QUARTERLY REPORT
30 SEPTEMBER 2020

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ŞANTIERUL NAVAL ORŞOVA S.A.
No. RC J25/150/1991 CIF: RO 1614734
Share capital: - issued 28.557.297,5 lei
- paid up 28.557.297,5 lei
No. 4. Tufări Street, Orşova, 225200, Mehedinţi
Tel.: 0252/362.399; 0252/361.885; Fax: 0252/360.648
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Codul LEI (Legal Entity Identifier): 254900UXAJ8TPIKLXG79
IBAN code: RO96RNCB0181022634120001- B.C.R. Orşova
IBAN code: RO59BRDE260SV03176142600- B.R.D. Orşova

QUARTERLY REPORT CORRESPONDING TO THE IIIrd TRIMESTER OF 2020, IN COMPLIANCE WITH THE LAW NO. 24/2017 AND TO THE ASF REGULATION NO. 5/2018
concerning the issuers of financial instruments and market operations

DATE OF THE REPORT: 10.11.2020

Name of the trading company: ŞANTIERUL NAVAL ORŞOVA S.A.;
Registered office: 4, TUFĂRI Street, ORŞOVA, MEHEDINȚI County;
Telephone/fax:0252/362399 0252/360648;
Single registration code issued by the Trade Register: RO 1614734;
Registered number with the Trade Register's Office: J25/150/03.04.1991;
Code Lei: 254900UXAJ8TPIKLXG79
Subscribed and paid in share capital: 28,557,297.5 Lei
Number of shares: 11.422.919 common shares, of 2,5 lei each;
Regulated market where the issued securities are traded: Bucharest Stock Exchange-category Standard (symbol: SNO)

A. FINANCIAL AND ECONOMICAL INDICATORS ON THE DATE OF 30st of September 2020 (APPENDIX NO. 13 TO THE ASF REGULATION no. 5/2018)

DESCRIPTION OF THE INDICATOR	CALCULATION MANNER	RESULT
1. Indicator of current cash-deposit[)]	Current assets / Current debts	4,84
2.Indicator of the degree of indebtness[2)]	Borrowed capital*100 / Own capital	0 (zero)
3. Rotation speed of the debits - clients[3)]	Average balance clients*270 / Turnover	57 DAYS
4. Rotation speed of the fixed assets[4)]	Turnover / Fixed assets	1,25

NOTE:

1) Offers guarantees for the coverage of the current debts from the current assets. The recommended acceptable value is approximately 2.
2) Expresses the effectiveness of the management of credit rosk, indicating potential financing issues, of cash-deposit with influences in the fulfillment of the undertaken committments. Șantierul Naval Orșova has no crediting contract exceeding 1 year, and, subsequently, this indicator is 0 (zero)
3) It expresses the effectivenes of the company in collecting their account receivables, namely the number of days until the date when the debtors pay their debts towards the company
4) It expresses the effectiveness of the fixed assets management, by examining the turnover generated by a certain amount of fixed assets.

B. OTHER INFORMATION

In the third quarter of 2020, compared to the provisions of the BIe, the operating revenues were achieved in proportion of 113.22%. At the same time, they register an increase of 8.94% compared to the corresponding period of last year:

- Provided BIE quarter III.2020	44,507,100 lei
- Realized quarter III.2020	50,392,080 lei
- Realized quarter III.2019	46,254,784 lei

During this period, 4 ships were completed and delivered to external customers - from the main headquarters in Orșova, according to the production schedule: 1 Crane ship of 86 m, 2 tank ships of 110 m and 1 passenger ship, the first of its kind built of society.

In addition to the provisions of the BIE, a coastal type ship was delivered, the first of the 2 built in previous years and which was the subject of litigation with the Dutch company VEKA.

At the same time, we specify that in accordance with IAS 18 on income recognition conditions, one of the ships built and delivered during this period, from the main office, did not meet the income reporting conditions, not having reached its destination (place of delivery and transfer of the significant risks and benefits deriving from the ownership of the good, specified in the contract, being Rotterdam).

The 5 existing barges at the Agigea branch were partially rented in the first part of the year, abroad (in Turkey). In the epidemiological context generated by the COVID-19 pandemic, the company failed to find solutions for renting these ships, this having negative consequences on the result of the branch activity, the activity of renting the ships-salanda representing the main source of income of the branch.

