Reference	***NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS***
IAS 1.51(a)-(c)	The separate financial statements in according with IFRS have been prepared for period 01.01.2019-30.09.2019. 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.-30.09.2019 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 08th, 2019.
	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 • Plant • 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.

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 "Business Combinations", issued on 22 October 2019, with effect from January 1, 2020
- Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors," as of 31 October 2018, with effect from 1 January 2020. "

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 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 and is 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.

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 Orşova, as well as at Agigea branch using the opinion of an independent external evaluator.

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

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

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

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

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.

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.
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.

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

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

(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.

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.

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

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

(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.

(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.

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

IAS 1.112(a)
117(a)

3. Significant accounting policies (continued)

(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

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.

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

IAS 1.112(a) 117(a)

3. Significant accounting policies (continued)

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

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 comprehensive income for the period covered. At retirement, the company granted, as a stimulant, two 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.

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

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

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.

(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.

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

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

117(a)

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.

Recognition of deferred tax assets and liabilities

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

4. Determination of fair value

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

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

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

4. Determination of fair value (continued)

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]**

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).

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

4. Determination of fair value (continued)

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

		30.09.2019	30.096.2018
IAS 18.35(b) (i)	*Sales of goods*	38.598.722	27.835.531
IAS 18.35(b) (ii)	Rendering of services	3.870.922	2.018.166
	Total	**42.469.644**	**29.853.697**

Incomes for first nine month of the year 20199 growth with 42.26 % compared with those coresponding to same period of past year.
In this period was delivered 5 ships. Services rendering registered a significant growth (91,80%), but these has not a significant percent from turnover.
This significant growth is due to the fact entered in execution the ferry reparation contract for SC NAVROM BAC SRL

6. Other incomes

	30.09.2019	30.09.2018
Income from rents (other than rent real estate investments)	3.737.115	3.081.860
Revenue from damages and penalties	-	-
Other operational incomes	48.025	145.375
Total	**3.785.140**	**3.227.235**

The amounts entered in the rental income position refer in particular to the rents arising from the exploitation of the ships (hydroclap salenders) under lease, existing in the Agigea branch.
In the first nine months of this year, these revenues are at a level close to the one achieved in the corresponding period of the previous year, the 5 hydroclap salender from the branch record being rented only in certain months.
There is a decrease of other operating revenues, mainly of the incomes from various recovered salary debts.

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

7. Outgoings on stocks

	30.09.2019	30.09.2018
Expenses with raw materials	8.677.992	6.862.305
Expenses of consumable materials, from whom:	5.452.886	3.997.802
Expenses *of auxiliar materials*	*4.480.478*	*3.420.165*
Expenses *of fuel*	*344.329*	*245.000*
Expenses *with spare parts*	*477.718*	*218.456*
Expenses *of other consumable materials*	*150.361*	*114.181*
Expenses regarding materials of nature inventory items	279.762	153.918
Expenses of unstocked materials	123.719	90.625
Expenses regarding goods	185.663	4.899
Received discount	(23.948)	(893)
Total	**14.696.074**	**11.108.656**

8. Utilities outgoings

	30.09.2019	30.09.2018
Expenses with energy	776.114	523.011
Expenses with water	34.656	13.567
Total	**810.770**	**536.578**

IAS 1.104 **9. Staff costs**

	30.09.2019	30.09.2018
Personnel expenses	15.405.684	11.539.073
Expenses with contributions to compulsory social insurance	1.027.276	675.705
Total	**16.432.960**	**12.214.778**
Medium number of employees	**359**	**352**

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

10. Value adjustement of current asset

	30.09.2019	30.09.2018
Losses on receivables and various debtors	20	(95.122)
Total	**20**	**(95.122)**

IAS 1.97 **11. Other outgoings**

	30.09.2019	30.09.2018
Expenses with maintenance and repairs	104.112	113.301
Expenses with royalties, managed locations and rents	452.952	614.244
Expenses with premium insurance	99.760	67.881
Expenses with commisions and fees	20.337	13.367
Protocol, advertising and advertising expenses	26.558	16.895
Goods and personel transport expenses	1.689.311	1.138.023
Travel expenses, secondments and transfers	71.296	168.399
Postage and telecommunications expenses	32.088	28.603
Banking services expenses	68.478	57.599
Other expenses for services performed by third parties	5.063.745	3.385.438
Expenses with other taxes and fees	271.820	319.361
Expenses for environment protection	8.370	9.867
Other operational expenses	93.412	43.576
Total outgoings	**8.002.239**	**5.976.554**

