



SOCEP S.A.
QUARTERLY REPORT
ON FINANCIAL STATEMENTS
AS AT 09/30/2020

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**QUARTERLY REPORT
ON FINANCIAL STATEMENTS
COMPLYING TO A.S.F. REGULATION NO.5/2018
FOR THE THIRD QUARTER 2020**

Report Date	11/15/2019
Name of Shares Issuer	SOCEP S.A.
Registered Office	Constanța, Incinta Port, Dana 34
Phone/fax	0374.416142 / 0241 693759
Fiscal Code	RO 1870767
Company Number in the Trade Register	J 13 / 643 / 1991
Subscribed Share Capital	35,399,149.00 lei split in 353,991,490 registered dematerialized shares with a nominal value of 0.10 lei/share
Trading Market	B.V.B., Standard category, symbol SOCP

SYNTHESIS OF ECONOMIC AND FINANCIAL INDICATORS

1. FINANCIAL AND ECONOMIC STATE

a) **The main elements of the Balance Sheet** and of the Profit and Loss Account, compared to the same time period of the previous year, are below listed:

ECONOMIC INDICATORS		UNIT	09/30/2019	09/30/2020
I.	TOTAL ASSETS	lei	212,760,119	368,072,649
1.1.	Fixed Assets	"	151,727,010	334,269,762
1.2.	Stocks	"	1,321,304	1,329,974
1.3.	Receivables	"	17,952,783	18,663,410
1.4.	Cash and Bank Accounts	"	32,185,052	10,481,777
1.5.	Accruals and prepaid expenses	"	220,252	237,393
1.6.	Short Term Investments	"	9,353,718	3,090,333
II.	TOTAL LIABILITIES	lei	196,479,859	368,072,649
2.1.	Shareholders' Equity	"	182,135,917	179,992,062
2.2.	Total Debts	"	30,087,665	187,901,216
2.3.	Upfront Revenues	"	18,214	16,846
2.4.	Provisions	"	518,323	162,525

b) Profit and Loss Account

	INDICATORS	UNIT	09/30/2019	09/30/2020
I.	TURNOVER	lei	57,637,415	50,461,631
II.	TOTAL REVENUES	”	70,116,952	54,871,933
III.	TOTAL EXPENSES	”	46,112,068	49,753,836
IV.	GROSS PROFIT	”	24,004,884	5,118,097

Following items are the assets with a minimum 10% share – out of total assets: buildings (11.54%), equipment and machinery (32.43%). Expense items with a minimum 10% share – out of net sales (turnover) are the personnel expense (40.67%), the external services expense (14.02%), the materials and supplies expense (11.68%) and the depreciation expenses (21.07%).

At the end of third quarter 2020 company recorded provisions in a total amount of lei 283,086, as follows:

- Provisions for employees benefits	= 120,561 lei
- Other types of provisions	= 5,784 lei.
- Provisions for unpaid rest leave	= 56,741 lei
- Other provisions for litigation	= 100.000 lei

Provision for employees benefits in an amount of 120.561 lei has been created for the bonuses granted to the employees at the retirement date – according to SOCEP Labor Contract (*Contract Colectiv de Muncă la nivel de societate*).

c) Financial and Economic Indicators

INDICATORS	CALCULATION PROCEDURE	RESULTS	
		09/30/2019	09/30/2020
1. Current Ratio	Current Assets/Current Liabilities	4.55	1.97
2. Indebtedness degree	Loan Capital ----- x 100	9.46%	94.04%
	Equity Capital		
3. Rotation Speed of Customers' debts	Loan Capital ----- x 100	8.64%	48.46%
	Committed Capital		
4. Rotation Speed of Fixed Assets	Customers' Average Balance ----- x 270	77.00	83.00
	Turnover		
	Turnover/Fixed Assets	0.38	0.15

2. BUSINESS ANALYSIS

2.1. During the reported period the harbor cargo traffic decrease by 16.67% compared to same period of previous year, meaning 293 thousand tons of cargo. The benchmarking on different types of cargo is below listed:

TYPES OF CARGO		UNIT	09/30/2019	09/30/2020
I.	HARBOR CARGO TRAFFIC	thousand tons	2,312	2,019
1.1.	General Cargo and Bulk	879	945	879
1.2.	Containerized Cargo	844	732	844
1.3.	Mineral bulk cargo	589	342	589
II.	TOTAL NUMBER OF CONTAINERS		62,730	50,367
III.	TOTAL TEU-s		106,735	78,028

From the above mentioned benchmarking, it is noticeable a increase of general cargo and bulk. On the other hand, the containerized cargo and mineral bulk cargo increase their share. The first types of cargo recorded a increase by 8.79%, compared to same period of last year, while the containerized cargo scored an decrease by 0.25% and cargo mineral bulk by 8.54%.