The individual financial statements as at 30.09.2020, respectively: Statement of financial position, Statement of profit or loss and other comprehensive income, Statement of changes in equity, Statement of cash flows and Notes to the financial statements are attached to this report, with the following specifications:

- .the figures from the reporting forms are expressed in lei;
- .the reporting data as at 30.09.2020 were not audited by an independent external financial auditor.
- .Compared to the provisions of the BIE for the third quarter of 2020, the situation of the result is as follows:

- Operational result:
  - BIE provided 1.950.000 lei
  - Realized 3.221.550 lei
- Financial result:
  - BIE provided -
  - Realized 463.459 lei
- Gross result:
  - BIE provided 1.950.000 lei
  - Realized 3.685.009 lei

In the similar period of 2019, the company made a gross profit of 4,187,638 lei.

Considering the financial situation on 30.09.2020 as well as the estimates regarding the evolution of the main indicators, analyzed in the context of the current economic and social environment generated by the coronavirus COVID-19, the company did not identify factors that, in the remaining period until the end of the year, negatively influence the company's activity so as not to be performed to the provisions of BIE for the whole year 2020.

On 30.09.2020, the company did not have contracted bank loans, and the cash and cash equivalents were in the amount of 14,535,816 lei.

The company had no outstanding obligations to suppliers, the state budget, employees and other creditors, all of which were paid within the legal / contractual term.

In the 9 months of 2020, the company incurred investments for investments in the amount of 2,518,706 lei, compared to 2,750,000 lei provided in BIE (achievement index: 91.59%). In the corresponding period of last year, there were expenses of this nature amounting to 2,413,299 lei.

In September 2020, at the request of the Transilvania Financial Investment Company, a significant shareholder, the Extraordinary and Ordinary General Meeting of the company's Shareholders was convened. During the meetings held on October 2, 2020, were approved, mainly, the amendment of the Articles of Association of the company (within the extraordinary general meeting) and was elected, by the method of cumulative voting, a new Board of Directors, for a term of two years (at the ordinary general meeting). The other items on the OGMS agenda were:

- Establishing the remunerations due to the administrators for the financial year 2020;
- Establishing the level of professional civil liability insurance for the members of the Board of Directors and for the Director / Directors;
- Approval of the conclusion of the management contract with the members of the Board of Directors;
- Designation of the person who will sign the management contract with the members of the Board of Directors, as a conventional agent from the company;
- Approval of the updated form of the mandate contract that will be signed by the Board of Directors with the designated director / directors, according to the attached project;
- Designation of the person who will perform all the necessary steps publicly

STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2020

Reference		Note	30.09.2020 RON	01.01.2020 RON
	Assets			
	Fixed assets			
IAS 1.54(a)	Tangible assets	*14*	38.453.504	38.932.086
	Freehold land and land improvements	*14*	1.201.941	1.201.941
	Buildings	*14*	17.369.267	18.516.839
	Plant and machinery, motor vehicles	*14*	15.446.951	16.277.471
	Fixtures and fittings […]	*14*	61.238	73.640
	Tangible assets in progress	*14*	4.374.107	2.862.195
IAS 1.54(b)	Investment property		517.515	517.515
IAS 1.54I	Intangible assets	*15*	6.985	3.083
	Other intangible assets	*15*	6.985	3.083
IAS 1.54(h)	Trade receivables and other receivables	*18*	9.959	9.826
IAS 1.54(o), 56	Deferred tax assets	*18*	273.935	100.998
IAS 1.60	**Total fixed assets**		**39.261.898**	**39.563.508**
IAS 1.54 (g)	Inventories	*17*	39.887.593	44.839.962
IAS 1.54(h)	Trade receivables and other receivables	*18*	19.873.066	2.091.262
IAS 1.55	Accrued expenses	*18*	261.246	67.119
IAS 1.54(d)	Short term investments		2.857.769	6.677.460
IAS 1.54(i)	Cash and cash equivalents	*20*	14.535.816	13.939.382
IFRS 5.38-40	Non-current assets held for sale		68.853	318.158
IAS 1.60	**Total Current Assets**		**77.484.343**	**67.933.343**
	Total Assets		**116.746.241**	**107.496.851**
	Equity			
IAS 1.54I, 78I	Share capital	*21*	28.557.298	28.557.298
IAS 1.55, 78I	Share premium		8.862.843	8.862.843
IAS 1.54I, 78I	Reserves		52.498.742	52.191.937
	Result for the period		3.411.073	3.205.050
IAS 1.55, 78I	Retained earnings		7.574.146	7.431.918

STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2020 (continued)

Reference		**Note**	**30.09.2020** **RON**	**01.01.2020** **RON**
	Profit appropriation		(184.249)	(198.765)
	Other elements of equity		(4.145.690)	(4.290.219)
	Total equity		**96.574.163**	**95.760.062**
	Liabilities			
	Long-term liabilities			
IAS 1.54(o), 56	Deferred tax liabilities		4.155.413	4.299.942
IAS 1.60	**Total long-term liabilities**		**4.155.413**	4.299.942
	Current liabilities			
IAS 1.54(k)	Trade payables and other debts, including derivatives	*19*	6.082.535	6.804.366
	Deferred income		9.902.150	1.246
IAS 1.54(l)	Provisions		31.980	631.235
IAS 1.60	**Total current liabilities**		**16.016.665**	7.436.847
	Total Liabilities		**20.172.078**	**11.736.789**
	Total Equity and Liabilities		**116.746.241**	**107.496.851**

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

Reference		Note	30.09.2020	30.09.2019
			RON	**RON**
	Continuing operations			
IAS 1. 82(a)	Income	*5*	47.459.102	42.469.644
IAS 1.99,103	Other income	*6*	2.932.978	3.785.140
	Total Operational Income		**50.392.080**	**46.254.784**
	Expenses related to inventories	*7*	(17.021.444)	(14.696.074)
	Utility expenses	*8*	(1.019.631)	(810.770)
	Employee benefits expenses	*9*	(20.413.288)	(16.432.960)
	Depreciation and amortization expenses	*14,15*	(2.880.719)	(3.017.218)
	Gains/losses on disposal of property		(140.650)	(14.461)
	Increase/(Decrease) of receivables allowances and inventory write-down	*10*	2.905.997	(20)
	Increase/(Decrease) of provision expenses		599.255	359.858
IAS 1.99, 103	Other expenses	*11*	(9.200.050)	(8.002.239)
	Total Operational expenses		**(47.170.530)**	**(42.613.884)**
	The result of operational activities		**3.221.550**	**3.640.900**
	Financial income	*12*	619.488	814.076
IAS 1.82(b)	Financial expenses	*12*	(156.029)	(267.338)
	Net financial result		**463.459**	**546.738**
IAS 1.85	**Result before taxation**		**3.685.009**	**4.187.638**
	Current income tax expenses	*13.a*	(440.037)	(708.149)
	Deferred income tax expenses	*13.a*	(95.881)	(371.763)
	Specific taxation expenses		(6.836)	(6.836)
	Deferred income tax income		268.818	312.423
IAS 1.85	**Result for continuing operations**		**3.411.073**	**3.413.313**
IAS 1.82(f)	**Result for the period**		**3.411.073**	**3.413.313**
	Other comprehensive income			
IAS 1.82(g)	Reevaluation of tangible assets		(142.228)	0
IAS 1.85	**Other comprehensive income after taxation**		**(142.228)**	**0**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AT 31 MARCH 2020 (continued)

Reference		Note	30.09.2020 RON	30.09.2019 RON
IAS 1.82 (i)	**Total comprehensive income for the period**		**3.268.845**	**3.413.313**
	Attributable profit			
IAS 1.83(b)(ii)	Shareholders		**3.411.073**	**3.413.313**
	Profit for the period		**3.411.073**	**3.413.313**
	Total attributable comprehensive income			
IAS 1.83(b)(ii)	Shareholders		**3.268.845**	**3.413.313**
	Earnings per share			
IAS 33.66	Basic earnings per share		0,30	0,30
IAS 33.66	Diluted earnings per share		0,30	0,30
	Continuing operations			
IAS 33.66	Basic earnings per share		0,30	0,30
IAS 33.66	Diluted earnings per share		0,30	0,30

