</i>	<i>02</i>	<i>7.568</i>	<i>2.181</i>	<i>347,0</i>
<i>III. FINANCIAL ASSETS</i>	<i>03</i>	<i>10.483</i>	<i>100.850</i>	<i>10,39</i>
<b>FIXED ASSETS-TOTAL (row.01 to 03)</b>	<b>04</b>	<b>39.376.381</b>	<b>38.838.824</b>	<b>101,38</b>
<b>CURRENT ASSETS</b>				
<i>I. FUNDS</i>	<i>05</i>	<i>49.069.766</i>	<i>49.213.976</i>	<i>99,71</i>
<i>II. DEBTS</i>	<i>06</i>	<i>1.347.507</i>	<i>13.176.293</i>	<i>10,23</i>
<i>III. SHORT-TERM FINANCIAL INVESTMENTS</i>	<i>07</i>	<i>5.352.736</i>	<i>8.502.775</i>	<i>62,95</i>
<i>IV. CASH AND ACCOUNTS AT BANKS</i>	<i>08</i>	<i>11.936.527</i>	<i>10.824.984</i>	<i>110,27</i>
<b>CURRENT ASSETS - TOTAL (row.05 to 08)</b>	<b>09</b>	<b>67.706.536</b>	<b>81.718.028</b>	<b>82,85</b>
<b>ADVANCED EXPENSES</b>	<b>10</b>	<b>228.391</b>	<b>252.569</b>	<b>90,43</b>
<b>ADVANCED INCOME</b>	<b>11</b>	<b>-</b>	<b>8.294.813</b>	<b>-</b>
<b>DEBTS WHICH MUST BE PAID WITHIN ONE YEAR</b>	<b>12</b>	<b>9.459.616</b>	<b>13.490.557</b>	<b>70,12</b>



*Out of the above stipulated data, the following conclusions can be made:*

- *The fixed assets record totally a 1,38% increase, increase due to the purchase of intangible assets carried out by the company during this period.*
- *The current assets have decreased, totally, by 17,15% especially based on the receivables (they have known a decrease by 89,77%; The stocks are maintained at a level close to the existing one at the end of the period corresponding from the year 2019.*
- *The advanced expenses have dropped by 9,57% especially because of the increase of certain insurance policies for death and employees' accidents;*
- *Debts which must be paid within a period of one year have known a 29,88% decrease, mainly due to the decrease of the commercial debts. The debts which must be paid within a period exceeding one year have also registered decrease by 5,47% and refer to the delayed tax, settled subsequently to the re-assessment of the tangible assets.*
- *The commissions have known a 70,83% decrease, especially of those corresponding to the non-taken leaves and litigations.*
- *In what the company as a total is concerned, the own capitals show a level close to the existing one for the end of the period corresponding to the year 2019. The structure has shown an increase, especially in what the reported result is concerned (19,20%) yet with a decrease in the net profit (74,13%).*

*Subsequently to the above stipulated, the total of the asset and liability at the end of the 1st semester of 2020 has registered a decrease from the period corresponding to the previous year, namely from 120.809.421 lei on 30.06.2019 to 107.311.308 lei on 30.06.2020.*

*Other information concerning the assets, debts and own capitals can be found in the Notes to the financial situations concluded on 30.06.2020, attached to the present report.*

**b) Profit and loss account**

*The operational incomes for the first 6 months amounted 22.407.707 lei (on 30.06.2019 they were amounting 26.728.952 lei), having the following structure:*

- |   |                |
|---|----------------|
| - Sales of goods (constructions and ship bodies)                                    | 17.766.333 lei |
| - Rendering of services   | 1.778.767 lei  |
| - Income from rentals (especially from renting the ships from<br>The Agigea branch) | 1.444.113 lei  |
| - Other operational incomes   | 11.462 lei     |
| - Income from active sales  | 1.407.032 lei  |

From the previous year there has been registered a drop in the operational income by 16,2% while the corresponding expenses have registered a decrease by 11,5% which made that the profit from the operational activity be fairly inferior to the 1st semester of 2019 (377.931 lei on 30.06.2020 from 1.852.732 lei during the 1st semester of 2019).

The gross profit on 30.06.2020, amounting totally 721.791 lei, is thus presented in structure:

377.931 lei out of the operation activity

343.860 lei from the fiscal activity

**In comparison to the provisions from the BVC**, it may be noticed that although the income from the operation activities were realized 119.5% the gross profit was realized only 58,1%, this failure of realization being caused especially by the activity at the branch which as already shown, was seriously affected by the pandemic COVID 19.

Per total, almost half of the gross profit was realized from the fiscal activity, and this favorable situation is due, on one side, to the progress of the exchange rate (leu/euro), favorable during the first 3 months of the year 2020, and on the other side to the measures taken by the company to protect the exchange rate; the company realized during this period, transactions at term with derived products of type hedging, transactions which had a positive influence on both the result from the fiscal activity and also on the total result, as shown.

Please see below, synthetically, the accomplishments on 30.06.2020, in comparison to 30.06.2019 and with the provisions from the income and expenses budget.

DESCRIPTION OF THE INDICATOR	REALIZED		PROVIDED IN THE B.V.C. SEM.I 2020	%	
	30.06.2020	30.06.2019		2020/2019	Realiz./BVC
<b>TURNOVER</b>	20.989.213	26.686.379	18.748.600	78,7	112,0
<b>INCOME FROM OPERATION</b>	22.407.707	26.728.952	18.748.600	83,8	119,5
<b>EXPENSES FROM OPERATION</b>	22.029.776	24.876.220	18.098.600	88,6	121,7
<b>PROFIT/LOSS FROM OPERATION</b>	377.931	1.852.732	650.000	20,4	58,1
<b>FINANCIAL INCOME</b>	402.081	668.491	300.000	60,1	134
<b>FINANCIAL EXPENSES</b>	58.221	203.265	300.000	28,6	19,4
<b>PROFIT FROM THE FISCAL ACTIVITY</b>	343.860	465.226	0	73,9	-



<b>TOTAL PROFIT/LOSS</b>	<b>GROSS</b>					
		721.791	2.317.958	650,000	31,1	111,0
<b>Tax on delayed profit/income from the tax on delayed profit</b>		(245.420)	(476.424)	(98.800)	51,5	248,4
<b>NET PROFIT/LOSS</b>		476.371	1.841.534	551.200	25,9	86,4

Other information concerning the incomes and expenses can be found in the Notes to the fiscal situations concluded on 30.06.2020, attached to the present report.

**c) Cash flow**

During the 1st semester of 2020 the company had enough liquidities available, thus the contracting of bank credits was not necessary. The cash and cash equivalent on 30.06.2020 amounted 11.936.527 lei on 30.06.2020 (on 30.06.2019: 10.824.984 lei)

For the guarantee of the advance payments cashed from clients, opening of credit letters for suppliers and performance bonds, on 30<sup>th</sup> of June 2020, the company had contracted through BRD, the following approved limits, those being at the same level with the one from the previous year:

- 2.000.000 Euro limit multi-options and multi-estimates at BRD-GSG,
- 2.069.000 USD limit for the coverage of the currency risk.
- Out of the multi-options and multi-estimates limit, at the end of semester I 2020, 2 guarantee letters had been issued in favor of the National Company for Administration of the Sea Harbors Constanta, amounting to 452.759 lei.
- For the guarantee of these limits the company used the same types of securities, as during the past years: common securities stock, land mortgage, chattel mortgage on the debts, collateral deposit in Euro).

The company did not have any pending obligations at the end of the 1st semester of 2020, all the obligations had been paid up on due date, both to the state budget and to the budget of the social insurances, and also to the employees, third parties and other creditors.

The company did not contract credits for investments during this period.

**2. ANALYSIS OF THE COMMERCIAL COMPANY'S ACTIVITY**

As shown, during the period assessed, the company has completed and delivered, out of the activity from the main office in Orsova, to the external clients, a number of 2 ships, as shown, out of which:

- 1 crane ship of 85,95 m length and
- 1 tank ship of 110 m length.

*The 5 hydro-flap barges from the branch in Agigea which represent the main income source at the level of this sub-unit partially rented, being affected by the effects of the pandemic of COVID 19, as already mentioned, especially during the IIRD trimester..*

*An assessment of the structure of the income is shown in the Notes to the individual fiscal reports (Notes 5 and 6) which are integer part of this report.*

*Under the present highly difficult conditions, when the external contracts are obtained rather difficult, at the level of the management, solutions were found in order to ensure continuity of the activity for the following period of time, for the entire year 2020 and for the 1st trimester of the year 2021. This amount of orders ensures equitably, the uploading of the human resources the company has so far.*

*Even if the company has undergoing contracts for the vast majority of the following period, the river ships' market have known significant changes from the previous year. These changes refer both to the level of the request and also to the cost of contracting, both having known an obvious drop from the period before the pandemic with COVID 19, which was confirmed also by the severe decrease of the worldwide trade during this period.*

*From the point of view of the structure of request for the building of river ships, on the market segment on which the company operates, we cannot discuss about major changes, at present especially the tank ships are under request for the transportation of chemical, petrol products, as well as other liquid goods.*

*The average number of employees on the 30<sup>th</sup> of June 2020 was 377 employees (on 30.06.2019 the number was 357).*

*2.1 Out of the **factors of uncertainty** for the following period, the next are listed:*

- *Volatility and progress of the exchange rate – LEI/EURO – the company's results depend a lot on a possible fluctuation, unpredictable, of the parity between the two currencies;*
- *Instability and lack of legislative predictability in the economical and financial field;*
- *Recruitment of the qualified human resources, especially welders, fitters, industrial painters and constructors fitter, as well as the stability of the human resources;*

- *Evolution of the steel cost, and especially to the ships' plate, as well as the manner in which this progress is according to the evolution of the cost to the river ships;*
- *The credit system practiced by the external funding banks and the specific regulations concerning the conditions the river ships must accomplish and the community supporting politics in this field;*
- *The evolution of the litigation situation concerning the consideration of the company Veka of the decision from the Court of Arbitration in Rotterdam from 13.06.2019, to the scope previously stipulated.*

2.2 **The Investment expenses** during the first semester of this year had a favorable evolution in comparison to the provisions from the BVC, yet also in comparison to the 1st semester from 2019. The total value of the expenses of this kind was amounting 2.076.773 lei from 1.200.000 lei which was budgeted and 1.343.600 lei realized during the 1st semester of 2019.

