



S.C. "ȘANTIERUL NAVAL ORȘOVA" 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, Orșova, 225200, Mehedinți
Tel.: 0252/362.399; 0252/361.885; Fax: 0252/360.648
E-mail: mircea.sperdea@snorsova.ro
marketing@snorsova.ro
IBAN code: RO96RNCB0181022634120001- B.C.R. Orșova
IBAN code: RO59BRDE260SV03176142600- B.R.D. Orșova



HALF-YEARLY REPORT

FOR SEMESTER I 2016, IN COMPLIANCE WITH THE REGULATION CNVM NO.1/2006
(annex no.31 from the Regulation)

DATE OF THE REPORT: 13.08.2016
NAME OF THE TRADING COMPANY: S.C. ȘANTIERUL NAVAL ORȘOVA S.A
HEADQUARTERS: NO. 4 TUFĂRI STREET, ORȘOVA TOWN, 225200 MEHEDINȚI
COUNTY
PHONE: 0252/362399; FAX: 0252/360648
SOLE REGISTRATION CODE AT THE TRADE REGISTER OFFICE: RO1614734
NUMBER IN THE TRADE REGISTER: J25/150/1991
SHARE CAPITAL ISSUED AND PAID UP: 28.557.297,5 LEI
REGULATED MARKET WHERE THE REAL ESTATE VALUES ISSUED ARE
TRANSACTIONED: STOCK EXCHANGE BUCHAREST (market symbol: SNO)

1. ECONOMICAL-FINANCIAL STATUS

The analysis on the activity during semester I 2016, in what the numbers are concerned, makes us conclude that both the production activity from the main headquarters in Orsova as well as that of ships rental from the Branch in Agigea have met an important dynamics from the corresponding period of last year, but also from the provisions in BVC.

The turnover has increased with over 136% (more than double) from the date of 30.06.2015 while the gross profit registered a growth index of 1.831% (at 30.06.2016 coming to 2.044.279 lei, whereas at 30.06.2015 the level of the gross profit was 111.631 lei).

In comparison to the provisions from BVC, it can be noticed that the income from operating has been realized in 91% and the gross income in 151,4%.

Per cost centers one can notice that while the company realized approx. 13% from the total turnover, its contribution to the gross profit is 87,5%. Subsequently, it can be stated that the ships' construction activity from the main headquarters in Orsova registered a lower earning capacity while the ships rental activity from the branch in Agigea was more profitable.

During this period even though it existed a major interest from the traditional intra-community clients' side to build river ships in Orsova, the request was further on low which enabled the decrease of the contracting costs of the ships. A sensitive increase of the orders occurred towards the end of the 1st semester of 2016.

It must be highlighted that this increase of the turnover from the previous year was to be expected, as the company fabricated 3 ships in very advanced execution phases at the end of the last year, on one side, and on the other side, the structure of contracted ships for the year 2016 was more favorable for ensuring regular permanent deliveries.

As well, at the branch from Agigea there have been concluded rental contracts for the 5 hydro-clap barges which ensured very high profit of this activity as already shown.

Apart from those mentioned above, there existed further on certain factors which had and still have a negative influence on our activity, out of which the following are worth mentioning:

- Non-completion of the litigations with the company Veka for the 2 coastal ships built in the years past and which generates additional costs of docking and with arbitration,
- Increase of costs with depreciation subsequently to the revaluation action of the building and ships, realized on 31.12.2015
- Missing qualified staff which is more and more striking, especially welders and locksmiths.

a) Assets, capitals and debts at 30.06.2016

The assets, capitals and debts at 30.06.2016, in comparison to the same period of the previous year are thus shown:

- lei -

		No.	Sold at		%
		rd.	30.06.2016	30.06.2015	
A		B	1	2	3
FIXED ASSETS					
I. TANGIBLE ASSETS		01	37.576.529	38.455.044	97,72
II. INTANGIBLE ASSETS		02	72.470	10.315	702,57
III. FINANCIAL ASSETS		03	27.603	96.715	28,54