In the period 01.01-30.09. 2019, there is a decrease of the expenses with the rents, as a consequence of the enegotiation of the contract with APM Constanta for the rent related to the land on which the activity of the branch is carried out, public domain in property of APM.Next, we will refer to some of the above expenses by weighting in the Other expenses position.The expenses related to the transport of goods and persons, mainly refer to the transport of river vessels built at the main headquarters, from Orşova to the delivery point indicated in the commercial contracts, respectively Regensburg or Rotterdam. These expenses registered an increase over the corresponding period last year (by 48.44%).The expenses with the displacements and the secondments record a significant decrease compared to the similar period of the previous year (by 57.7%) due to the fact that the allowances in foreign currency due to the crews of the rented ships decreased, the allowances that represented the highest weight in this category of expenses. . During this period they were rented abroad without crew.

Total amount of expenses representing executed works by third parties (subcontractors) it reffers to activities of hull construction and painting works realizedzed with subcontractors. These expenses registered a growth (49.57 %) duet o the fact that the company called subcontractors, specially for metal construction.

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

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

Recognized in the profit or loss account:

		30.09.2019	30.09.2018
IFRS 7.20 (b)	Interest income from bank deposits	92.136	47.643
IAS 21.52 (a)	Incomes from exchange rates differences	721.940	404.092
	Total financial incomes	**814.076**	**451.735**
IAS 7.20 (b)	Interests expenses	-	-
IAS 21.52 (a)	Expenses from exchange diferences rates	267.338	419.390
	Total financial expenses	**267.338**	**419.390**
	Net financial result	**546.738**	**32.345**

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 2019, 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		30.09.2019	30.09.2018
	a) Expenditure on current profit tax		
IAS 12.80 (a)	Current period	708.149	255.959
IAS 12.80 (b)	Adjustments of previous periods		
	b) Deferred income tax expense		
IAS 12.80 (c)	Initial recognition and reversal of temporary differences	371.763	526.169
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)	**1.079.912**	**782.128**
IAS 12.81 (c)	**Reconciliation of effective tax rate**		
	Profit of the period	4.270.979	1.643.230
	Non-deductible expenses	76.135	27.700
	Non-taxable incomes	359.858	700.128
	Elements similar to incomes (amortisation after reevaluation 2003)	1.007.432	729.288
	Deduction of legal reserve	209.382	78.473
	Taxable profit	4.785.306	1.621.617
	Expense with the current profit tax	765.649	259.459
	Sponsorship	57.500	3.500
	Profit after taxation	3.562.830	1.387.271

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 2019, 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 2019	21.641.723	55.300.055	488.933	-	77.430.711
IAS 16.73 (e)(i)	Acquisitions	-	2.041.097	28.410	1.388.342	3.457.849
IAS 16.73 (e)(ii)	Outgoings of non current asset	-	50.102	53.955	539.407	643.464
IAS 16.73 (d)	Balance at September 30, 2019	21.641.723	57.291.050	463.388	848.935	80.245.096
	Depreciation and losses from depreciation					
IAS 16.73 (d)	Balance at 1 January 2019	-	37.996.125	415.965	-	38.412.090
IAS 16.73 (d)(vii)	Depreciation during the year	1.174.248	1.940.522	20.352	-	3.135.122
IAS 16.73 (d)(ii)	Outgoings of non current asset	-	28.650	53.955	-	82.605
IAS 16.73 (d)	Balance at September 30, 2019	1.174.248	39.907.997	382.362	-	41.464.607
IAS 1.78 (a)	**Accounting values**					
	Balance at 1 January 2019	**21,641,723**	**17,303,930**	**72,968**	**-**	**39,018,621**
	Balance at September 30, 2019	**20.467.475**	**17.383.053**	**81.026**	**848.935**	**38.780.489**

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

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

The lands, on the 30th of September 2019 have an accounting value of 1.201.941 lei being unchanged against 30.06.2017 and represent a surface of 86.000 sm, out of which:
• 85.790 sm to the head-office from Orsova and
• 210 sm to the office from Agigea Branch, Constanta County.