Reference	**STATEMENT OF CHANGES IN EQUITY**									
IAS 1.108,109	**Attributable to equity holders**									
		Share capital	**Share premium account**	**Revaluation reserve**	**Other reserves**	**Retained earnings**	**Result for the period**	**Other elements of equity**	**Profit appropriation**	**Total equity**
	Balance at December 31, 2018	**28.557.298**	**8.862.843**	**29.304.792**	**23.749.903**	**6.353.858**	**2.852.126**	**(4.498.960)**	**(179.278)**	**95.002.582**
IAS 1.106(d)(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)
	Balance at December 31, 2019	**28.557.298**	**8.862.843**	**28.083.462**	**24.108.475**	**7.431.918**	**3.205.050**	**(4.290.219)**	**(198.765)**	**95.760.062**
IAS 1.106(d)(i)	Loss/ Net profit for the year	-	-	-	-	3.205.050	206.023	-	-	3.411.073
	Profit appropriation	-	-	-	-	-	-	-	(184.249)	(184.249)
	Transfer in reserve	-	-	(142.228)	449.033	(321.322)	-	144.529	198.765	328.777
	Dividends	-	-	-	-	(2.741.500)	-	-	-	(2.741.500)
	Balance at September 30,2020	**28.557.298**	**8.862.843**	**27.941.234**	**27.557.508**	**7.574.146**	**3.411.073**	**(4.145.690)**	**(184.249)**	**96.574.163**

STATUS OF THE TREASURY CASH FLOW

IAS 1.10(d), 113	**For the fiscal year completed**	**30.09.2020**	**30.09.2019**
	Treasury Cash Flow for operating activities		
	Profit of the period	3.411.073	3.413.313
	Adjustment for:		
	Depreciation of intangible and tangible assets	2.685.104	3.137.220
	Gain/losses from the sale of the tangible assets	140.650	14.461
	Net expenses / (net income) with provisions	(599.255)	(359.858)
	Depreciation of current assets	(2.905.997)	0
	Expense on the current income tax	440.037	708.149
	Specific taxation expenses	6.836	6.836
	Expenses on the delayed income tax	95.881	371.763
	Deferred income tax income	(268.818)	(312.423)
	Cash Flow from operating activities before the amendment of the working capital	**(405.562)**	**6.979.461**
	Amendment of the working capital:		
	Stocks modification	5.201.674	(918.082)
	Modification of the commercial account receivables and of other account	(17.987.745)	(6.401.063)
	Modification of the advanced expenses	(194.127)	(99.476)
	Modification of the commercial debts and of other debts	15.797.612	2.473.469
	Cash flow generated from operating activities	**2.411.852**	**2.034.309**
IAS 7.35	Paid interests	(522.477)	(1.132.851)
IAS 7.10	**Net cash flow from operating activities**	**1.889.375**	**901.458**
	Treasury Cash Flow from investment activities		
IAS 7.31	Cashed interests	83.349	92.372
IAS 7.16(a)	Tangible and intangible assets acquisition	(2.526.574)	(2.413.299)
	Short term investments	3.819.691	(45.920)
IAS 7.10	**Net cash used in investment activities**	**1.376.466**	**(2.366.847)**
	Treasury cash flow from financing activities		
IAS 7.17(d)	Paid dividends	(2.669.407)	(2.443.233)
IAS 7.10	**Net cash from (used in) financing activities**	**(2.669.407)**	**(2.443.233)**
	Net increase/decreases of the cash flow and of the cash flow equivalents	**596.434**	**(3.908.622)**
	Cash Flow and equivalents from 1st of January	**13.939.382**	**6.638.636**
	Cash flow and cash flow equivalents at 30th of September	**14.535.816**	**2.730.014**

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, Mehedinți county.

IAS 1.51(a)-(c) The separate financial statements in accordance with IFRS have been prepared for the period 01.01.2020-30.09.2020. 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 01.01.2020-30.09.2020.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 November 10th, 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.

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 5,129,130 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:

- 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.

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.

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.

Reference	***NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS***	
IAS 1.112(a)	**2. Basis of preparation (continued)**	
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, helds, in present, 49,9998% of the share capital of SC Şantierul Naval Orşova SA, so, they have obligation to prepare the consolidated financial statements.

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

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

IAS 28	Investments in ssociates	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).

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 n dis mandatorily effective for periods beginning on or after 1 January 2018 with early adoption permitted.

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

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

IFRS 10	Consolidated Financial Statements	Establishing principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.
IFRS 11	Joint Arrangements	Establishing principles for financial reporting for entities that hold interests in jointly controlled commitments..
IFRS 12	Disclosure of Interests in Other Entities	Requires an entity to disclose information that will enable users of its financial statements to evaluate: the nature and risks associated with interests held in other entities; and the effects of those interests on the financial position, financial performance and its cash flows.
IFRS 13	Fair value measurement	The definition of fair value, establishing, in a single IFRS, a framework for measuring fair value, requiring the presentation of information on fair value.
IFRS 15	Revenue from 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 n di 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.