*These expenses were carried out mainly at Agigea Branch, for the progress of the modernization project of the launching way, project started 3 years ago.*

*- Basically, out of a total expenses on investments, 32,7% are located at the main office and refer to the purchase of machinery and installations which are specific to the production and modernization of internal transport, and 67.3 % may be found at Agigea branch.*

2.3 **Events, transactions and economic changes which significantly affect the incomes from the main activity.**

*During the period analyzed, the company **did not have any transactions or economical changes** which might affect significantly the incomes from the main activity.*

**The fiscal reports on 30.06.2020 were not audited.**

3. **CHANGES WHICH AFFECT THE SHARE CAPITAL AND THE MANAGEMENT OF THE COMMERCIAL COMPANY**

*The share capital of the company Şantierul Naval Orşova SA (The naval shipyard in Orsova) registered at the Trade register's Office Mehedinti, did not show any*

## Şantierul Naval Orşova S.A.

### Separate financial statements in accordance with IFRS at 30.06.2020

modifications during the 1st semester of 2020, being equal to that from 31.12.2019, namely 28.557.297,5 lei. The share capital is split in 11.422.919 common shares, registered share of 2,5 RON each. An owned share entitled the named shareholder to a vote in the general meeting.

The registry of the shareholders is kept by the CENTRAL DEPOSITORY SA Bucharest.

In what the structure of the shares at the end of the 1st semester 2020 is concerned, in comparison to 30.06.2019, it did not record any modifications, in what the significant shareholders are concerned, thus being:

S.I.F. Transilvania	5.711.432 shares	49,9998%	14.278.580 lei
S.I.F. Oltenia	3.200.337 shares	28,0168%	8.000.843 lei
S.I.F. Muntenia	1.504.600 shares	13,1718%	3.761.500 lei
<u>Other shareholders</u>	<u>1.006.550 shares</u>	<u>8,8116%</u>	<u>2.516.375 lei</u>
TOTAL	11.422.919 shares	100,0000 %	28.557.298 lei

The evolution of the cost of the company's shares and the transaction amount, at the Stock Exchange Bucharest, in the last 2 years, during July2018-July 2020 is given in the 2 graphics below (on the upper side there is shown the evolution of the trading cost, and on the lower side, the amount of traded shares):

Published on TradingView.com, August 02, 2020 23:45:15 EEST  
BVB:SNO, D O:3.5000 H:3.5000 L:3.5000 C:3.5000



TradingView

Out of these graphics it may be noticed that the cost of the SNO shares, in the last 12 months, has registered a maximal value of 4,40 lei/share during the month of February 2020 and a minimum one of 2,62 lei/share in March 2020, and the liquidity during this period was a lower one.

During the 1st semester of 2020, no changes existed in the consistency of the Managing Board, thus having the following structure:

- Mr. Mihai Fercală – president
- Mr. Lucian Ionescu – member
- Mr. Floriean Firu – member
- Mr. Pantea Marius Ion – member
- Mr. Ciurezu Tudor – member

During the period 01.01-30.06.2020, the general ordinary meeting of the shareholders was organized two times, one, was during the period 17.01.2020 and the second on 18.04.2019. They included the main points in the agenda:

- **AGOA from 17.01.2020:**

- Approval of the budget for incomes and expenses for the year 2020
- Approval of the investment program for the year 2020.

- **AGOA from 10.04.2020**

- The approval of the results from the revaluation of the tangible assets from the group of ships' transport means. The approval of recording the differences from the revaluation in the accounting registers on 31.12.2019.

- The presentation, debate and approval of the annual financial corresponding to the fiscal year 2019, based on the International Standards of Financial Reporting, based on the Management Report of the Management Board and the Report of the independent financial auditor.

- Approval of allocation of the net profit realized in the year 2019 amounting to 3.006.285,38 lei to be allotted to the following scopes:

- 2.741.500,56 lei, as dividends' distribution, representing 0,24 lei /share
- 264.784,82lei as own source of financing

- The asset discharge of the managers, for the fiscal year 2019

- Analysis of the fulfillment of the indicators and performance targets approved for the fiscal year 2019, the variable remunerations in compliance with the administration and commission contracts

- Approval of the indicators and of the performance targets for the fiscal year 2020. Approval of the updated form of the managing contract, namely that of the mandate. Appointment of the proxy representative who should sign, on behalf of the company, the Managing Contract agreement, approved.

- *Election of the company's external auditor and settlement on the minimum contract's duration for fiscal external audit. The investment of the Managing Board for negotiation and conclusion of the external financial audit contract.*

- *The approval of the date of 14<sup>th</sup> of August 2020 as registration date ( e.g. date 13 August 2020) in compliance with the legal applicable provisions, for the identification of the shareholders who must undertake the results of the general ordinary meeting of the shareholders and of the date of 31<sup>st</sup> of August 2020 as payment date.*

- *The power of attorney of Mr. Mircea Ion Sperdea, as general manager of the company for the conclusion of the general ordinary meeting of the shareholders' resolution (AGOA) and for any other documents which are necessary to the putting into execution of the AGOA resolution and to carry out the publicity and registration forms.*

*The resolutions no. 48/17.01.2020 and no. 49/10.04.2020 adopted on this occasion, were published and communicated, within statutory timescale, to ASF Bucharest and the Stock Exchange Bucharest, according to the legal norms.*

#### **4. SIGNIFICANT TRANSACTIONS**

*During the period of the 1<sup>st</sup> semester of 2020, Santierul Naval Orsova S.A. did not register any transactions with entities acting concerted nor with activities in which these entities could have been involved.*

**Şantierul Naval Orşova S.A.**  
**Separate financial statements in accordance with IFRS at 30.06.2020**

**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2020**

<i>Reference</i>	Note	<b>30.06.2020</b>	<b>01.01.2020</b>
		<b>RON</b>	<b>RON</b>
<b>Assets</b>			
<b>Fixed assets</b>			
<i>IAS 1.54(a)</i>	Tangible assets	38.840.815	38.932.086
	Freehold land and land improvements	1.201.941	1.201.941
	Buildings	17.761.425	18.516.839
	Plant and machinery, motor vehicles	15.668.044	16.277.471
	Fixtures and fittings [...]	68.839	73.640
	Tangible assets in progress	4.140.566	2.862.195
<i>IAS 1.54(b)</i>	Investment property	517.515	517.515
<i>IAS 1.54(c)</i>	Intangible assets	7.568	3.083
	Other intangible assets	7.568	3.083
<i>IAS 1.54(h)</i>	Trade receivables and other receivables	10.483	9.826
<i>IAS 1.54(o), 56</i>	Deferred tax assets	8.974	100.998
<i>IAS 1.60</i>	<b>Total fixed assets</b>	<b>39.385.355</b>	<b>39.563.508</b>
<i>IAS 1.54 (g)</i>	Inventories	49.000.913	44.839.962
<i>IAS 1.54(h)</i>	Trade receivables and other receivables	1.338.533	2.091.262
<i>IAS 1.55</i>	Accrued expenses	228.391	67.119
<i>IAS 1.54(d)</i>	Short term investments	5.352.736	6.677.460
<i>IAS 1.54(i)</i>	Cash and cash equivalents	11.936.527	13.939.382
<i>IFRS 5.38-40</i>	Non-current assets held for sale	68.853	318.158
<i>IAS 1.60</i>	<b>Total Current Assets</b>	<b>67.925.953</b>	<b>67.933.343</b>
	<b>Total Assets</b>	<b>107.311.308</b>	<b>107.496.851</b>
<b>Equity</b>			
<i>IAS 1.54(r), 78(e)</i>	Share capital	28.557.298	28.557.298
<i>IAS 1.55, 78(e)</i>	Share premium	8.862.843	8.862.843
<i>IAS 1.54(r), 78(e)</i>	Reserves	52.350.582	52.191.937
	Result for the period	476.371	3.205.050
<i>IAS 1.55, 78(e)</i>	Retained earnings	7.574.146	7.431.918

**Şantierul Naval Orşova S.A.**  
**Separate financial statements in accordance with IFRS at 30.06.2020**

**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2020 (continued)**

<i>Reference</i>	<b>Row</b>	<b>30.06.2020</b>	<b>01.01.2020</b>
		<b>RON</b>	<b>RON</b>
	Profit appropriation	(36.089)	(198.765)
	Other elements of equity	(4.157.198)	(4.290.219)
	<b>Total equity</b>	<b>93.627.953</b>	<b>95.760.062</b>
	<b>Liabilities</b>		
	<b>Long-term liabilities</b>		
<i>IAS 1.54(o), 56</i>	Deferred tax liabilities	4.166.922	4.299.942
<i>IAS 1.60</i>	<b>Total long-term liabilities</b>	<b>4.166.922</b>	4.299.942
	<b>Current liabilities</b>		
<i>IAS 1.54(k)</i>	Trade payables and other debts, including derivatives	9.459.616	6.804.366
	Deferred income	731	1.246
<i>IAS 1.54(l)</i>	Provisions	56.086	631.235
<i>IAS 1.60</i>	<b>Total current liabilities</b>	<b>9.516.433</b>	7.436.847
	<b>Total Liabilities</b>	<b>13.683.355</b>	<b>11.736.789</b>
	<b>Total Equity and Liabilities</b>	<b>107.311.308</b>	<b>107.496.851</b>



**Şantierul Naval Orşova S.A.**  
**Separate financial statements in accordance with IFRS at 30.06.2020**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**AT 30 JUNE 2020**

<i>Reference</i>	<i>Note</i>	<b>30.06.2020</b>	<b>30.06.2019</b>
		<b>RON</b>	<b>RON</b>
<b>Continuing operations</b>			
<i>IAS 1.82(a)</i>	Income	19.545.100	24.057.704
<i>IAS 1.99,103</i>	Other income	2.862.607	2.671.248
	<b>Total Operational Income</b>	<b>22.407.707</b>	<b>26.728.952</b>
	Expenses related to inventories	(6.972.113)	(9.022.291)
	Utility expenses	(640.116)	(611.448)
	Employee benefits expenses	(9.758.790)	(9.442.064)
	Depreciation and amortization expenses	(1.567.814)	(1.946.246)
	Gains/losses on disposal of property	(160.988)	(19.144)
	Increase/(Decrease) of receivables allowances and inventory write-down	400	(20)
	Increase/(Decrease) of provision expenses	575.149	344.620
<i>IAS 1.99, 103</i>	Other expenses	(3.505.504)	(4.179.627)
	<b>Total Operational expenses</b>	<b>(22.029.776)</b>	<b>(24.876.220)</b>
	<b>The result of operational activities</b>	<b>377.931</b>	<b>1.852.732</b>
	Financial income	402.081	668.491
<i>IAS 1.82(b)</i>	Financial expenses	(58.221)	(203.265)
	<b>Net financial result</b>	<b>343.860</b>	<b>465.226</b>
<i>IAS 1.85</i>	<b>Result before taxation</b>	<b>721.791</b>	<b>2.317.958</b>
	Current income tax expenses	(146.560)	(725.109)
	Deferred income tax expenses	(92.024)	(56.902)
	Specific tax expense	(6.836)	(6.836)
<i>IAS 1.85</i>	<b>Result for continuing operations</b>	<b>476.371</b>	<b>1.841.534</b>
<i>IAS 1.82(f)</i>	<b>Result for the period</b>	<b>476.371</b>	<b>1.841.534</b>
	<b>Other comprehensive income</b>		
<i>IAS 1.82(g)</i>	Reevaluation of tangible assets	(142.228)	0
<i>IAS 1.85</i>	<b>Other comprehensive income after taxation</b>	<b>(142.228)</b>	<b>0</b>