HALF-YEARLY REPORT FOR THE PERIOD 01.01.2016-30.06.2016

FIXED ASSETS-TOTAL (rd.01 la 03)		04	37.676.602	38.562.074	97,70
CIRCULATING ASSETS					
I. STOCKS		05	40.877.743	47.156.474	86,69
II. ACCOUNT RECEIVABLES		06	10.323.195	12.535.517	82,35
III. SHORT-TERM FINANCIAL INVESTMENTS		07		-	
IV. CASH ACCOUNT AND BANK ACCOUNT		08	12.074.393	6.546.954	184,43
CIRCULATING ASSETS - TOTAL (rd.05 to 08)		09	63.275.331	66.238.945	95,53
ADVANCED EXPENSES		10	232.698	243.833	95,43
DEBTS WHICH ARE DUE PAYING UP TO ONE YEAR		11	9.395.826	12.738.046	73,76
NET CIRCULATING ASSETS/NET CURRENT DEBTS (rd.09 +10 -11-16)		12	54.112.203	48.412.699	111,77
TOTAL ASSETS MINUS CURRENT DEBTS (rd.04 +12)		13	91.788.805	86.974.773	105,53
DEBTS WHICH ARE DUE PAYING OVER A PERIOD LARGER THAN ONE YEAR		14	3.806.145	3.170.909	120,03
PROVISIONS		15	920.648	224.386	410,30
ADVANCED INCOMES		16	-	5.332.033	
CAPITAL AND RESERVES					
I CAPITAL (rd. 18 to 23)out of which:		17	48.247.567	48.882.803	98,70
-subscribed and paid capital		18	28.557.298	28.557.298	100,00
-subscribed and unpaid capital		19		-	
-adjustment of the social capital(ct.1028)	Sold C	20	23.496.414	23.496.414	100,00
	Sold D	21			
-other elements of capital (ct.103)	Sold C	22			
	Sold D	23	3.806.145	3.170.909	120,03
II. CAPITAL PREMIUMS		24	8.862.843	8.862.843	100,00
III. REVALUATION RESERVES		25	25.246.902	22.991.669	109,81
IV. RESERVES (ct.1061+1063+1068)		26	45.088.504	44.962.326	100,28
V. REPORTED RESULT EXCEPT FOR THE REPORTED RESULT COMING FROM THE FIRST TIME ADOPTION OF IAS 29 (CT.117)	SOLD C	27			
	SOLD D	28	1.351.175	1.807.670	74,75
VI. REPORTED RESULT COMING FROM THE FIRST TIME ADOPTION OF IAS 29 (CT.118)	SOLD C	29			
	SOLD D	30	40.458.524	40.458.524	100,00
VII. PROFIT OR LOSS AT THE END OF THE REPORTING PERIOD (CT.121)	SOLD C	31	1.528.109	151.612	1007,91
	SOLD D	32			
Profit allocation		33	102.214	5.581	1831,46
OWN CAPITAL - TOTAL (rd. 17+24+25+26+27-28+29-30+31-32-33)		34	87.062.012	83.579.478	104,17
Public assets (ct.1026)		35			
CAPITALS – TOTAL (rd.34+35)		36	87.062.012	83.579.478	104,17

From the data above mentioned, the following conclusions can be drawn:

- The fixed assets, respectively the tangible assets, haven't registered any significant modifications from the similar period of the previous year, to advise of their depreciation, the natural tendency is to decrease from one period to another;

although on the 31.12.2015, the company registered an increase of the inventory value subsequently to the revaluation of the construction unit and of the ships' unit from Agigea Branch, to which also the fixed means entries from semester I 2016 are added which were smaller than the decrease from depreciation, per total registering a decrease of approx. 2,3%;