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

IAS 1.112(a) 117(a)

3. Significant accounting policies

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).

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

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

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 Orșova, 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 Orșova, 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 Orșova, 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.

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

IAS 1.112(a) 117(a)

3. Significant accounting policies (continued)

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.

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:

Asset	**Years**
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.

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

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

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.

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

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 reffers. 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.

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

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

(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).

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

IAS 1.112(a) 117(a)

3. Significant accounting policies (continued)

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 n dis 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.

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

5. Incomes

		30.09.2020	30.09.2019
IAS 18.35(b) (i)	*Sales of goods*	44.761.985	38.598.722
IAS 18.35(b) (ii)	Rendering of services	2.697.117	3.870.922
	Total	**47.459.102**	**42.469.644**

Revenues for the first 9 months of 2020 are 11.75% higher than in the corresponding period last year.
During this period, 5 ships were delivered to external customers, 4 being built and completed this year, and one of them is a coastal ship, the first of 2 built in previous years and which was the subject of litigation with the Dutch company VEKA. Although the ruling of the Rotterdam Arbitration Court was handed down in June 2019, the first of these ships was delivered during this period (see also the current Report published on 02.10.2020).
At the same time, we specify that according to IAS 18 on income recognition conditions, one of the ships built and delivered during this period, from the main office, did not meet the income reporting conditions, not having reached its destination (place of delivery and transfer of ownership specified in the contract being Rotterdam). In the corresponding period of last year, 5 river vessels were delivered.
Services provided a decrease of 30.32%, but they do not represent a significant percentage of turnover.

6. Other incomes

	30.09.2020	30.09.2019
Income from rents (other than rent real estate investments)	1.508.451	3.737.115
Income from asset salles	1.407.032	-
Other operational incomes	17.495	48.025
Total	**2.932.978**	**3.785.140**

The amounts entered in the rental income position refer in particular to the rents from the operation of the ships (salande hidroclap) for rent, existing in evidence at the Agigea branch. In the period 01.01-30.09.2020, these incomes are at a lower level than the one achieved in the corresponding period of the previous year (decrease by about 60%). The 5 barns in the branch's records were partially rented abroad (Turkey) in the first 3 months of this year, and then brought to the country, this market segment being influenced by the effects of the COVID-19 pandemic.
During the analyzed period, the company sold an asset, from the main headquarters, respectively the floating dock, an asset reclassified at the end of 2019 in the category of fixed assets intended for sale.

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

7. Outgoings on stocks

	30.09.2020	30.09.2019
Expenses with raw materials	9.330.404	8.677.992
Expenses of consumable materials, from whom:	7.105.354	5.452.886
Expenses *of auxiliar materials*	*6.232.187*	*4.480.478*
Expenses *of fuel*	*369.394*	*344.329*
Expenses *with spare parts*	*332.662*	*477.718*
Expenses *of other consumable materials*	*171.111*	*150.361*
Expenses regarding materials of nature inventory items	388.856	279.762
Expenses of unstocked materials	181.701	123.719
Expenses regarding goods	15.333	185.663
Received discount	(204)	(23.948)
Total	**17.021.444**	**14.696.074**

8. Utilities outgoings

	30.09.2020	30.09.2019
Expenses with energy	992.364	776.114
Expenses with water	27.267	34.656
Total	**1.019.631**	**810.770**

IAS 1.104 **9. Staff costs**

	30.09.2020	30.09.2019
Personnel expenses	19.140.066	15.405.684
Expenses with contributions to compulsory social insurance	1.273.222	1.027.276
Total	**20.413.288**	**16.432.960**
Medium number of employees	**373**	**359**

During the analyzed period, the expenses with stocks, utilities and staff salaries increased compared to the corresponding period last year, these categories of expenses being significantly influenced by the increase in the volume of production made and sold, its structure, and to a lesser extent the increase of the prices, the increase of the number of personnel or the consequence of granting salary increases.