**Şantierul Naval Orşova S.A.**  
**Separate financial statements in accordance with IFRS at 30.06.2020**

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**AT 30 JUNE 2020 (continued)**

<i>Reference</i>	Note	<u>30.06.2020</u>	<u>30.06.2019</u>
		RON	RON
<i>IAS 1.82 (i)</i> <b>Total comprehensive income for the period</b>		334.143	1.841.534
<b>Attributable profit</b>			
<i>IAS 1.83(b)(ii)</i> Shareholders		<b>476.371</b>	<b>1.841.534</b>
<b>Profit for the period</b>		<b>476.371</b>	<b>1.841.534</b>
<b>Total attributable comprehensive income</b>			
<i>IAS 1.83(b)(ii)</i> Shareholders		<b>334.143</b>	<b>1.841.534</b>
<b>Earnings per share</b>			
<i>IAS 33.66</i> Basic earnings per share		0,04	0,16
<i>IAS 33.66</i> Diluted earnings per share		0,04	0,16
<b>Continuing operations</b>			
<i>IAS 33.66</i> Basic earnings per share		0,04	0,16
<i>IAS 33.66</i> Diluted earnings per share		0,04	0,16

**Şantierul Naval Orşova S.A.**  
**Separate financial statements in accordance with IFRS at 30.06.2020**

*Reference*

**STATEMENT OF CHANGES IN EQUITY**

*IAS*  
*1.108,109*

**Attributable to equity holders**

	<b>Share capital</b>	<b>Share premium account</b>	<b>Revaluation reserve</b>	<b>Other reserves</b>	<b>Retained earnings</b>	<b>Result for the period</b>	<b>Other elements of equity</b>	<b>Profit appropriation</b>	<b>Total equity</b>
<b>Balance at December 31, 2018</b>	<b><u>28.557.298</u></b>	<b><u>8.862.843</u></b>	<b><u>29.304.792</u></b>	<b><u>23.749.903</u></b>	<b><u>6.353.858</u></b>	<b><u>2.852.126</u></b>	<b><u>(4.498.960)</u></b>	<b><u>(179.278)</u></b>	<b><u>95.002.582</u></b>
<i>IAS</i> <i>1.106(d)(i)</i> Loss/ Net profit for the year	-	-	-	-	2.852.126	352.924	-	-	3.205.050
Profit appropriation	-	-	-	-	-	-	-	(198.765)	(198.765)
Transfer in reserve	-	-	(1.701.040)	358.572	738.976	-	208.741	179.278	(215.473)
Revaluation reserve	-	-	479.710	-	-	-	-	-	479.710
Dividends	-	-	-	-	(2.513.042)	-	-	-	(2.513.042)
<b>Balance at December 31, 2019</b>	<b><u>28.557.298</u></b>	<b><u>8.862.843</u></b>	<b><u>28.083.462</u></b>	<b><u>24.108.475</u></b>	<b><u>7.431.918</u></b>	<b><u>3.205.050</u></b>	<b><u>(4.290.219)</u></b>	<b><u>(198.765)</u></b>	<b><u>95.760.062</u></b>
<i>IAS</i> <i>1.106(d)(i)</i> Loss/ Net profit for the year	-	-	-	-	3.205.050	(2.728.679)	-	-	476.371
Profit appropriation	-	-	-	-	-	-	-	(36.089)	(36.089)
Transfer in reserve	-	-	(142.228)	300.873	(3.062.822)	-	133.021	198.765	(2.572.391)
<b>Balance at June 30, 2020</b>	<b><u>28.557.298</u></b>	<b><u>8.862.843</u></b>	<b><u>27.941.234</u></b>	<b><u>24.409.348</u></b>	<b><u>7.574.146</u></b>	<b><u>476.371</u></b>	<b><u>(4.157.198)</u></b>	<b><u>(36.089)</u></b>	<b><u>93.627.953</u></b>

**Şantierul Naval Orşova S.A.**  
**Separate financial statements in accordance with IFRS at 30.06.2020**

**STATUS OF THE TREASURY CASH FLOW**

<i>IAS 1.10(d), 113</i>	<b>For the fiscal year completed</b>	<b>30.06.2020</b>	<b>30.06.2019</b>
	<b>Treasury Cash Flow for operating activities</b>		
	Profit of the period	476.371	1.841.534
	<b>Adjustment for:</b>		
	Depreciation of intangible and tangible assets	1.889.599	2.119.675
	Gain/losses from the sale of the tangible assets	160.988	0
	Net expenses / (net income) with provisions	(575.149)	(344.620)
	Depreciation of current assets	400	0
	Expense on the current income tax	146.560	725.109
	Specific activities tax expenses	6.836	6.836
	Expenses on the delayed income tax	92.024	56.902
	Income from the delayed income tax	0	(312.423)
	<b>Cash Flow from operating activities before the amendment of the working capital</b>	<b>1.721.258</b>	<b>4.093.013</b>
	<b>Amendment of the working capital:</b>		
	Stocks modification	(3.911.646)	(1.284.101)
	Modification of the commercial account receivables and of other account	837.761	(5.697.965)
	Modification of the advanced expenses	(161.272)	(196.700)
	Modification of the commercial debts and of other debts	750.975	8.904.403
	<b>Cash flow generated from operating activities</b>	<b>(762.924)</b>	<b>5.818.650</b>
<i>IAS 7.35</i>	Paid interests	(522.477)	(285.362)
<i>IAS 7.10</i>	<b>Net cash flow from operating activities</b>	<b>(1.285.401)</b>	<b>5.533.288</b>
	<b>Treasury Cash Flow from investment activities</b>		
<i>IAS 7.31</i>	Cashed interests	34.150	31.605
<i>IAS 7.16(a)</i>	Tangible and intangible assets acquisition	(2.073.304)	(1.343.600)
	Short term investments	1.324.724	(32.548)
<i>IAS 7.10</i>	<b>Net cash used in investment activities</b>	<b>(714.430)</b>	<b>(1.344.543)</b>
	<b>Treasury cash flow from financing activities</b>		
<i>IAS 7.17(d)</i>	Paid dividends	(3.024)	(2.397)
<i>IAS 7.10</i>	<b>Net cash from (used in) financing activities</b>	<b>(3.024)</b>	<b>(2.397)</b>
	<b>Net increase/decreases of the cash flow and of the cash flow equivalents</b>	<b>(2.002.855)</b>	<b>4.186.348</b>
	Cash Flow and equivalents from 1st of January	<b>13.939.382</b>	<b>6.638.636</b>
	<b>Cash flow and cash flow equivalents at 30<sup>th</sup> of June</b>	<b>11.936.527</b>	<b>10.824.984</b>

# Şantierul Naval Orşova S.A.

## Separate financial statements in accordance with IFRS at 30.06.2020

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*Reference*      *NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS*

*IAS 1.10(e)*      **1. Reporting company**

*IAS 1.138 (a),(b)* Şantierul Naval Orşova S.A. is a company headquartered in Romania. The registered office address of the Company is: Tufari Street, no.4, Orşova, Mehedinţi county.

*IAS 1.51(a)-(c)* The separate financial statements in accordance with IFRS have been prepared for the period 01.01.2020-30.06.2020. The Company's main activity is: **construction of ships and floating structures (NACE code: 3011).**

*IAS 1.112(a)*      **2. Basis of preparation**

**a. Statement of compliance**

*IAS 1.16*      The company has prepared the annual financial statements for the period 01.01.2020-30.06.2020.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.

*IAS.10.17*      The financial statements have been authorized for issue by the Board of Directors on August 10<sup>th</sup>, 2020.

The financial statements have been prepared using the historical cost basis except the following significant items from the statement of financial position, for which the Company has used the fair value model:

*IAS 1.117(a)*      Investment properties

- Buildings
- Naval means of transport.

**a. Functional currency and presentation currency**

*IAS1.51(d),(e)* These financial statements are presented in RON, which is also the functional currency of the Company. All financial information presented in RON, rounded to 0 decimal places. All financial information presented in RON, without decimals rounded (rounding the RON fractions over 50 money, including the neglect of money fractions to 50). Where amounts are presented in other currency than RON, it will be specified accordingly.

**Şantierul Naval Orşova S.A.**  
**Separate financial statements in accordance with IFRS at 30.06.2020**

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*Reference*      *NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS*

*IAS 1.112(a)*      **2. Basis of preparation (continued)**

**b. Professional judgements and key assumptions**

The preparation of financial statements in accordance with IFRS requires the use of management's professional judgment, estimates and assumptions which affects the application of accounting policies and the reported value of assets, liabilities, income and expenses. Actual results may differ from estimated values.

The estimates and assumptions are reviewed regularly. Revisions of estimates are recognized in the period in which the estimate was revised and in future periods affected by the change.

*IAS 1.122,12*      Information regarding professional judgments that are critical in applying accounting policies which can significantly affect the values presented in the financial statements are included in the following notes:

*5,129,130*

- Note 18 –Investment property classification;
- Note 24 – Loans.

**c. New International Financial 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.
- Amendments to the conceptual framework references of the IFRS, issued on 29 March 2018 with effect from 1 January 2020.
- Amendments to IFRS 3 "Business Combinations", issued on 22 October 2018, with effect from January 1, 2020
- Amendments to IFRS 3 "Business Combinations", issued on 06 September 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. "
- Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform "as of 26 September 2019, with effect from 1 January 2020.

**Şantierul Naval Orşova S.A.**  
**Separate financial statements in accordance with IFRS at 30.06.2020**

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*Reference*      *NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS*

*IAS 1.112(a)*      **2. Basis of preparation (continued)**

**d. Presentation of financial statements**

*IAS 8.28(f)*      The Company applies IAS 1 *Presentation of Financial Statements* (2007) revised, which has been enforced on 1 January 2009. As a result, the Company presents in the Statement of Changes in Equity all changes related to shareholders' equity, while changes in equity unrelated to shareholders are presented in the Statement of Comprehensive Income.

Comparative information has been presented so that they are in accordance with the revised standard. As the impact of change in accounting policy is reflected only on presentation aspects, there is no impact on earnings per share.

*IAS 1 Presentation of Financial Statements* is basis for the financial statements presentation to ensure comparability both with the entity's financial statements for previous periods and with the financial statements of other entities.

The Company has adopted a presentation based on liquidity in the Statement of Financial Position and a presentation of income and expenses according to their nature in the Statement of Comprehensive Income, considering that these methods of presentation provide more relevant information than other methods that have been permitted by IAS 1.

The aggregation method is optional depending on the manner in which the Company's management considers relevant information for the presentation of the financial position, respectively financial performance.