- The intangible assets registered an increase by 602% (in absolute numbers with 62.155 lei) especially as a consequence to purchasing an integrated informatics system; the financial assets decreased by 72% subsequently to the partial liquidation of an escrow account for external lawyer services.
- The circulating assets decreased per total by 4,5%, especially because of stocks and account receivables reductions (by 13,3% and respectively 17,7%) in parallel with the increase of the availabilities by 84%). The decrease of the stocks was realized especially because of the ongoing execution production, by completion and delivery of 9 ships, as stipulated at point 2 of this report: ANALYSIS OF THE ACTIVITY OF THE TRADING COMPANY, but also as a consequence of the fact that on 30.06.2015, the company was registering the amount of 4.728.479 lei in the products account to third parties (a ship delivered and which didn't get to its destination to fulfill the acknowledgement terms as income according to IFRS), and on 30.06.2016 the company did not register any such cases.
- The debts with due payment up to one year have also known a period of decrease by approximately 26% especially because of the bank credits; on 30.06.2016 the credits' sold was zero while on 30.06.2015 their sold was 4.788.658 lei.
- In what the increase of provisions by 410% is concerned, it is to be mentioned that this growth is due mainly to the formation of one provision, amounting to 131.545 Euro on 30.06.2016 to cover certain penalties corresponding to certain external contracts;
- The reported result is known to have shown a decrease by 25,25% subsequently to the fact that the accounting profit realized in the previous year was used to cover the accounting loss from the previous years.
- The increase of the position "Profit allocation" by 1831% is explained by the formation of the 5% legal reserve fund, according to the legal provisions, the calculation basis being larger than in the previous year.

Subsequently to the above mentioned, the total of the assets/liabilities on 30.06.2016, registers a decrease from the corresponding period of the previous year, respectively from 105.044.852 lei on 30.06.2015 to 101.184.631 lei on 30.06.2016.

Other information concerning the assets, debts and own capitals can be found in the Notes of the financial situations completed on 30.06.2016, attached to the present report.

b) Profit and loss account.

On 30.06.2016 the operational incomes were amounting 48.183.499 lei, having the following structure:

- | | |
|--|----------------|
| - Asset sales (especially building ship bodies) | 41.655.411 lei |
| - Service providing | 1.276.574 lei |
| - Incomes from rents (especially renting ships at Agigea Branch) | 5.232.324 lei |
| - Other operational incomes | 19.190 lei |

HALF-YEARLY REPORT FOR THE PERIOD 01.01.2016-30.06.2016

From the previous year it can be registered an increase of the operational incomes by 233,8% while the corresponding expenses amounted an increase of just 224,8% which made possible the gain of profit from the operational activity which is a lot more superior to semester I of the previous year.

The gross profit from operation realized on 30.06.2016, amounting to 2.044.279 lei has the following consistency on the two headquarters:

- +1.788.535 lei at Agigea Branch
- + 255.744 lei at the main headquarters in Orsova

In comparison to the provisions from BVC it may be noticed that although the operating incomes didn't rise to the level estimated in BVC, being realized in 91% still, the gross income was realized 151,4% which in absolute numbers means that the provisions in BVC have been exceeded by 694.279 lei.

From the financial activity, the company registered a loss of 17.778 lei. To protect the exchange rate, the company carried out transactions on term during all this time with derived products of hedgehog type, transactions which positively influenced both the result of the financial activity and the total result.

Please read below, synthetically, the realizations on 30.06.2016, comparatively to 30.06.2015 and to the provisions from the incomes and expenses budget.

- lei -

NAME OF THE INDICATOR	REALIZED		ESTIMATED IN B.V.C. SEM.I 2016	%	
	30.06.2016	30.06.2015		2016/2015	REALIZ ED./BVC
TURNOVER	48.164.309	20.386.061	52.897.435	236,3	91,0
INCOME FROM OPERATION	48.183.499	20.602.583	52.897.435	233,8	91,1
EXPENSES FROM OPERATION	46.121.442	20.510.370	51.547.435	224,9	89,5
PROFIT/LOSS FROM OPERATION	+2.062.057	+92.213	+1.350.000	2236,2	152,7
FINANCIAL INCOMES	602.113	457.739	600.000	131,5	100,4
FINANCIAL EXPENSES	609.891	438.321	600.000	139,1	101,6
PROFIT FROM THE FINANCIAL ACTIVITY	- 17.778	+19.418	-	-	-
TOTAL GROSS PROFIT/LOSS	+2.044.279	+111.631	+1.350.000	1831,3	151,4
Income tax delayed/coming from the delayed income tax	-516.170	+39.981	-205.200	-	251,5
NET PROFIT/LOSS	+1.528.109	+151.612	+1.144.800	1007,9	133,5

Other information concerning the incomes and expenses can be found in the Notes to the financial situations concluded on 30.06.2016, attached to the present report.

c) Cash flow

Except for the period at the beginning of the year (the first two months) when the company had bank credits contracted (due to the large amount of ships under uncompleted fabrication), during the rest of semester I 2016, as the delivered ships started to be cashed and when the company began to deliver the goods permanently, they did not need to contract credits and all the initial credits had been completely reimbursed. Thus, at the end of semester I 2016, the sold of bank credits was zero, from 30 June 2015 when the sold of the bank credits were 4.788.658 lei.