The benchmarking on different types of services has following results:

TYPES OF SERVICES		UNIT	09/30/2019	09/30/2019
I.	TOTAL TURNOVER	lei	57,637,415	50,461,631
1.1.	Handling Operation	”	42,912,097	45,409,050
1.2.	Storage Operation	”	6,710,084	11,540,841
1.3.	Other types of services	”	668,286	522,160
1.4.	South Agigea Area	”	171,164	165,364

Within the total turnover, there has been a change of all the elements' ratio, compared to same quarter of last year. Therefore, compared to same period of 2019, the company registered an decrease of the turnover, with 12.45%.

2.2. Capital expenses until 09/30/2020 have aimed mainly purchasing of pieces of equipment. However, the major ratio is represented by the planned starting of Grain Terminal investment.

In same respect, company is pursuing its investment policy by acquiring new equipment in order to improve productivity.

In the third quarter, the 84-tonne Liebherr portal crane was put into operation.

Capital expenses are to be found in the Investment Program and have been paid from company's own resources.

2.3. For the near future there are no foreseeable events, transactions or economic changes which might significantly alter operating revenues, except for the fact that: on in EGMS held on 06/01/2020 it has been approved the merger (merger by absorption) between SOCEP SA and Casa de Expediții Phoenix SA, registered office in Constanța, Incinta Port, jud.

Constanța, registration number in Trade Register J 13/703/1991 and fiscal code RO 1878000. SOCEP SA is to absorb Casa de Expediții Phoenix SA and merger is planned to be done at its evaluated worth.

3. SIGNIFICANT TRANSACTIONS

We specify that, after the date of preparation of the financial statements, significant events have occurred that influence the financial position and performance of the company, which may be affected, in which case it will be found that it is necessary to reconsider the application of IFRS 16 “Leasing” Regarding the acquisition of an interest in a joint operation, being required the revaluation of “Leasing debts related to the rights of use”, which would generate;

- Increase of "Leasing debts related to usage rights" with the value of 2,781,584 lei;
- Decrease of the profit related to the exercise with the value of 2,376,414 lei;

In EGMS held on 06/01/2020 it has been approved the merger (merger by absorption) between SOCEP SA and Casa de Expediții Phoenix SA, registered office in Constanța, Incinta Port, jud. Constanța, registration number in Trade Register J 13/703/1991 and fiscal code RO 1878000. SOCEP SA is to absorb Casa de Expediții Phoenix SA and merger is planned to be done at its evaluated worth.

Financial Statements are not audited.

4. APPROVALS AND ANNEXES

Present Report has been authorized for publication by the Management Board, on 11/15/2019. The explanatory notes are part of the individual financial statements.

Annexes:

- Statement of Financial Position at 09/30/2020
- Statement of Comprehensive Income at 09/30/2020
- Statement of Equity changes at 09/30/2020
- Cash Flow statement at 09/30/2020
- Explanatory Notes to the Financial Statements on 09/30/2020.

The Individual Financial Statements as at 09/30/2020 are drawn up in accordance with International Financial Reporting Standards adopted by European Union and O.M.F.P. No.2844/2016, as amended and subsequently supplemented.

Financial Reports are not audited.

General Manager

Dorinel Cazacu

Financial Manager

Cristian-Mihai Ududec

STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30-th 2020

		= Lei =	
	NOTE	01/01/2020	09/30/2020
NON-CURRENT ASSETS			
- Tangible assets	1	101,198,145	148,649,620
- Intangible assets	2	62,827	2,022,201
- Right-of-use asset	3	149,407,224	145,792,536
- Financial assets available for sale	4	409,044	410,367
- Investments in subsidiaries and associates	5	33,397,952	33,397,952
- Other long term investments	6	7,054,697	781,916
- Real estate investments	1	3,201,307	3,215,169
TOTAL NON-CURRENT ASSETS		294,731,196	334,269,762
CURRENT ASSETS			
- Stocks	7	1,306,149	1,329,974
- Clients and other receivables	8	15,946,258	17,919,127
- Receivables regarding profit tax	15	1,480,697	744,283
- Accrued charges	9	180,184	237,393
- Cash and cash equivalents	10	41,966,630	13,572,111
TOTAL CURRENT ASSETS		60,879,918	33,802,887
TOTAL ASSETS		355,611,114	368,072,649
EQUITY			
- Share capital	11	34,342,574	35,399,149
- Share capital adjustment	11	164,750,632	164,750,632
- Share premium	11	0	1,091,443
- Reserves	12	40,647,612	39,209,012
- Own share	11	0	-4,087,907
- Retained earnings	13	99,115,113	108,223,310