Separate financial statements are prepared using the historical cost principle, except for buildings, means of shipping and property investments reclassified in accordance with IAS 40 which are presented at their fair value.

For assets and liabilities that were presented at their fair value the company has applied IFRS 13.

**Şantierul Naval Orşova S.A.**  
**Separate financial statements in accordance with IFRS at 30.06.2020**

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*Reference*      *NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS*

*IAS 1.112(a)*      **2. Basis of preparation (continued)**

**e. Standards and interpretations available in the current period**

The following standards, issued by the International Accounting Standards Board and adopted by the European Union, are available in the current period:

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 realisable 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 the accounting treatment of certain items in the income statement.
IAS 10	Events after the reporting period	Requirements for when events after 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.)
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.



**Şantierul Naval Orşova S.A.**  
**Separate financial statements in accordance with IFRS at 30.06.2020**

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<i>Reference</i>	<i>NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS</i>	
<i>IAS 1.112(a)</i>	<b>2. Basis of preparation (continued)</b>	
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 restating 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 capitalize borrowing costs in the amount of qualifying 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	IAS 27 outlines when an entity must consolidate another entity, how to account for a change in ownership, how to prepare separate financial statements, and related disclosures. The financial statements prepared by the company for year ended 31 December, 2014 are separate financial statements, therefore, consolidated financial statements are not applicable in this case. The Transilvanian Financial Investment Company, headquartered in Braşov, Nicolae Iorga Street, No. 2, holds, in present, 49,9998% of the share capital of SC Şantierul Naval Orşova SA, so, they have obligation to prepare the consolidated financial statements.

**Şantierul Naval Orşova S.A.**  
**Separate financial statements in accordance with IFRS at 30.06.2020**

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*Reference*      *NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS*

*IAS 1.112(a)*      **2. Basis of preparation (continued)**

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.
IAS 29	Financial Reporting in Hyperinflationary Economies	The financial statements of an entity whose functional currency is the currency of a hyperinflationary economy should be presented in the current unit of measure at the financial statement preparation date, meaning non-monetary elements should be restated using a general price index from the date of purchase or contribution. IAS 29 provides that an economy is considered to be hyperinflationary if, among other factors, the cumulative index of inflation exceeds 100% over a period of three years. Continuous decrease of inflation and other factors related to the characteristics of the economic environment in Romania indicates that the economy whose functional currency was adopted by the Company, ceased to be hyperinflationary, affecting periods beginning 1 January 2004. Thus, amounts expressed in the measuring unit, current at 31 December 2003 are treated as the basis for the carrying amounts in the financial statements of the Company.
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 tests, accounting for the impairments, and 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).

## Şantierul Naval Orşova S.A.

### Separate financial statements in accordance with IFRS at 30.06.2020

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*Reference*      *NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS*

*IAS 1.112(a)*      **2. Basis of preparation (continued)**

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.
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 of financial instruments. 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.

**Şantierul Naval Orşova S.A.**  
**Separate financial statements in accordance with IFRS at 30.06.2020**

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*Reference*      *NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS*

*IAS 1.112(a)*      **2. Basis of preparation (continued)**

IFRS 10	Consolidated Statements	Financial	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 Contracts with Customers		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.
IFRS 16	Leasing contract		Its objective is to standardize the way in which financial and operational leasing contracts are recognized in order to have a better comparability in the financial statements between the entities that use different types of contracts.

**Şantierul Naval Orşova S.A.**  
**Separate financial statements in accordance with IFRS at 30.06.2020**

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*Reference*      *NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS*

*IAS 1.112(a)*      **3. Significant accounting policies**  
*117(a)*

The accounting policies presented below have been applied consistently in all periods presented in these financial statements by the Company, except for matters described in note 2 (e) of changes in accounting policies.

*IAS 1.41*      Certain comparative amounts have been reclassified to conform with current year presentation.

**a. Foreign currency**

(i) Transactions in foreign currency

The Company's foreign currency transactions are registered at exchange rates communicated by the National Bank of Romania ("NBR") for the transaction date. Foreign currency balances are converted in RON at the exchange rates communicated by NBR for the balance sheet date. 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 the financial result.

**b. Financial instruments**

(ii) Share capital

The share capital may be increased or reduced on the basis of decision of the extraordinary General Assembly of shareholders, under the conditions and in accordance with law No. 31/1990, company law, republished. Prior to any capital increase by subscription of new consideration, the company will proceed to update the value of tangible and intangible fixed assets owned. Ordinary shares are classified as equity.

**c. Tangible Assets**

*IAS 16.73 (a)*      (i) Recognition and evaluation

Tangible assets are initially measured at cost, (those purchased from suppliers) or if the input value received as a contribution in kind to the establishment of share capital or increase of share capital.

For subsequent recognition of plant, naval means of transport and investment properties, the company has opted for the revaluation model (fair value model).

**Şantierul Naval Orşova S.A.**  
**Separate financial statements in accordance with IFRS at 30.06.2020**

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*Reference*      *NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS*

*IAS 1.112(a)*      **3. Significant accounting policies (continued)**  
*117(a)*

Some of the tangible non-current assets were revalued based on government decisions ("GD") no. 945/1990, no. 26/1992, no. 500/1994, no. 983/1998, no. 403/200 and no. 1553/2003 by indexing the historical cost with indices prescribed in the respective government decisions. Increases of the tangible non-current assets' value resulting from these revaluations were initially credited to revaluation reserves and thereafter, except for the reevaluation made under GD. 1553/2003, in equity, in accordance with the respective government decisions. GD 1553/2003 foresaw the need to adjust the index value by comparing the utility value and market value. At 31 December 2006, the Company proceeded to review the value of buildings and special constructions using the opinion of specialists employed in the Company.

On 31 December 2007, the Company has not proceeded to review the value of fixed assets at the Orşova headquarters, instead Agigea Branch conducted a revaluation of fixed assets from the structures and ships category, before the merger, for the old company: SC Servicii Construcţii Maritime SA Agigea. During the years 2007, 2008 and 2009 were recorded entries in the technological equipment category and other intangible assets category which led to a presentation in the financial statements, of the assets from these categories both at historical cost indexed in accordance with government decisions ("GD"), which have been applied to date, as well as historical cost.

At 31 December 2009 the Company revalued the buildings and special constructions using the opinion of an independent external evaluator.

At 31 December 2010 and 31 December 2011 the Company has not made any revaluations of tangible assets held.

On 31 December 2012, the Company proceeded to the revaluation of naval buildings and vehicles, both at headquarters in the town of Orşova, as well as at Agigea branch using the opinion of an independent external evaluator.

On 31 December 2013, the Company revalued naval vehicles, both at headquarters in the town of Orşova, as well as at Agigea branch using the opinion of an independent external evaluator.

On 31 December 2014, the evaluated naval vehicles, using the opinion of an independent external evaluator.

On 31 December 2015, the Company proceeded to the revaluation of naval buildings and vehicles, both at headquarters in the town of Orşova, as well as at Agigea branch using the opinion of an independent external evaluator.

On 31 December 2016, the Company proceeded to the revaluation of buildings and naval vehicles amounted to the nature of shipping assets located at Agigea branch using the opinion of an independent external evaluator.

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*Reference*      *NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS*

*IAS 1.112(a)*      **3. Significant accounting policies (continued)**  
*117(a)*

On 31 December 2017, the company proceeded to the revaluation of tangible assets such as naval vehicles amounted to the nature of shipping assets located in the branch Agigea using the opinion of an independent external evaluator.

On December 31, 2018, the Company proceeded to reevaluate tangible assets such as shipbuilding buildings and means of transport both at the head office in Orşova and at Agigea branch using the opinion of an independent external evaluator.

On December 31, 2019, the Company proceeded to reevaluate tangible assets such as shipbuilding buildings and means of transport located in the branch Agigea using the opinion of an independent external evaluator.

Regarding the accounting treatment of revaluation differences, these were made in accordance with IAS 16 as follows:

If the carrying amount of an asset is increased as a result of a revaluation, the increase shall be recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.

If the carrying amount of an asset is impaired as a result of a revaluation, the decrease shall be recognized in profit or loss. However, the decrease shall be 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.

The Company has used the net value model. The amount of the revaluation surplus was credited to revaluation reserve balance for those non-current assets which fair value was higher than the net book value. For the non-current assets which fair value has been less than the carrying amount, firstly the revaluation surplus has been decreased and after that if necessary it has been reflected as an operating expense in the profit and loss statement.

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*Reference*      *NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS*

*IAS 1.112(a)*      **3. Significant accounting policies (continued)**  
*117(a)*

Maintenance and repairs of tangible assets are recorded as an expense when incurred. Significant improvements of tangible non-current assets that increase the value or useful life or significantly increase the capacity to generate economic benefits are capitalized as asset. Assets that have the nature of inventory objects, including tools are recorded as an expense when purchased and are not included in the account value of the tangible assets.

(ii) Reclassification to investment property

The transfer to or from investment properties shall be made if, and only if, there is a change in use.

(iii) Depreciation of tangible non-current assets

Depreciation is the equivalent to irreversible impairment of an asset, as a result of normal use, natural factors, technical progress or other causes. Fixed assets' depreciation shall be accounted as an expense (recognized in profit or loss).

The company uses straight-line depreciation method for all tangible assets owned, by dividing the book value equally, over its useful life. The depreciation method is applied consistently to all assets of the same type and with identical conditions of use. If tangible assets are placed in conservation, the company did not account the depreciation expense, instead at the end of the period, the company will record a corresponding expense adjustment for the impairment of the asset. The degree of impairment will be determined as much as possible by a certified evaluator. A significant change in the conditions of use of tangible assets or aging may justify a revision of the useful life. Also, if the tangible non-current assets are placed in conservation (their use is discontinued for a long period), the useful life can be revised.

The residual value and service life shall be reviewed at least at each financial year end.

Depreciation is calculated on the fair value, using the straight-line method over the estimated useful life of the assets as follows:

<u>Asset</u>	<u>Years</u>
Constructions	5 - 45
Equipment	3 - 20
Other equipment and furniture	3 - 30

Lands are not a subject of depreciation, as they are deemed to have an indefinite life.



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*Reference*      *NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS*

AS 1.112(a)      **3. Significant accounting policies (continued)**  
117(a)

The management continually evaluates the development plan. The effect of lifetime review, based on GD. 2139/2004, was reflected in the depreciation expense in the year 2005 and in future periods in the amount of depreciation expenses without any temporary differences.

(iv) Derecognition

The account value of a fixed asset shall be derecognised:

- when disposed, or
- 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 derecognised. Gains shall not be classified as revenue.

**d. Intangible Assets**

(1) Cost

(i) *Software*

Costs for the development or maintenance of computer software programs are recognized as an expense when they occur. Costs that are directly associated with identifiable and unique products, controlled by the Company and will probably generate economic benefits exceeding costs for a period longer than one year are recognized as intangible assets. Direct costs include the development team staff costs and an appropriate proportion of overhead expenses.