On 30 June 2016, the company had the following approved global limit:

- 2.000.000 Euro multi-option and multi-currencies limit at BRD-GSG, running short by 1.000.000 euro from the corresponding period in 2015.

The company did not have any pending obligations at the end of semester I 2016, all the obligations having been paid in due time, both to the state budget and to the budget of social insurances, as well as to the employees, third parties and other creditors.

The company did not have contracted credits for investment during this period.

2.ANALYSIS OF THE TRADING COMPANY'S ACTIVITY

During the analyzed period, the company completed and delivered to internal and external clients a number of 9 ships, out of which 7 river ships and 2 sea ships, per total amounting to 9.223.625 euro.

It is worth to be mentioned that in the month of June 2016, it was completed and delivered in full equipment, a ship type ferry-boat for an internal client, the first of this type to have been built by our company.

Also in this period (month of February 2016), the company finished and delivered intra-community, first release, 2 pontoons type STAN Pontoon 8916 ICE, scoped to the sea activity, completely equipped. The other ships delivered are of those built also in the previous years, respectively: ships type container, barges or tanks.

An analysis in the structure of the incomes has been described in the Notes to the individual financial situations (Notes 5 and 6) which are integer part of this report.

The ongoing contracts, existing at the present time, ensure the continuity of the activity during the next period, the orders portfolio ensuring the coverage of the production capacity for the entire year 2016 and for the beginning of the year 2017. This volume of orders ensures, equitably the uploading of the labor force and even outsourcing of some works.

The average number of employees on the 30 June 2015 was 337 employees, the same as in the 1st semester of 2015.

In what the orders are concerned, the existing situation did not have any serious modifications from the previous year. The request of river ships, on the market segment on which the company develops its activity is highly linked to the capacity of goods transport on inland waters and by the structure of this request, at present being required especially the tank ships for the transport of chemical, petrol or other liquid goods, yet even that request is – still – to a very low level, from the period prior to the financial crisis.

From the factors of uncertainty for the following period we suggest:

- The volatility and progress of the exchange rate – LEI/EURO – the results of the company depend very much on a possible fluctuation, unpredictable, of the parity of the two currencies;
- The progress of the cost of metal and especially to the ship plate, as well as the manner in which this evolution is in compliance with the progress of the cost of river ships;
- The credit system performed by the external financing banks and the specific regulations concerning the terms that have to be met by the river ships and the support policy of community in this field;
- The evolution of the litigation case concerning the takeover by the company Veka of 2 coast ships built in the previous years and for which an arbitration was requested to the Court in Rotterdam, trial which was suspended for some time to give the possibility to the opposite side to clarify the contract

HALF-YEARLY REPORT FOR THE PERIOD 01.01.2016-30.06.2016

terms with the final client, in view of taking over of these ships. As the company Veka did not observe its commitment, the law case could be restarted in the near future.

The investment expenses for the first semester of this year have known a decrease from the corresponding period of the previous year, representing 52,6% of those from 2015. The expenses on this scope, in absolute numbers, were 741.651 lei on 30.06.2016, in comparison to 1.408.232 lei on the first semester of 2015. Approximately half of these expenses were realized at the headquarters in Orsova (345.206 lei) for the acquisition of special welding machines, modernization of transport and lifting means from the central storage place as well as the purchase of a certain naval ship of small dimensions for the current needs of the company. The rest of the investment expenses were realized at the branch in Agigea and refer to the continuity of the repair and modernization activity of the launching slip, as well as to the repair/modernization of ships (barges).

In comparison to the provisions from BVC (estimated 1.900.000 lei), a fulfillment index of 39% is to be registered. These expenses were financed completely out of internal sources.

The financial situations on 30.06.2016 were not audited.