- Retained earnings from the adoption of IAS 29	11	-164,750,632	-164,750,632
- Other elements of equity	14	-126,368	157,054
TOTAL EQUITY		173,978,931	179,992,062
LIABILITIES			
Non-current liabilities			
- Deferred tax liabilities	15	3,782,811	3,500,713
- Other liabilities	16	0	80,387
- Liabilities of leases of a right-of-use asset	3	148,832,525	145,561,224
- Deferred income	18	0	0
- Provisions for employee benefits	20	548,796	120,561
- Long term bank loans	17	10,929,369	19,997,224
TOTAL NON-CURRENT LIABILITIES		164,093,501	169,260,108
Current liabilities			
- Suppliers and other liabilities	19	6,008,078	5,177,187
- Other liabilities	16	0	19,541
- Liabilities of leases of a right-of-use asset	3	4,961,000	4,976,452
- Long term bank loans – maturity up to 1 year	17	6,163,242	8,308,677
- Interest related to long term loans	17	52,154	14,168
- Current income tax owed	14	0	145,083
- Provisions	20	320,379	162,525
- Deferred income	18	33,829	16,846
TOTAL CURRENT LIABILITIES		17,538,682	18,820,479
TOTAL LIABILITIES		181,632,183	188,080,587
TOTAL EQUITY AND LIABILITIES		355,611,114	368,072,649

General Manager
Dorinel Cazacu

Financial Manager
Cristian-Mihai Ududec

**STATEMENT OF COMPREHENSIVE INCOME
AS AT SEPTEMBER 30-th 2020**

= Lei =

	Note	09/30/2019	09/30/2020
Income	21	57,666,910	50,461,631
Other income	22	442,077	1,430,529
Raw materials and consumables	23	-5,827,711	-5,892,154
Cost of sold goods	24	-88,495	-31,997
Services provided by third parties	25	-11,527,426	-7,073,435
Employee benefits expense	26	-19,467,372	-20,523,505
Impairment and amortization expense	27	-7,320,037	-10,633,710
Other expenses	28	-885,125	-1,208,059
Other gains/losses from operations - net	29	119,816	465,212
Profit/(loss) from operation		13,112,637	6,994,512
Financial income	30	10,731,106	161,300
Financial expense	31	-592,962	-1,260,807
Other financial gains/losses (net)	32	754,104	-177,722
Profit before tax		24,004,885	5,717,284
Income tax expense	15	-2,194,920	-599,187
PROFIT FOR THREE QUARTER		21,809,965	5,118,097
OTHER COMPREHENSIVE INCOME ELEMENTS			
Elements not to be subsequently reclassified under profit or loss		1,279,446	-1,482,129
Gains or losses from evaluation of assets	12	1,523,150	-1,764,439
Deferred income tax related to other comprehensive income elements	14	-243,704	282,310
Elements not to be subsequently reclassified under profit or loss		7,447	1,112
Gains or losses on financial assets available for sale	14	8,919	1,324
Deferred income tax related to other comprehensive income elements	14	-1,472	-212
OTHER COMPREHENSIVE INCOME ELEMENTS FOR THREE QUARTER (without tax)		1,286,893	-1,481,017
TOTAL COMPREHENSIVE INCOME FOR THREE QUARTER		23,096,858	3,637,080

General Manager
Dorinel Cazacu

Financial Manager
Cristian-Mihai Ududec

STATEMENT OF EQUITY CHANGES AS AT 30-th SEPTEMBER 2020

	SHARE CAPITAL	SHARE CAPITAL ADJUSTMENTS	RESERVES	RETAINED EARNINGS	RETAINED EARNINGS FROM ADOPTING IAS 29	OTHER EQUITY ELEMENTS	SHARE PREMIUM	OWN SHARE	TOTAL EQUITY
BALANCE AS AT 01/01/2020	34,342,574	164,750,632	40,647,612	99,115,112	-164,750,632	-126,368	0	0	173,978,930
Profit for the three quarter 2020	0	0	0	5,118,097	0	0	0	0	5,118,097
Change in fair value for financial assets available for sale	0	0	0	0	0	1,324	0	0	1,324
Deferred income tax related to change in fair value of financial assets available for sale	0	0	0	0	0	-212	0	0	-212
Reserves from revaluation of realized tangible assets	0	0	-1,764,439	1,764,439	0	0	0	0	0
Reserves from revaluation of unrealized tangible assets	0	0	0	0	0	0	0	0	0
Deferred income tax on realized revaluation differences	0	0	0	-282,310	0	282,310	0	0	0
Merger	1,056,575		325,840	2,507,973			1,091,443	-4,087,907	893,923
BALANCE AS AT 09/30/2020	35,399,149	164,750,632	39,209,013	108,223,310	-164,750,632	157,054	1,091,443	-4,087,907	179,992,062