Expenditure which results in extending the useful life and increasing the benefits of software over the initial specifications are added to the original cost. These costs are capitalized as intangible assets if they are not part of tangible assets.

(ii) *Other intangible assets*

All other intangible assets are recognized at cost.

Intangible assets are not revalued.

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*Reference*      *NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS*

*IAS 1.112(a)*      **3. Significant accounting policies (continued)**

*117(a)*

(2)      *Amortization*

(i)      *Software*

Software development costs capitalized and they are amortized using the straight-line method over a period between 3 and 5 years.

(ii)      *Other intangible assets*

Patents, trademarks and other intangible assets are amortized using the straight-line method over their useful life. Software licenses are amortized over a period of 3 years.

**e. Investment property**

An investment property is a real property (land or a building - or part of a building - or both) owned rather to earn rentals or for capital appreciation or both, rather than:

- (a) used for production or supply of goods or services or for administrative purposes; or
- (b) to be sold in the ordinary course of business.

For the evaluation after recognition, the company uses the fair value model, this accounting treatment has been applied to all investment properties.

A gain or loss arising from a change in fair value of investment property shall be recognized as an income or as an expense in the statement of comprehensive income for the period.

In determining the fair value of investment property, the company uses the services of certified values.

**f. Inventories**

Inventories are assets:

- Held for sale in the ordinary course of business;
- In process for sale in the ordinary course of business;
- Raw materials and consumables

*Reference*            *NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS*

*IAS 1.112(a)*        **3. Significant accounting policies (continued)**

*117(a)*

*Measurement of inventories*

Inventories are required to be stated at the lower value between cost and net realizable value. Inventories should not be reflected in the statement of financial position an amount greater than the amount that can be obtained through their sale or use. In this case, the inventories value should be decreased to the net realizable value by reflecting a write-down.

*Cost of inventories*

The primary basis for accounting inventories is the cost .

The cost of inventories should comprise all costs of acquisition and processing and other costs incurred in bringing the inventories to the shape and place in which they are currently.

Price differences over the cost of acquisition or production should be disclosed separately in the accounts and are recognized in cost of the asset.

Regarding the method of valuation, the company used, until December 31, 2010, the weighted average cost method, but starting from January 1, 2011, the company is using the first-in - first out method. This change in the accounting policy was necessary in order to be consistent with the accounting policy applied by the main shareholder, SIF Transilvania (49.9998% of the share capital, as shown), and which are preparing the consolidated financial statements. Our company is included in the scope of consolidation.

The cost of finished goods and work in progress includes materials, labor and indirect production costs associated. Where necessary, adjustments are made for wasted or obsolete inventories. The net realizable value is calculated as the selling price less costs to complete and costs necessary to make the sale

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*Reference*      *NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS*

*IAS 1.112(a)*      **3. Significant accounting policies (continued)**

*117(a)*

**g. Impairment**

(i) Financial assets (including receivables)

A financial asset or group of financial assets is impaired if, and only if, there are any objective evidence of impairment arising as a result of one or more events that occurred after the initial recognition of the asset, and these events have an impact on future cash flows of the financial asset or group of financial assets that can be estimated reliably. On each financial year date, the company examines whether there is any objective evidence that the financial asset or a group of financial assets is impaired. The loss is given by the difference between the asset's book value and the present value of future cash flows using the effective interest rate of the financial asset at initial recognition.

If in a subsequent period, an event occurring after the recognition of the impairment will determine an increase of the asset's value, the impairment will be reversed.

**h. Employee benefits**

The Company makes payments to pension funds, health funds, unemployment funds, allowances and vacations for all staff. These expenses are recognized in the statement of profit and losses account of the period to whom it refers. At retirement, the company granted, as a stimulant (end of career bonus) one up to four salaries to every person who ceases contractual relationship with the company.

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

During the year, according to the collective labor agreement, depending on the possibilities of the company, employees can receive awards, financial aid for deaths in the family, serious and incurable illness etc.

**i. Provisions**

Provisions are recognized when the Entity has a present legal or constructive obligation, arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits and when a reliable estimate can be made of its amount.

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*Reference*            *NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS*

*IAS 1.112(a)*        **3. Significant accounting policies (continued)**

*117(a)*

(1) Provisions for annual vacations and other similar staff rights.

Company debt regarding annual employee vacations is recognized in proportion to the duration of untaken vacation days by the end of the year. At the balance sheet date, a provision for the estimated obligation is recognized, provision which includes both the actual amount of untaken vacation days and related social contributions. Also, for the retirement of employees who are qualified for this matter, the company established a provision according to the collective agreement stipulations through the valid period.

(2) Provisions for litigation

For those pending lawsuits, in which the company is the defendant and courts have not issued a final and executory judgment, the company made provisions for the amounts estimated. The amounts paid to the company customers, for any damage caused to the ship during transport, and which have failed to be recovered from the insurance company which issued the insurance policy and for whom there is a pending lawsuit, are treated similarly.

(3) Provisions for guarantees

For river vessels produced by the Company, it is stipulated in the export contracts that the seller is obliged to guarantee the proper execution, for a period of 6-9 months from date of sale (ownership transfer), depending on the complexity of the ships. Provisions made for this purpose are based on calculation of the average share of total claims paid customer deliveries during the last period (previous year).

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*Reference*      *NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS*

*IAS 1.112(a)*      **3. Significant accounting policies (continued)**  
*117(a)*

**j. Revenue**

Revenue refers to goods sold and services rendered.

Sales revenues include sales of ships and services provided (rentals and ship repairs) made in the ordinary course of business (excluding value added tax).

Revenue is recognized upon delivery of goods to the buyer or carrier, delivery against invoice, and for export products, after being charged and all the customs formalities are completed, or delivered to the place specified in the contract (port of destination), with the transfer of risks to the buyer.

Revenue is measured at the fair value of the counter performance received or to receive.

Interest incomes are recognized using the effective interest method in proportion to the relevant period of time, based on the principal and the effective rate until the maturity date or for a shorter period if this period is linked to the transaction costs, when it is established that the company will obtain such income.

*IFRS 7.20,24*      **k. Financial income and expenses**

Interest income is recognized as the income generates, on an accrual basis using the effective interest method in proportion to the relevant time, based on the principal and the effective rate over the period to maturity or a shorter period if this period is link to transaction costs, when it is established that the company will obtain such income.

Income from financial assets or dividends receivable from entities in which the Company is a shareholder, are recognized in the financial statements of the financial year in which they are approved by the General Meeting of each entity.

**l. Income tax**

The Company records current income tax using the taxable income from tax reporting, determined by the relevant Romanian legislation.

Income tax obligation for the reporting period and prior periods is recognized to the extent that is not paid.

If the amounts paid on the current and prior periods exceed the amounts due for those periods, the excess is recognized as recoverable amount.

*Reference*      *NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS*

*IAS 1.112(a)*      **3. Significant accounting policies (continued)**  
*117(a)*

*Recognition of deferred tax assets and liabilities*

Deferred income tax is, using the balance sheet method, based on temporary differences arising between the tax bases of assets and their carrying amount. Deferred tax assets are recognized to the extent that there is the possibility of achieving future taxable profit from which the temporary differences can be recovered.

**4. Determination of fair value**

Certain accounting policies of the Company and disclosure requirements demand the determination of fair value for both financial and non-financial assets and liabilities. Fair values were determined for evaluation and / or disclosure purposes based on the methods described below. Where appropriate, additional information about the assumptions used in determining the fair value are presented in the notes that are specific to the asset or the liability.

In the assessment of tangible and intangible assets, fair value measurement is an option. Fair value assessment is made for categories of assets and is treated as a revaluation. The excess resulting from revaluation directly affects equity, unless previously it was recognized as a revaluation loss. Revaluation losses affect the statement of comprehensive income, unless there is an added value previously accounted directly in equity. There are differences between the two asset structures in terms of how to determine the fair value.

IAS 16 "Property, plant and equipment" asserts that: *"After recognition as an asset, an item of tangible assets whose fair value can be measured reliably shall be carried at a revalued amount, representing its fair value at the revaluation date minus any subsequent accumulated depreciation and any accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ significantly from that which would be determined using fair value at the balance sheet date."* [9]

IAS 38 "Intangible Assets" indicates: *"The purpose of revaluations under this standard, fair value shall be determined by reference to an active market".*[10]

*Reference*      *NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS*

#### **4. Determination of fair value (continued)**

If IAS 16 “Property, plant and equipment” allows the determination of fair value through other methods if there isn't an active market, IAS 38 “Intangible Assets” narrow the assets that can be revalued, showing that only the assets for which an active market exists, can be revalued.

A special structure of non-current assets is the investment property. IAS 40 “Investment Property” offers two options for their evaluation: cost model or fair value model. As compared to IAS 16 “Property, plant and equipment”, where, if cost model is applicable, entities are only encouraged to disclose the fair value in the notes, IAS 40 “Investment Property” requires the estimation of fair value, for evaluation (fair value model) or to present in the notes (cost model).

For in assets held for continuing use, it can sometimes be difficult to estimate fair value minus costs of disposal. In the absence of a reliable basis for estimating the amount that an entity could obtain, from the sale of these assets in an arm's length transaction between knowledgeable, willing parties, IAS 36 “Impairment of Assets” indicates that the entity may use the asset's value as its recoverable amount (fair value is equal with the value in use).

As of January 1, 2013 requirements are applicable to the valuation of assets and liabilities at fair value under IFRS 13 “Fair Value Measurement”. IFRS 13 applies to assets and liabilities held by an entity for which, in accordance with other standards, it is required or permitted a fair value measurement or disclosure about fair value is required.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.. The price used to assess the asset or liability at fair value is not adjusted by the amount of transaction costs because they are not a feature of the asset or liability, but a feature of the transaction.

Fair value assessment of an asset or liability considers the characteristics of the asset or liability which that market participants would consider in determining the price of the asset or liability at the measurement date.

Fair value measurement is performed on the assumption that an asset or liability is traded between market participants according to the normal conditions of sale of an asset or the transfer of a liability that characterizes the market at the measurement date. A normal transaction involves access to the market for a period that precedes evaluation enabling typical marketing activities and usual for those trading the respective assets or liabilities.



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**5. Incomes**

		<b><u>30.06.2020</u></b>	<b><u>30.06.2019</u></b>
<i>IAS 18.35(b) (i)</i>	<i>Sales of goods</i>	17.766.333	21.988.201
<i>IAS 18.35(b) (ii)</i>	<i>Rendering of services</i>	1.778.767	2.069.503
	<b>Total</b>	<b><u>19.545.100</u></b>	<b><u>24.057.704</u></b>

Incomes for first six months of the year 2020 are lower with 18,76 % compared with those corresponding to same period of past year, caused by delivery of only two vessels ( 3 vessels being delivered in the first half of the year 2019). Services providing registered a decrease of 14,05 %, but those not meant a significant percent from turnover.

