



ȘANTIERUL NAVAL ORȘOVA S.A.
Nr. RC J25/150/1991 CIF: RO 1614734
Capital social: - subscris 28.557.297,5 lei
- varsat 28.557.297,5 lei
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Codul LEI (Legal Entity Identifier): 254900UAXJ8TPIKLG79
Cod IBAN: RO96RNCB0181022634120001- B.C.R. Orșova
Cod IBAN: RO59BRDE260SV03176142600- B.R.D. Orșova



**REPORT REGARDING THE RESULT OF THE RE –ASSESSMENT OF THE
CONSTRUCTIONS AND OF SHIP TRANSPORT MEANS
ON 31.12.2021**

Dear shareholders,

According to the Accounting regulations which are in compliance with the International Standards of Financial Reporting (IAS16), but also with the company's accounting principles from the GUIDE of the accounting policies approved by the Management Board, the company started the reassessment of the main groups of tangible assets on 31.12.2021, respectively:

- Re-assessment of group 1 of fixed assets: CONSTRUCTIONS, both for those from the main head-office in Orșova as well as those from the branch in Agiea;
- Re-assessment of the ships' group existing at the head-office and branch-office;
- Carrying out the degradation test for the dormant fixed assets at the branch in Agiea.

The last revaluation of these fixed assets took place in 2018 for the construction group and in 2020 for the ship group, respectively the depreciation test was performed for the fixed assets in conservation and the fair value of the real estate investment was established on 31.12. 2020.

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

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

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

According to the Assessment report, the following differences to be recorded resulted:

Total differences from revaluation (increase),	3,301,954.11 lei
from which:	
o Increase	4,301,651.26 lei
o Decrease	999,697.15 lei

From which,

a) differences from revaluation, Orșova headquarters – total	+ 3,474,224.07 lei
- constructions	+ 3,483,983.45 lei
- means of transport (ships)	- 9,759.38 lei
b) differences from revaluation, Agigea suc- total	- 172,269.96 lei
- constructions	+ 817,667.81 lei
- means of transport (ships)	- 989,937.77 lei

In the construction group, although in total there is an increase in both Orsova and Agigea, there were still decreases in some buildings. Thus, out of the total number of 95 revalued construction positions in Orsova, there were decreases in 6 positions and increases in the rest, and of the 30 revalued building positions in Agigea, in 3 positions there were decreases and 27 positions increases.

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

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

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

In accordance with the above, both the increase and decrease in revaluation was recorded at the expense of capital, namely in the account 105 "Revaluation Reserves".

Based on the Valuation Report, the company also recorded operations related to the other categories of fixed assets subject to valuation, as shown at the beginning of this report, namely the depreciation of other fixed assets in conservation, except for buildings, in the amount of 435,721.16 lei. On 31.12.2021, the company's costs were affected by the value of 29,199.14 lei depreciation of the other fixed assets in conservation, except for the buildings, the company having already constituted, from the previous years, a depreciation of 406,522.02 lei.

Regarding the real estate investment, the fair value on 31.12.2021 determined by the appraiser was 522,935.95, registering consequently a gain from the appraisal in the amount of 14,216.96 lei

General Manager,
Mircea Ion Sperdea

Economic Manager,
Marilena Visescu