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

10. Value adjustement of current asset

	30.09.2020	30.09.2019
Losses(Profit) on receivables and various debtors	(2.905.997)	20
Total	**(2.905.997)**	**20**

IAS 1.97 **2** **11. Other outgoings**

	30.09.2020	30.09.2019
Expenses with maintenance and repairs	88.740	104.112
Expenses with royalties, managed locations and rents	636.371	452.952
Expenses with premium insurance	103.698	99.760
Expenses with commisions and fees	20.020	20.337
Protocol, advertising and advertising expenses	24.787	26.558
Goods and personel transport expenses	1.936.834	1.689.311
Travel expenses, secondments and transfers	12.965	71.296
Postage and telecommunications expenses	35.031	32.088
Banking services expenses	39.535	68.478
Other expenses for services performed by third parties	5.427.513	5.063.745
Expenses with other taxes and fees	308.215	271.820
Expenses for environment protection	3.879	8.370
Expenses with fixed assets held for sale	249.305	0
Other operational expenses	313.157	93.412
Total outgoings	**9.200.050**	**8.002.239**

In the period 01.01-30.09.2020 there is an increase in rent expenditures, significantly influenced in this regard by the amounts related to product stocks, while there is a decrease in these expenditures as a consequence of renegotiating the contract with APM Constanta for the related rent the land on which the branch activity takes place, public domain owned by APM.

In the following, we will refer to some of the above expenses with a weighting in the position of Other expenses.

Expenditure on the transport of goods and persons mainly relates to the transport of river vessels built at the main office, from Orşova to the point of delivery indicated in the commercial contracts, respectively Regensburg or Rotterdam. These expenses register an increase compared to the corresponding period last year (by 14.65%), due to the increase of tariffs for these services.

Travel and secondment expenses decreased significantly compared to the same period last year (by 81.82%) due to the fact that the allowances in foreign currency due to crews on chartered ships decreased, the allowances representing the largest share in this category of expenses. . During this period they were rented abroad for a short period of time and without crew.

The amount of expenditure representing work performed by third parties (subcontractors) relates to shipbuilding and painting activities carried out with subcontractors.

increase (107.18%) motivated by the fact that the company turned to subcontractors, especially the metal construction part, while the painting activity was performed during this period with its own employees in a

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

proportion of about 50%. In the corresponding period of last year, the ship painting activity was in proportion of approx. 90% outsourced.

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

Recognized in the profit or loss account:

		30.09.2020	30.09.2019
IFRS 7.20 (b)	Interest income from bank deposits	50.344	92.136
IAS 21.52 (a)	Incomes from exchange rates differences	569.144	721.940
	Total financial incomes	**619.488**	**814.076**
IAS 7.20 (b)	Interests expenses	-	-
IAS 21.52 (a)	Expenses from exchange diferences rates	156.029	267.338
	Total financial expenses	**156.029**	**267.338**
	Net financial result	**463.459**	**546.738**

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.

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

13a. Expenditure on profit tax

Reference		30.09.2020	30.09.2019
	a) Expenditure on current profit tax		
IAS 12.80 (a)	Current period	440.037	708.149
IAS 12.80 (b)	Adjustments of previous periods		
	b) Deferred income tax expense		
IAS 12.80 (c)	Initial recognition and reversal of temporary differences	95.881	371.763
IAS 12.80 (g)	Changes in previously unrecognized temporary differences		
IAS 12.80 (f)	Recognition of previously unrecognized tax los		
	Total profit tax expenses (a+b)	**535.918**	**1.079.912**
IAS 12.81 (c)	**Reconciliation of effective tax rate**		
	Profit of the period	3.775.061	4.270.979
	Non-deductible expenses	276.236	76.135
	Non-taxable incomes	3.521.081	359.858
	Elements similar to incomes (amortisation after reevaluation 2003)	1.107.461	1.007.432
	Other taxable amounts(tax recognized profit)	1.680.115	0
	Deduction of legal reserve	184.249	209.382
	Taxable profit	3.133.543	4.785.306
	Expense with the current profit tax	501.367	765.649
	Sponsorship	12.437	57.500
	Bonus OUG 33/2020	48.893	0
	Profit after taxation	3.335.024	3.562.830

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.