**6. Other incomes**

		<b><u>30.06.2020</u></b>	<b><u>30.06.2019</u></b>
	Income from rents (other than rent real estate investments)	1.444.113	2.628.675
	Income from asset sales	1.407.032	-
	Other operational incomes	11.462	42.573
	<b>Total</b>	<b><u>2.862.607</u></b>	<b><u>2.671.248</u></b>

The amounts entered in the rental income position refer in particular to the rents arising from the exploitation of the ships (hydroclap salenders) under lease, existing in the Agigea branch. In the first half of 2020, these revenues are at a lower level than in the corresponding period of the previous year, the 5 hydroclap salanda in the branch records being partially leased, in the first 3 months of this year, these revenues being influenced by the effects of the COVID-19 pandemic. In the analyzed period company has sold an asset, floating dock respectively, reclassified asset at the end of the year 2019 in the category of fixed assests for sale.

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<i>Reference</i>	<i>NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS</i>		
	<b>7. Outgoings on stocks</b>	<b><u>30.06.2020</u></b>	<b><u>30.06.2019</u></b>
	Expenses with raw materials	3.945.179	5.160.703
	Expenses of consumable materials, from whom:	2.742.653	3.472.012
	Expenses of auxiliary materials	2.396.914	2.904.107
	Expenses of fuel	149.025	225.994
	Expenses with spare parts	111.329	251.203
	Expenses of other consumable materials	85.385	90708
	Expenses regarding materials of nature inventory items	181.844	154.930
	Expenses of unstocked materials	92.122	74.282
	Expenses regarding goods	10.463	184.233
	Received discount	(148)	(23.869)
	<b>Total</b>	<b><u>6.972.113</u></b>	<b><u>9.022.291</u></b>
	<b>8. Utilities outgoings</b>	<b><u>30.06.2020</u></b>	<b><u>30.06.2019</u></b>
	Expenses with energy	622.452	590.533
	Expenses with water	17.664	20.915
	<b>Total</b>	<b><u>640.116</u></b>	<b><u>611.448</u></b>
<i>IAS 1.104</i>	<b>9. Staff costs</b>	<b><u>30.06.2020</u></b>	<b><u>30.06.2019</u></b>
	Personnel expenses	9.160.090	8.777.920
	Expenses with contributions to compulsory social insurance	598.700	664.144
	<b>Total</b>	<b><u>9.758.790</u></b>	<b><u>9.442.064</u></b>
	<b>Medium number of employees</b>	<b>377</b>	<b>357</b>

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*Reference*      **NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS**

**10. Value adjustment of current asset**

	<u>30.06.2020</u>	<u>30.06.2019</u>
Losses(Profit) on receivables and various debtors	(400)	0
<b>Total</b>	<b><u>(400)</u></b>	<b><u>0</u></b>

*IAS 1.97*  
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**11. Other outgoings**

	<u>30.06.2020</u>	<u>30.06.2019</u>
Expenses with maintenance and repairs	40.268	61.084
Expenses with royalties, managed locations and rents	246.169	230.967
Expenses with premium insurance	46.531	71.480
Expenses with commissions and fees	12.665	9.077
Protocol, advertising and advertising expenses	15.820	19.918
Goods and personel transport expenses	559.645	1.085.403
Travel expenses, secondments and transfers	6.339	47.758
Postage and telecommunications expenses	23.015	22.626
Banking services expenses	28.244	51.460
Other expenses for services performed by third parties	2.023.941	2.356.100
Expenses with other taxes and fees	204.135	191.781
Expenses for environment protection	2.967	7.358
Expenses with fixed assets held for sale	249.305	0
Other operational expenses	46.460	24.615
<b>Total outgoings</b>	<b><u>3.505.504</u></b>	<b><u>4.179.627</u></b>

In the period 01.01-30.06. 2020, there is a decrease of the expenses with the rents, as a consequence of the enegotiation of the contract with APM Constanta for the rent related to the land on which the activity of the branch is carried out, public domain in property of APM.Next, we will refer to some of the above expenses by weighting in the Other expenses position.The expenses related to the transport of goods and persons, mainly refer to the transport of river vessels built at the main headquarters, from Orşova to the delivery point indicated in the commercial contracts, respectively Regensburg or Rotterdam. These expenses registered a decrease over the corresponding period last year (by 48,44%) within this period being delivered only one vessel.

The expenses with the displacements and the secondments record a significant decrease compared to the similar period of the previous year (by 86,73%) .

Total amount of expenses representing executed works by third parties (subcontractors) it reffers to activities of hull construction and painting works realizedzed with subcontractors. These expenses registered a decrease ( 14,10 %) due o the fact that the company called subcontractors, specially for metal construction, meanwhile painting activity was done in this period with own employees in a proportion of 50% .

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*Reference*      *NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS*

IAS 1.86      **12.** Financial income and expenses

Recognized in the profit or loss account:

		<u><b>30.06.2020</b></u>	<u><b>30.06.2019</b></u>
<i>IFRS 7.20 (b)</i>	Interest income from bank deposits	41.142	68.858
<i>IAS 21.52 (a)</i>	Incomes from exchange rates differences	360.939	599.633
	<b>Total financial incomes</b>	<b>402.081</b>	<b>668.491</b>
<i>IAS 7.20 (b)</i>	Interests expenses	-	-
<i>IAS 21.52 (a)</i>	Expenses from exchange diferences rates	58.221	203.265
	<b>Total financial expenses</b>	<b>58.221</b>	<b>203.265</b>
	<b>Net financial result</b>	<b><u>343.860</u></b>	<b><u>465.226</u></b>

In connection with the above amounts, the following details are given:

- interest income is related to bank deposits and current account availability;
- due to the evolution of the exchange rate, but also to the hedging contracts concluded through BRD, the income from the exchange rate differences was higher than the expenses from the exchange rate differences.
- in the analyzed period of 2020, the company did not have bank credits, so it did not register interest with this title.

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*Reference*      *NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS*

**13a. Expenditure on profit tax**

	<b><u>30.06.2020</u></b>	<b><u>30.06.2019</u></b>
<b>a) Expenditure on current profit tax</b>		
IAS 12.80 (a) Current period	146.560	725.109
IAS 12.80 (b) Adjustments of previous periods		
<b>b) Deferred income tax expense</b>		
IAS 12.80 (c) Initial recognition and reversal of temporary differences	92.024	56.902
IAS 12.80 (g) Changes in previously unrecognized temporary differences		
IAS 12.80 (f) Recognition of previously unrecognized tax los		
<b>Total profit tax expenses ( a+b)</b>	<b>238.584</b>	<b>782.011</b>
<b>IAS 12.81 (c) Reconciliation of effective tax rate</b>		
Profit of the period	781.568	2.370.166
Non-deductible expenses	23.459	16.167
Non-taxable incomes	591.658	344.620
Elements similar to incomes ( amortisation after reevaluation 2003)	887.374	684.721
Other taxable amounts(tax recognized profit)	0	1.952.643
Deduction of legal reserve	36.089	115.898
Taxable profit	1.064.654	4.563.179
Expense with the current profit tax	170.345	730.109
Sponsorship	7.500	5.000
Bonus OUG 33/2020	16.284	0
Profit after taxation	635.008	1.645.057

**13b. Specific tax expenses**

Starting with the year 2017, with the entry into force of Law no.170 / 2016 regarding the specific tax for certain activities, the company owes this type of tax for the activity of the canteen that operates under its subordination. We mention that in the Company's premises a working canteen operates, its activity being codified CAEN 5629 "Other food services n.c.a." and registered in the constitutive act of the company as a secondary activity.

For the year 2020, expenses with specific due tax for this activity is in amount of 13.672 lei.

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*IAS 16*      **14. Tangible non-current asset**

		<b>Land and buildings</b>	<b>Machines and equipments</b>	<b>Furniture and fixtures</b>	<b>Work in progress</b>	<b>Total</b>
	<b>Costs or assumed costs</b>					
<i>IAS 16.73 (d)</i>	Balance at 1 January 2020	21.284.525	54.829.203	460.961	2.862.195	79.436.884
<i>IAS 16.73 (e)(i)</i>	Acquisitions	33.405	751.200	10.328	1.717.694	2.512.627
<i>IAS 16.73 (e)(ii)</i>	Outgoings of non current asset	2.783	732.832	1.839	439.323	1.176.777
<i>IAS 16.73 (d)</i>	Balance at June 30, 2020	21.315.147	54.847.571	469.450	4.140.566	80.772.734
	<b>Depreciation and losses from depreciation</b>					
<i>IAS 16.73 (d)</i>	Balance at 1 January 2020	1.565.745	38.551.732	387.321	-	40.504.798
<i>IAS 16.73 (d)(vii)</i>	Depreciation during the year	787.048	1.086.239	15.129	-	1.888.416
<i>IAS 16.73 (d)(ii)</i>	Outgoings of non current asset	1.012	458.444	1.839	-	461.295
<i>IAS 16.73 (d)</i>	Balance at June 30, 2020	2.351.781	39.179.527	400.611	-	41.931.919
<i>IAS 1.78 (a)</i>	<b>Accounting values</b>					
	<b>Balance at 1 January 2020</b>	<b><u>19.718.780</u></b>	<b><u>16.277.471</u></b>	<b><u>73.640</u></b>	<b><u>2.862.195</u></b>	<b><u>38.932.086</u></b>
	<b>Balance at June 30, 2020</b>	<b><u>18.963.366</u></b>	<b><u>15.668.044</u></b>	<b><u>68.839</u></b>	<b><u>4.140.566</u></b>	<b><u>38.840.815</u></b>

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IAS 16      **14. Tangible non-current asset (continued)**

On 30 June 2020, land has a book value of 1,201,941 RON and represents an area of 86,000 square meters, of which:

- 85,790 square meters at its headquarters in Orşova and
- 210 square meters at its Branch in Agigea, Constanta County.

In the course of the year 2017 the company has put up for sale by tender two plots of land in the area Gratca, of 937 square meters and 3,988 square meters, in accordance with the management decision of 16 February 2017. Although these lands have not found yet their buyers, they have been classified in an appropriate manner as non-current assets held for sale (account 311).

The company has completed cadastral situation for the entire area of the premises owned by Orşova headquarters. The company has completed the land register for the whole situation in the area of property at its headquarters in Orşova.

**Revaluation of tangible non-current assets**

On 31 December 2004, the value of tangible non –current assets is presented at historical cost, indexed in accordance with government decisions ("GD"), which were applied by that date or at historical cost.

At 31 December 2005 the Company proceeded to revise the value of tangible assets by using the opinion of specialists, employed by the Company. At 31 December 2006, the Company proceeded to review the value of buildings and special constructions using the opinion of specialists, employed in the Company. On 31 December 2007, the Company has not proceeded to review the value of assets at the Orşova headquarters, instead, Agigea Branch conducted a revaluation of fixed assets of structures and ships group, before the merger, under the old name: SC Servicii Construcţii Maritime S.A. Agigea.