The company put up for sale by auction two lands owned in the Gratca area, of 937 square meters and 3,988 square meters respectively, according to the decision of the administrators from 16.02.2017. At the time of making this decision, they were appropriately restated as fixed assets held for sale (account 311), in this position, also at 30.09.2019.
The company has finalized the cadastral situation for the entire area owned by the head office in Orsova.

Revaluation of tangible non-current asset
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.

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

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

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

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 vessels group meaning maritime/fluvial transport, using services of some independent external evaluators, being registered growth and even decreases (per total a growth of 409.405 lei). With the value of revaluation surplus was credited reserves balance from revaluation of those objectives of which right value was superior to the net book value, and for the other objectives in case of whom the right value was lower than the net book value was reflected the decrease of the surplus from revaluation previously existing, being not the case of affecting of the exploitation costs in case of objectives for whom previously was not recognized a reserve from revaluation or reserve from recognized revaluation was insufficient for lowering coverage.

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. For realization of these operations the company used specialty services of the evaluator DARIAN DRS S.A., having headquarter in Timisoara. This company has a long experience and our collaboration is during for more than 4 years.
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. For constructions and ships, an increase

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

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

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. The company has used the services of a certified evaluator DARIAN DRS SA, headquartered in Timisoara. The evaluator has long experience and our collaboration is for approx. 4 years. 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 the 31st of December 2016, the company proceeded to the reevaluation of the tangible assets of the ship transport means, using the opinion of the same external independent expert assessor according to the same rules related to the registration of the resulted differences. At the general ordinary meeting of the shareholders', the results from this reevaluation shall be shown as a different point in the agenda. For the fixed means which are under preservation at Agigea Branch, a total depreciation was known for the end of 2016 of 287.458,76 lei (on 31.12.2015 this depreciation was of 252.756,17 lei).

On 31st of December 2017, Company proceeded to tangible asset of naval transport means, using same external evaluator opinion and having as basement same rules regarding resulted differences. In the General Meeting of Shareholders results of this reevaluation will be presented as a distinctive point on the agenda.

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.

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

IAS 16 **15. Tangible Non-current Assets (continued)**

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 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 lei. However, individually analyzed were positions where there were decreases, their total value being 1,054,765 lei, out of which: 1,047,790 lei were borne from the revaluation surplus previously recorded in these positions and the amount of 6,975 was incurred on costs.
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 2018, 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.

Tangible non-current assets presented at fair value, compared with cost model according to IAS 16.77 (e)

- lei-

NAME	LANDS	CONSTRUCTIONS	MEANS OF TRANSPORT
Fair value (gross) at 30.09.2019	1.201.941	20.439.782	11.623.668
Differences from reevaluation	572.314	18.331.910	4.637.048
Net book value according to cost model	629.627	2.107.872	6.986.620

Impairment losses and subsequent reversals

For fixed assets in conservation at Agigea Branch, was done also depreciation test, being recognized a total depreciation of 338.059 lei, depreciation maintained at September 30, 2019.

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, 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 400,000 EU.
- Assignment of receivables as collateral on receipts in a total value of 10.854.700 EUR, resulting from the commercial contracts concluded by the Company with third parties..

Non-tangible asset under construction

On 30.09.2019 the company has unfinished investment objectives in the amount of 84.935 lei (180.290 lei on 30.09.2018)
.

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 2019	1.070.924	1.070.924
IAS 38.118(e)	Acquisitions	2.200	2.200
	Outgoings of intangible assets	1.092	1.092
IAS 38.118	Balance at 30 of September 2019	1.072.032	1.072.032
	Depreciation and amortisation losses		
IFRS 3.B67 (d)(i),IAS 38.118	Balance at 1 January 2019	1.066.991	1.066.991
IAS 38.118(e)(vi)	Amortisation during the year	2.098	2.098
	Outgoings of fixed assests	789	789
IFRS 3.B67 (d)(viii),IAS 38.118	Balance at 30 of September 2019	1.068.300	1.068.300
	Accounting values		
IAS 38.118(c)	**Balance at 1 January 2019**	**3,933**	**3,933**
IAS 38.118(c)	**Balance at 30 of September 2019**	**3.732**	**3.732**

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.