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

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

		Land and buildings	Machines and equipments	Furniture and fixtures	Work in progress	Total
	Costs or assumed costs					
IAS 16.73 (d)	Balance at 1 January 2020	21.284.525	54.829.203	460.961	2.862.195	79.436.884
IAS 16.73 (e)(i)	Acquisitions	33.405	963.061	10.328	2.092.405	3.099.199
IAS 16.73 (e)(ii)	Outgoings of non current asset	2.783	1.175.955	1.839	580.493	1.761.070
IAS 16.73 (d)	Balance at September 30, 2020	21.315.147	54.616.309	469.450	4.374.107	80.775.013
	Depreciation and losses from depreciation					
IAS 16.73 (d)	Balance at 1 January 2020	1.565.745	38.551.732	387.321	-	40.504.798
IAS 16.73 (d)(vii)	Depreciation during the year	1.179.206	1.481.402	22.730	-	2.683.338
IAS 16.73 (d)(ii)	Outgoings of non current asset	1.012	863.776	1.839	-	866.627
IAS 16.73 (d)	Balance at September 30, 2020	2.743.939	39.169.358	408.212	-	42.321.509
IAS 1.78 (a)	**Accounting values**					
	Balance at 1 January 2020	**19.718.780**	**16.277.471**	**73.640**	**2.862.195**	**38.932.086**
	Balance at September 30, 2020	**18.571.208**	**15.446.951**	**61.238**	**4.374.107**	**38.453.504**

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

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

On 30 September 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.

Reference	***NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS***
IAS 16	**14. Tangible Non-current Assets (continued)**

At 31 December 2010 and 2012, the company did not revalued 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 Orșova 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 Orșova 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.

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, 2019, 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

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.

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 7.318.500 EUR, resulting from the commercial contracts concluded by the Company with third parties, not cashed up at 30.09.2020.

Non-tangible asset under construction

On 30.09.2020 the company has unfinished investment objectives in the amount (mainly slipway modernization at Branch Agigea) of 4.374.107 lei (848.935 lei on 30.09.2020). The investment deadline is scheduled for the end of this year.
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Reference ***NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS***

IAS 38 **15. Intangible assets**

Reference		Other assets	Total
IFRS 3.61 IAS 38.118 (c), (e)			
	Cost		
IFRS 3.B67 (d)(viii),IAS 38.118	Balance at 1 January 2020	1.072.032	1.072.032
IAS 38.118(e)	Acquisitions	5.668	5.668
	Outgoings of intangible assets	-	-
IAS 38.118	Balance at 30 of September 2020	1.077.700	1.077.700
	Depreciation and amortisation losses		
IFRS 3.B67 (d)(i),IAS 38.118	Balance at 1 January 2020	1.068.949	1.068.949
IAS 38.118(e)(vi)	Amortisation during the year	1.766	1.766
	Outgoings of fixed assests	-	-
IFRS 3.B67 (d)(viii),IAS 38.118	Balance at 30 of September 2020	1.070.715	1.070.715
	Accounting values		
IAS 38.118(c)	**Balance at 1 January 2020**	**3.083**	**3.083**
IAS 38.118(c)	**Balance at 30 of September 2020**	**6.985**	**6.985**

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

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.

	30.09.2020			30.09.2019		
Other investments	**Accounting value**	**Imparment adjustements**	**Net value**	**Accounting value**	**Imparment adjustements**	**Net value**
Long term investments						
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
Total investments on long term	**684.495**	**684.495**	**0**	**684.495**	**684.495**	**0**

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.

Given that the Greek partners have shown a total lack of transparency in the management and administration of this company, our company should, before initiating a lawsuit to clarify the legal situation of this company, try to find an amicable solution.

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

		30.09.2020	**30.09.2019**
IAS 1.78 (c),2.36(b)	Raw materials and materials	7.726.793	9.827.589
IAS 1.78(c), 2.36(b)	Production in progress	28.062.015	45.954.707
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	8.221.563	-
IAS 1.78(c), 2.36(b)	Goods	-	-
	Imparment adjustments	(4.122.781)	(7.072.045)
	Stocks at net value	**39.956.446**	**48.779.104**

IAS 1.104,

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

17. Stock (continued)

2.36(e)(f) For stocks older than 2 years (for tin stocks older than 3 years), existing in balance at the end of 2019, without movement, the company proceeded to adjust the book value, constituting a total depreciation of 6,840 .829 lei.

During the analyzed period, as the specific situations that generated the establishment of these depreciations were solved, some of these depreciations were canceled, by their transfer to income.

Therefore, on 30.09.2020 the amount remaining in balance with this title is 4,122,781, out of this total value, the amount of 3,814,528 lei, concerns the depreciation of the production in progress related to an external order, and was calculated as the difference between the estimated costs for that order and the contract price. On 30.09.2020, the company had registered fixed assets held for sale in the amount of 68,853 lei, representing 2 plots of land and 1 building at the main headquarters in Orsova. The valuation reports have been prepared for these fixed assets, and the sale procedure is established.