During 2007, 2008 and 2009 there were entries recorded in the technological equipment category and other intangible category which leads to a presentation in the financial statements, of the assets of these groups, both at historical cost indexed in accordance with government decisions ("GD"), and historical cost.

At 31 December 2009, the Company proceeded to the revaluation of buildings and special constructions, both at the headquarters in the town of Orşova and at Agigea branch, using the opinion of independent external evaluators. The reflection method of the revaluation in the company's bookings was to eliminate the depreciation from the book value of assets. The amount of the revaluation surplus was credited to revaluation reserve balance for those targets whose fair value was higher than the net book value, and for the other purposes for which the fair value has been less than the book value a reduction of the existing revaluation surplus was reflected affecting operating expenses for the purposes for which revaluation reserves were not previously recognized or the recognized revaluation reserve was insufficient to cover the decrease.

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*Reference*      *NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS*

IAS 16      **14. Tangible Non-current Assets (continued)**

At 31 December 2010 and 2011, the company did not revalue non-current assets.

At 31 December 2012, the company revalued buildings and means of naval transport, both at headquarters in the town of Orşova and Agigea branch using the opinion of an independent external value. The Company has used the net value model. The amount of the revaluation surplus was credited to revaluation reserves for those assets which fair value was higher than the net book value, and for the other assets which fair value has been lower than the book value a reduction of the existing revaluation surplus, was reflected affecting operating expenses for the purposes for which revaluation reserves were not previously recognized or the recognized revaluation reserve was insufficient to cover the decrease. For the fixed assets that are under conservation at Agigea branch, an impairment of 6,739 RON was recognized.

At 31 December 2013, the company proceeded to the revaluation of means of naval transport, both at headquarters in the town of Orşova and Agigea branch using the opinion of some independent external evaluators. The reflection method of the revaluation in the company's bookings was to eliminate the depreciation from the book value of assets. The amount of the revaluation surplus was credited to revaluation reserve balance for those targets whose fair value was higher than the net book value, and for the other purposes for which the fair value has been less than the book value a reduction of the existing revaluation surplus was reflected affecting operating expenses for the purposes for which revaluation reserves were not previously recognized or the recognized revaluation reserve was insufficient to cover the decrease.

For the fixed assets that are under conservation at Agigea branch, an impairment of 155,474 RON was recognized, at the end of 2013; at 31.12.2012 the impairment was 6,739 RON.

At 31 December 2014, the company proceeded to the revaluation of means of naval transport using the opinion of some independent external evaluators, applying the same rules and methods regarding the registration of the resulting differences.

For the fixed assets that are under conservation at Agigea branch, an impairment of 195,218 RON was recognized, at the end of 2014; at 31.12.2013 the impairment was 155,474 RON.

At 31 December 2015, the company proceeded to the revaluation of means of naval transport, both at headquarters in the town of Orşova and Agigea branch using the opinion of some independent external evaluators. The reflection method of the revaluation in the company's bookings was to eliminate the depreciation from the book value of assets. The amount of the revaluation surplus was credited to revaluation reserve balance for those targets whose fair value was higher than the net book value, and for the other purposes for which the fair value has been less than the book value a reduction of the existing revaluation surplus was reflected affecting operating expenses for the purposes for which revaluation reserves were not previously recognized or the recognized revaluation reserve was insufficient to cover the decrease.



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*Reference*      *NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS*

IAS 16      **14. Tangible Non-current Assets (continued)**

For constructions and ships, an increase amounted at 2,181,569 RON was recorded. However analyzed individually, there are positions that present decreases, their total value is amounted at 3,591,056 RON, out of which 3,416,821 RON were incurred from revaluation surplus previously recorded for these items and 174,235 RON were supported on costs.

Please note that further information regarding the revaluation can be found in the Administrators' report prepared and presented separately in the general meeting of shareholders.

Valuation techniques used by the evaluator for fixed assets under IFRS 13.91, were as follows:

- The cost approach for naval means of transport and for fixed assets in conservation
- The income approach for leased buildings (investment properties).

On December 31, 2016, the company proceeded to the revaluation of fixed assets amounted to the nature of shipping assets, using the same external independent evaluator's opinion and based on the same rules on recording differences in results. In the ordinary general meeting of shareholders, the results of this reassessment will be presented as visually distinct agenda. For fixed assets placed in conservation at Agigea branch was recognized an impairment at the end of the year 2016 total of 287,458.76 RON (to 31.12.2015 this impairment was of 252,756,17 RON).

On December 31, 2017, the company proceeded to the revaluation of fixed assets amounted to the nature of shipping assets, using the same external independent evaluator's opinion and based on the same rules on recording differences in results. In the ordinary general meeting of shareholders, the results of this reassessment will be presented as visually distinct agenda.

For fixed assets placed in conservation at Agigea branch was recognized an impairment at the end of the year 2017 total of 304,490.18 RON (to 31.12.2016 this impairment was of 287,458.76 RON)

On December 31, 2018, the company proceeded to re-evaluate the property, buildings and ships, both at the headquarters of Orşova and at Agigea branch using the opinion of independent external evaluators. The method of reflecting revaluation in the Company's accounts was that of eliminating depreciation from the carrying amount of assets. With the value of the revaluation surplus, the balance of revaluation reserves was credited for those items whose fair value was higher than net book value, and for the other objectives for which the fair value was less than the net book value reflected the decrease of the existing revaluation surplus and / or the impairment of operating expenses in the case of previously unrecognized

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*Reference*      *NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS*

IAS 16      **14. Tangible Non-current Assets (continued)**

revaluation reserves or recognized revaluation reserves was insufficient to cover the decrease. In both the construction group and the ship, by total group, there are increases, totaling 5,330,995 RON. However, individually analyzed were positions where there were decreases, their total value being 1,054,765 RON, out of which: 1,047,790 RON were borne from the revaluation surplus previously recorded in these positions and the amount of 6,975 was incurred on costs.

At December 31, 2019, the Company proceeded to reevaluation the tangible assets of the nature of the means of ship transport, using the opinion of the same independent external evaluator and based on the same rules regarding the recording of the resulting differences. In the ordinary general meeting of the shareholders, the results of this reassessment will be presented as a separate item on the agenda.

In order to carry out these operations, the company turned to the specialized services of the evaluator DARIAN DRS S.A., headquarters in Timisoara.

Valuation techniques used by the evaluator for fixed assets under IFRS 13.91, were as follows:

- The cost approach for naval means of transport and for fixed assets in conservation
- The income approach for leased buildings (investment properties).

According to IFRS 13, valuation at fair value of buildings and means of naval shipping supposed taking into consideration the characteristics of the assets, which users of financial statements would consider in determining the price of the asset at the balance sheet date. Fair value determination was carried out by an independent external evaluator and shall be treated as level 2 under IFRS 13 for the data taken into account in determining the fair values as at 31 December 2019, the date of financial reporting. At the company level, there has not been any change of the level presented by IFRS 13 for the data taken into account in determining the fair values. Also, the maximum amount for assets valued at fair value does not differ from the current amount of use.

**Impairment losses and subsequent reversals**

At the end of the year 2019 for fixed assets in conservation at Agigea Branch, was done also depreciation test, being recognized a total depreciation of 382.036 lei. In the first half of 2020, a series of fixed assets in this category were removed from the records, the related depreciation in the amount of 16,509 lei being resumed at revenues.

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*Reference*      *NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS*

IAS 16      **14. Tangible Non-current Assets (continued)**

**Pledged or mortgaged non-tangible asset**

To guarantee the multi-option and multi-currency global limit, in value of 2,000,000 ( as to same level like 2019), made available by BRD-GSG SA, the Company established the following::

- First rank mortgage on the following properties: Repair hall, New Hall, Thermal power station, Compressors Station and PSI Shed, Operating Group, Cafeteria, Merged building, all including land, toate împreună cu terenul aferent, properties assessed according to the Guarantee Monitoring Report at EUR 1,512,800 market value, registered in the Land Book Register under the numbers 1133, 1146, 1121, 1145, 1134, 1135 and 1132;
- Security interest with dispossession on a deposit in value of 401.201 EUR.
- Assignment of receivables as collateral on receipts in a total value of 9.595.500 EUR, resulting from the commercial contracts concluded by the Company with third parties, not cashed up at 30.06.2020.

**Non-tangible asset under construction**

On 30.06.2020 the company has unfinished investment objectives in the amount ( mainly slipway modernization at Branch Agigea) of 4.140.566 lei (210.401 lei on 30.06.2020). The investment deadline is scheduled for the end of this year.

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*IAS 38*      **15. Intangible assets**

<i>IFRS 3.61 IAS 38.118 (c), (e)</i>		<b>Other assets</b>	<b>Total</b>
	<b>Cost</b>		
<i>IFRS 3.B67 (d)(viii),IAS 38.118</i>	Balance at 1 January 2020	1.072.032	1.072.032
<i>IAS 38.118(e)</i>	Acquisitions	5.668	5.668
	Outgoings of intangible assets	-	-
<i>IAS 38.118</i>	Balance at 30 of June 2020	1.077.700	1.077.700
	<b>Depreciation and amortisation losses</b>		
<i>IFRS 3.B67 (d)(i),IAS 38.118</i>	Balance at 1 January 2020	1.068.949	1.068.949
<i>IAS 38.118(e)(vi)</i>	Amortisation during the year	1.183	1.183
	Outgoings of fixed assests	-	-
<i>IFRS 3.B67 (d)(viii),IAS 38.118</i>	Balance at 30 of June 2020	1.070.132	1.070.132
	<b>Accounting values</b>		
<i>IAS 38.118(c)</i>	<b>Balance at 1 January 2020</b>	<b><u>3.083</u></b>	<b><u>3.083</u></b>
<i>IAS 38.118(c)</i>	<b>Balance at 30 of June 2020</b>	<b><u>7.568</u></b>	<b><u>7.568</u></b>

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*IAS 39*      **16. Other investments, including derivative financial instruments**

The securities are recognized in the financial statements in accordance with IAS 27 (revised in 2010), IAS 36 (revised in 2009), IAS 39 (revised in 2009) and IFRS 7 (issued in 2008). From the corroboration of the provisions of the 4 standards, the company adopted the following policy for the recognition and evaluation of the shares and the securities:

- investments in subsidiaries, jointly controlled entities and associated entities are recognized at cost value;
- short-term investments held for sale not quoted on the stock exchange are recorded at cost, for the impairments being made adjustments (the treatment for the depreciation of these securities is established by IAS 39 paragraph 63);
- Short-term investments held for sale listed on the stock exchange are recorded at fair value (the value of the last trading day of the year), any gains or losses to be recognized in the capital situation. If there is objective evidence of impairment (as presented in paragraph 59 of IAS 39), as well as in the case of foreign exchange losses and gains, the loss of value will be recognized in the profit and loss account.