3. MODIFICATIONS WHICH AFFECT THE SOCIAL CAPITAL AND THE MANAGEMENT OF THE TRADING COMPANY.

The social capital of S.C. Santierul Naval Orsova SA, registered to the Trade Register Office Mehedinti, showed no amendments during the first semester of 2016, being equally to that of 31.12.2015, respectively 28.557.297,5 LEI, the social capital is divided in 11.422.919 common nominative shares of 2,5 RON each. A share held entitled the respective shareholder to one vote right in the general meeting.

The register of the shareholders is kept in the CENTRAL STORAGE PLACE SA Bucharest.

In what the structure of the shareholders is concerned, at the end of semester I 2016, it was not modified significantly in comparison to the same period of the previous year, 2015. From the significant shareholders, the sole registering an amendment to the holdings, in the sense of an increase, is SIF Oltenia whose holdings increased from 20,383% to 21,131%.

S.I.F. Transilvania	5.711.432 shares	49,9998%	14.278.580 lei
S.I.F. Oltenia	2.413.761 shares	21,1308%	6.034.403 lei
S.I.F. Muntenia	1.504.600 shares	13,1718%	3.761.500 lei
Other shareholders	1.793.126 shares	15,6976 %	4.482.815 lei
TOTAL	11.422.919 shares	100,0000 %	28.557.299 lei

The evolution of the company's shares cost to the Stock Exchange Bucharest, during the period August 2015- August 2016 as well as the amount of the traded share is shown in the 2 diagrams below:

HALF-YEARLY REPORT FOR THE PERIOD 01.01.2016-30.06.2016



Out of these diagrams it can be noticed that the cost of SNO shares, in the past 12 months, registered a maximum value of 3,2 lei/share and a minimum one of 2,04 lei/share, and the highest amount of traded actions was in the last part of the year 2015.

In 15 April 2016, once with the General Ordinary Meeting of the Shareholders, the management committee was added up with the fifth member, namely Mister Pantea Marius Ion, thus on the date of the analysis, the managers are the following:

- Mister Mihai Fercală – president
- Mister Lucian Ionescu – member
- Mister Floriean Firu – member
- Mister Dan Voiculescu – member
- Mister Pantea Marius Ion - member

The general ordinary meeting of the shareholders, the only one on this year, had the following points on its agenda:

- Approval of the results from the revaluation of the tangible assets from the group of constructions and naval transport means. The approval of the registration of the differences from revaluation in the accounting registers on 31.12.2015.
- Presentation, debate and approval of the annual financial situations, corresponding to the fiscal year 2015, conceived according to the International Standards on Financial Reporting, based on the Management Report of the Management Board and on the Report of the financial independent auditor.

HALF-YEARLY REPORT FOR THE PERIOD 01.01.2016-30.06.2016

- *The approval of the net profit allotment realized in the year 2015. The Management Board proposed (and was approved) that the net profit amounting to 367.262 lei should be used for covering the accounting loss from the previous years.*
- *Release from administration of the managers for the fiscal year 2015*
- *Presentation, debate and approval of the project incomes and expenses budget and of the investment schedule for the year 2016*
- *Approval of the criteria and performance objectives for the year 2016, attached to the management and Mandate Contract*
- *Fulfillment of the Management Board by selection of one manager during the remaining period until the expiry of the mandate of the present Management Board, respectively until the date of 17 April 2019*
- *Approval of the date 05 May 2016 as registration date for the identification of the shareholders who undergo the effects of the general ordinary shareholders' meeting and the date of 04 May 2016 as ex data, according to art. 129² from the Regulation CNVM no. 1/2006 further amended and abridged.*
- *The power of attorney of Mr. Mircea Ion Sperdea, general manager of the company, to sign the decision of the general ordinary meeting of the shareholders (AGOA) and any necessary documents for the enforcement of the AGOA decision and to carry out the publicity forms and registration.*

The Decision no. 43/15.04.2016 adopted on this occasion was published and communicated, under legal term, to ASF Bucharest and Stock Exchange Bucharest, in compliance with the legal provisions.

*General Manager,
Eng. Mircea Sperdea*

*Economic Manager,
Ec .Gheorghe Caraiman*