	30.09.2019			30.09.2018		
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 September 30, 2019, the Company had made adjustments for the total depreciation of these securities, ie at the level of 684,495 lei, so that the net value was 0 lei.

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

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

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

17. Stock

		30.09.2019	30.09.2018
IAS 1.78 (c),2.36(b)	Raw materials and materials	9.827.589	11.226.827
IAS 1.78(c), 2.36(b)	Production in progress	45.954.707	47.176.720
IAS 1.78(c), 2.36(b)	Fixed assets detained for sale	68.853	68.853
IAS 1.78(c), 2.36(b)	Finished products	-	-
IAS 1.78(c), 2.36(b)	Products kept by third parties	-	-
IAS 1.78(c), 2.36(b)	Goods	-	-
	Imparment adjustments	(7.072.045)	(7.028.196)
	Stocks at net value	**48.779.104**	**51.444.204**

IAS 1.104, 2.36(e)(f) For stocks older than 2 years (for sheet stocks older than 3 years), existing on balance at the end of 2018, without movement, the company adjusted the book value, constituting a total impairment of 7,072 .045 lei. From this total value, the amount of 6,580,703 lei, concerns the depreciation of the production under production related to 2 external orders, and was calculated as the difference

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

17. Stock (continued)

between the estimated costs for the respective orders and the contract price. On 30.09.2019 the company had registered fixed assets held for sale in the amount of 68,853 lei, representing 2 lands and 1 building at the main headquarters in Orsova. The valuation reports were prepared for these fixed assets, and the sale procedure will be established**.**

18. Trade and similar receivables, other receivables and advances

		30.09.2019	30.09.2018
IAS 1.78 (b)	Trade receivables in relation to related parties	-	-
	Loans to executives	-	-
IAS 1.78 (b)	Trade receivables	14.561.370	5.530.398
	Adjustments for the impairment of trade receivables	(2.890.458)	(2.884.551)
IFRS 7.8(c)	**Net commercial loans and receivables**	**11.670.912**	**2.645.847**

	30.09.2019	30.09.2018
Claims - total	**2.265.433**	**1.673.961**
Different debitors	400.464	389.236
Suppliers - debtors	141.128	91.154
VAT to be recovered and not exigible	606.686	550.601
Adjustment for other receivables	(375.262)	(375.362)
Expenses registered in advance	155.345	119.511
Other receivables	1.337.072	898.821
Total	**13.936.345**	**4.319.808**

18. Trade and similar receivables, other receivables and advances (continued)

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

	30.09.2019	30.09.2018
At 1st January	2.890.958	2.962.681
Impairment recovery	500	78.130
Constituted depreciation	-	-
Balance at the end of period	**2.890.458**	**2.884.551**

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

19. Cash and cash equivalents

	30.09.2019	30.09.2018
Bank accounts in lei	542.332	1.320.928
Bank accounts in foreign currency	2.155.553	8.788.811
Petty cash in lei	13.216	20.653
Petty cash in foreign currency	-	-
Other values	18.913	10.472
Total	**2.730.014**	**10.140.864**

20. Capital and reserves

Capital social

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

The structure of the shareholders as of September 30, 2019 did not change from the one existing on the reference date of April 4, 2019, date chosen for the OGMS of April 18, 2019, respectively:

	Number Of shares Procentaj	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 01.01-30.09.2019 there were no changes in share capital

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

21.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 2019.

Wage expenses:

	Financial exercise End at 30 September 2019 (lei)	Financial exercises End at 30 September 2018 (lei)
Administrators	671.336	609.021
Directors	770.285	727.149
	1.441.621	**1.336.170**

Board of Directors at 30.09.2019 is as follows:

Mr. Mihai Fercală – President

Mr. Firu Floriean – member

Mr. Lucian Ionescu – member

Mr. Ciurezu Tudor– 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.

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

21. Employees benefits (continued)

Salaries payable at the end of the period:

	30 September 2019	30 September 2018
	(lei)	(lei)
Administrators	36.236	28.486
Directors	23.515	20.308
	59.751	**48.794**

b) Employees

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

	Financial exercise Ended at 30 September 2019	Financial exercises Ended at 30 September 2018
Administrative staff	46	44
Direct productive staff	277	255
Indirect productive staff	36	53
	359	**352**

Administrator
Dr. Ec. Mihai Fercală

Issued
Ec. Marilena Visescu