<b>Other investments</b>	<b>30.06.2020</b>			<b>30.06.2019</b>		
	<b>Accounting value</b>	<b>Imparment adjustments</b>	<b>Net value</b>	<b>Accounting value</b>	<b>Imparment adjustments</b>	<b>Net value</b>
<b>Long term investments</b>						
Shares detained at Kritom	684.495	684.495	0	684.495	684.495	0
Other titles detained on long term	0	0	0	0	0	0
<b>Total investments on long term</b>	<b>684.495</b>	<b>684.495</b>	<b>0</b>	<b>684.495</b>	<b>684.495</b>	<b>0</b>

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Reference NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS

IAS 39 16. Other investments, including derivative financial instruments (continued)

In 1993, S.C. Maritime Construction Services S.A. ("SCM"), a company absorbed by S.C. Orşova S.A. Shipyard during the financial year ended December 31, 2008, together with the Joint-stock company "Domiki Kritis", a joint venture with the name "Kritom Shipping Company", with its headquarters in the city of Iraclio, Crete, was established in Crete. The share held by SCM in the capital of Kritom Shipping Company was 49%. According to the data available in the Company's records, Kritom has increased its share capital twice, without consulting the SCM, so that a lawyer was hired to verify the legality of the share capital increases.

The joint-stock company "Domiki Kritis" presents the total value of the share capital of "Kritom Shipping Company" at the level of 1,923,545 euros, consisting of 6,565 shares, worth 293 euros each, and the structure of the two shareholders:

- The limited company "Domiki Kritis": 4,505 shares, representing 68.62% of the share capital;
- The company: 2,060 shares, representing 31.38% of the share capital.

As of June 30, 2020, the Company had made adjustments for the total depreciation of these securities, ie at the level of 684,495 lei, so that the net value was 0 lei.

The factors that contributed to the formation of these impairments are of a litigious nature, as shown above. The Convention for the establishment of the Kritom Naval Company stipulates that the duration of the company is for the period 1992-2012. From the steps taken, from the data and information we hold, it does not result with certainty whether the company is still in operation or not.

This financial asset is part of the financial assets category at amortized cost according to IFRS 7.8.

Short-term investments refer to bank deposits constituted either to guarantee the global ceiling granted by BRD, or from the existing availabilities at a given time in order to obtain the most advantageous interest.

**17. Stock**

	<b>30.06.2020</b>	<b>30.06.2019</b>
IAS 1.78 (c), 2.36(b) Raw materials and materials	7.017.322	14.983.871
IAS 1.78(c), 2.36(b) Production in progress	48.824.420	41.233.297
IAS 1.78(c), 2.36(b) Fixed assets detained for sale	68.853	68.853
IAS 1.78(c), 2.36(b) Finished products	-	-
IAS 1.78(c), 2.36(b) Products kept by third parties	-	-
IAS 1.78(c), 2.36(b) Goods	-	-
Impairment adjustments	(6.840.829)	(7.072.045)
<b>Stocks at net value</b>	<b><u>49.069.766</u></b>	<b><u>49.213.976</u></b>

IAS 1.104,  
2.36(e)(f)

For stocks older than 2 years (for sheet stocks older than 3 years), existing on balance at the end of 2019, without movement, the company adjusted the book value, constituting a total impairment of 6.840.829 lei, which remains at the same value on 30.06.2020. From this total value, the amount of 6.425.308 lei, concerns the depreciation of the production under production related to 2 external orders, and was calculated as the difference

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**17. Stock ( continued)**

between the estimated costs for the respective orders and the contract price. On 30.06.2020 the company had registered fixed assets held for sale in the amount of 68,853 lei, representing 2 lands and 1 building at the main headquarters in Orsova. The valuation reports were prepared for these fixed assets, and the sale procedure will be established.

**18. Trade and similar receivables, other receivables and advances**

		<b>30.06.2020</b>	<b>30.06.2019</b>
<i>IAS 1.78 (b)</i>	Trade receivables in relation to related parties	-	-
	Loans to executives	-	-
<i>IAS 1.78 (b)</i>	Trade receivables	597.152	14.585.657
	Adjustments for the impairment of trade receivables	(166.620)	(2.890.458)
<i>IFRS 7.8(c)</i>	<b>Net commercial loans and receivables</b>	<b>430.532</b>	<b>11.695.199</b>
	<b>Claims - total</b>	<b>1.136.392</b>	<b>1.417.006</b>
	Different debtors	654.015	404.817
	<b>Suppliers - debtors</b>	50.082	265.467
	VAT to be recovered and not exigible	354.776	226.294
	Adjustment for other receivables	(649.277)	(375.262)
	Expenses registered in advance	228.391	252.569
	Other receivables	498.405	643.121
	<b>Total</b>	<b>1.566.924</b>	<b>13.112.205</b>

The movements of the Company's depreciation accounts, related to the adjustments of the trade receivables are the following:

	<b>30.06.2020</b>	<b>30.06.2019</b>
At 1st January	166.620	2.890.958
Impairment recovery	-	500
Constituted depreciation	-	-
<b>Balance at the end of period</b>	<b><u>166.620</u></b>	<b><u>2.890.458</u></b>

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*Reference*                      *NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS*

**19. Trade payables and other liabilities**

	<b>30.06.2020</b>	<b>30.06.2019</b>
Trade payables - short term	1.173.074	1.742.224
Social security and other taxes	913.132	1.098.969
Suppliers - invoices to be received	13.002	305.066
Customer creditors	3.878.445	7.240.715
Other creditors	3.481.963	3.103.583
<b>Total</b>	<b><u>9.459.616</u></b>	<b><u>13.490.557</u></b>

**20. Cash and cash equivalents**

	<b>30.06.2020</b>	<b>30.06.2019</b>
Bank accounts in lei	3.357.634	3.229.488
Bank accounts in foreign currency	8.567.066	7.562.356
Petty cash in lei	3.385	16.116
Petty cash in foreign currency	-	-
Other values	8.442	17.024
<b>Total</b>	<b><u>11.936.527</u></b>	<b><u>10.824.984</u></b>



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**21. Capital and reserves**

**Capital social**

*IFRS 7.7*  
*IAS*  
*1.79(a)(i),(iii)*                      The structure of the shareholders as of June 30, 2020 did not change from the one existing on the reference date 27 of March, 2020, choose date for OGMS from 10 of April, 2020, respectively:

	<b>Number Of shares</b>	<b><u>Amount</u> (lei)</b>
SIF 3 Transilvania	5.711.432	14.278.580
SIF 5 Oltenia	3.200.337	8.000.843
SIF 4 Muntenia	1.504.600	3.761.500
Other corporate shareholders/individual shareholders	1.006.550	2.516.375
	<b><u>11.422.919</u></b>	<b><u>28.557.298</u></b>

The subscribed and paid up share capital is amounted to 28,557,298 RON, divided into a number of 11,422,919 nominal and dematerialized shares, each worth 2.50 RON.

The company's shares are dematerialized, ordinary and indivisible.

The identification data for each shareholder, the contribution to the share capital, number of shares owned and the participation of the shareholder in share capital are presented in the shareholder register kept by the company registry contractually designated for this purpose.

Each subscribed and paid share, grants the shareholders, under the law, the right to vote in the General Meeting of Shareholders, to vote or to be elected to the governing bodies, the right to participate in the distribution of profit or any rights derived from the shareholder quality.

During period 01.01-30.06.2020 there were no changes in share capital.

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*Reference*            *NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS*

**22. Employees benefits**

**a)            Remuneration of directors and administrators**

The Company did not grant advances or loans to directors or administrators in first six months of the year 2020.

*Wage expenses:*

	<b>Financial exercise</b>	<b>Financial exercises</b>
	<b>End at</b>	<b>End at</b>
	<b><u>30 June 2020</u></b>	<b><u>30 June 2019</u></b>
	<b>(lei)</b>	<b>(lei)</b>
Administrators	638.920	485.510
Directors	570.524	570.243
	<b><u>1.209.444</u></b>	<b><u>1.055.753</u></b>

Board of Directors at 30.06.2020 is as follows:

Mr. Mihai Fercală – President

Mr. Ciurezu Tudor – member

Mr. Firu Floriean – member

Mr. Lucian Ionescu – member

Mr. Pantea Marius Ion – member

The allowances and other rights granted to the administrators are provided in art. 35 of the Articles of Incorporation and in the management contracts that were approved in the general meeting of the shareholders on April 18, 2019, and the salaries and other rights due to the executive management were established by the Board of Directors, within the limits provided in art. 35 of the Articles of Incorporation and respectively of the Contract of mandate concluded between the Board of Directors and the Director General.

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Reference NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS

**22. Employees benefits ( continued)**

**Salaries payable at the end of the period:**

	<u>30 June 2020</u>	<u>30 June 2019</u>
	(lei)	(lei)
Administrators	42.918	38.907
Directors	22.495	37.600
	<u>65.413</u>	<u>76.507</u>

b) Employees

**The average number of employees during the year was as follows:**

	Financial exercise Ended at <u>30 June 2020</u>	Financial exercises Ended at <u>30 June 2019</u>
Administrative staff	50	46
Direct productive staff	271	275
Indirect productive staff	56	36
	<u>377</u>	<u>357</u>

**23. Other information, implications of the COVID-19 pandemic on the half-yearly report**

In the current context generated by the COVID 19 pandemic based on the information available to it, the company considers that there are no significant uncertainties, according to point 25 of IAS 1, for the continuation of the activity and there are no indications leading to an impairment of assets held, according to with IAS 36.

The impact that the COVID-19 pandemic had on the company's activity during the reported period was not likely to significantly influence the financial performance. The company has sufficient own financial resources to ensure financial stability, there is no risk of liquidity or negative influences on cash flows.

The company's management has as permanent objectives the analysis of the future impact of the pandemic on the financial performance and the taking of adequate measures to reduce the related risks.

Administrator  
 Dr. Ec. Mihai Fercală

Issued  
 Ec. Marilena Visescu

### **STATEMENT**

The undersigned PhD Ec. Mihai Fercala – president of Management Board and Ec. Marilena Visescu – economic manager of company Şantierul Naval Orsova SA, with headquarters in the town of Orsova, no. 4 TUFARI str., Mehedinti County, we state that according to our knowledge, the financial-accounting semester situation, corresponding to the semester I 2020 which was conceived in compliance with the applicable accounting standards (IFRS), shows an accurate and corresponding image to the reality in what the assets, obligations, financial position, profit and loss account of the company above mentioned are concerned.

We mention that the company has no affiliates.

We state as well, that the Report of the Management Committee of company Şantierul Naval Orsova SA, conceived for semester I of the year 2020, shows accurately and completely all the information supplied for this period of time.

PRESIDENT OF THE MANAGEMENT BOARD: PhD Ec. Mihai Fercala

ECONOMIC MANAGER: Ec. Marilena Visescu