18. Trade and similar receivables, other receivables and advances

		30.09.2020	**30.09.2019**
IAS 1.78 (b)	Trade receivables in relation to related parties	-	-
	Loans to executives	-	-
IAS 1.78 (b)	Trade receivables	19.212.720	14.561.370
	Adjustments for the impairment of trade receivables	(166.620)	(2.890.458)
IFRS 7.8(c)	**Net commercial loans and receivables**	**19.046.100**	**11.670.912**
	Claims - total	**1.088.212**	**2.265.433**
	Different debitors	529.304	404.464
	Suppliers - debtors	837	141.128
	VAT to be recovered and not exigible	596.777	606.686
	Adjustment for other receivables	(461.825)	(375.262)
	Expenses registered in advance	261.246	155.345
	Other receivables	161.873	1.337.072

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

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

	30.09.2020	30.09.2019
At 1st January	166.620	2.890.958
Impairment recovery	-	500
Constituted depreciation	-	-
Balance at the end of period	**166.620**	**2.890.458**

19. Trade payables and other liabilities

	30.09.2020	30.09.2019
Trade payables - short term	2.253.773	3.460.934
Social security and other taxes	1.036.434	819.291
Suppliers - invoices to be received	165.308	110
Customer creditors	1.714.144	7.289.505
Other creditors	912.876	767.477
Total	**6.082.535**	**12.337.317**

20. Cash and cash equivalents

	30.09.2020	30.09.2019
Bank accounts in lei	1.951.668	542.332
Bank accounts in foreign currency	12.570.796	2.155.553
Petty cash in lei	13.213	13.216
Petty cash in foreign currency	-	-
Other values	139	18.913
Total	**14.535.816**	**2.730.014**

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

21. Capital and reserves

Capital social

IFRS 7.7
IAS 1.79(a)(i),(iii)

The structure of the shareholders as of September 30, 2020 did not change from the one existing on the reference date 17 of September, 2020, choose date for OGMS from 02 of Octomber , 2020, respectively:

	Number Of shares	**Amount (lei)**
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
	11.422.919	**28.557.298**

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 01.01-30.09.2020 there were no changes in share capital.

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 nine months of the year 2020.

Wage expenses:

	Financial exercise End at 30 September 2020 (lei)	Financial exercises End at 30 September 2019 (lei)
Administrators	858.997	671.336
Directors	845.757	770.285
	1.704.754	**1.441.621**

Board of Directors at 30.09.2020 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.

We mention the fact that in September 2020 , 2 general meetings were convened: an extraordinary one, amending the articles of incorporation of the company and an ordinary one, with several items on the agenda, including the election of directors, by the method of cumulative voting for a period The 2 general meetings were held on October 2, 2020, and the new composition of the Board of Directors, as it resulted from the expression of the votes of the shareholders is as follows:

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

22. Employees benefits (continued)

Mr. Andanut Crinel-Valer - President

Mr. Moldovan Marius-Adrian - vice president

Mrs. Dumitrescu Lucia-Carmen - member

Mr. Mihai Constantin-Marian - member

Mr. Ciurezu Tudor – member

Salaries payable at the end of the period:

	30 September 2020 (lei)	30 September 2019 (lei)
Administrators	42.918	36.236
Directors	21.485	23.515
	64.403	**59.751**

b) Employees

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

	Financial exercise Ended at 30 September 2020	Financial exercises Ended at 30 September 2019
Administrative staff	50	46
Direct productive staff	264	277
Indirect productive staff	59	36
	373	**359**

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

23. Other information, implications of the COVID-19 pandemic on the quarterly 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.

Throughout the period, from the decree of the state of emergency (March 2020) until now, the company has continued its activity, stating that at the Agigea branch due to this pandemic could not be found solutions for renting barges - the main source of income of this subunit, as we have already shown, fact for which the operating result at this branch was negative and influenced, in part, the result on total activity. However, even in these conditions, the impact that the COVID-19 pandemic had on the company's activity during the reported period was not likely to significantly influence financial performance. The company has sufficient own financial resources to ensure financial stability, there is no liquidity risk or major 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 afferent risks.

Administrator	Issued
Dr. Eng. Crinel-Valer Andanut	Ec. Marilena Visescu