General Manager
Dorinel Cazacu

Financial Manager
Cristian-Mihai Ududec

CASH FLOW STATEMENT
AS AT 30-th SEPTEMBER 2020

	30.09.19	30.09.20
FLUXURI DE NUMERAR DIN ACTIVITĂȚI DE EXPLOATARE		
Încasări de la clienți	62,637,576	54,208,438
Plăți către furnizori și angajați	-40,242,515	-34,865,777
Dobânzi plătite		
TVA și alte impozite (mai puțin impozitul pe profit)	-4,843,428	-791,760
Impozit pe profit plătit	-2,254,661	0
Alte încasări	5,236,517	736,594
Alte plăți	-5,060,480	-874,174
I. NUMERAR NET DIN ACTIVITĂȚILE DE EXPLOATARE	15,473,010	18,413,321
FLUXURI DE NUMERAR DIN ACTIVITĂȚI DE INVESTIȚII		
Plăți pentru achiziționarea de imobilizări necorporale		
Plăți pentru achiziționarea de imobilizări corporale	-24,491,258	-54,991,686
Plăți pentru rascumparare actiuni fuziune		-4,084,532
Încasări din vânzarea de imobilizări corporale		0
Transfer numerar in cadrul fuziunii		1,596,391
Dobânzi încasate	273,272	105,415
Dividende încasate	10,481,724	4,557
II. NUMERAR NET DIN ACTIVITĂȚI DE INVESTIȚII	-13,736,263	-57,369,855
FLUXURI DE NUMERAR DIN ACTIVITĂȚI DE FINANȚARE		
Încasări din împrumuturi pe termen lung	0	31,100,647
Plăți aferente împrumuturilor pe termen lung	-4,622,432	-20,158,570
Dobândă aferentă împrumut	-613,458	-202,340
Dividende plătite	-23,928	0
III. NUMERAR NET DIN ACTIVITĂȚI DE FINANȚARE	-5,259,817	10,739,737
IV. CREȘTEREA NETĂ A NUMERARULUI ȘI ECHIVALENTELOR DE NUMERAR (I+II+III)	-3,523,070	-28,216,797
V. INCIDENȚA VARIAȚIEI CURSURILOR DE SCHIMB	744,970	-177,722
VI. NUMERAR ȘI ECHIVALENTE DE NUMERAR LA ÎNCEPUTUL EXERCIȚIULUI FINANCIAR	44,316,871	41,966,630
VII. NUMERAR ȘI ECHIVALENTE DE NUMERAR LA 30.09.	41,538,770	13,572,111

General Manager
Dorinel Cazacu

Financial Manager
Cristian-Mihai Ududec

Notes on Individual Financial Statements

As at September 30-st 2020

All the amount are mentioned in Lei (RON) unless otherwise stated

OVERVIEW

Founded in 1991 as a joint stock company that was based on a functional terminal specialized in container and raw materials operation for metallurgy, SOCEP SA is one of the largest port operators in Constanta Port, Its activity is structured on two distinct operating terminals: container terminal (500 000 TEU - annual operating capacity) and general cargo terminal (3 million tons general cargo per unit and bulk cargo - annual operating capacity),

SOCEP S.A. has the following identification data:

- Registered office: Constanța, Incinta Port, Dana 34;
- Trade Register number: J 13/643/1991;
- Tax Identification Number: RO 1870767;
- Main business: cargo handling, NACE code 5224;
- Share capital: 35,399,149.40 lei, divided in 353,991,490 uncertified shares; the nominal value of one share is 0.10 lei;
- Legal form: joint stock company, listed on Bucharest Stock Exchange Standard category, symbol "SOCP";
- Type of ownership: private capital owned by individuals and legal entities.

In accordance with the decision of the Extraordinary General Meeting of Shareholders dated 14 December 2012, starting from 15 December 2012, the company is managed in a two-tier system by a duly operating Supervisory Board and Management Board. Both Boards are acting within the framework of law.

The Supervisory Board consists of 3 members. The Supervisory Board members are:

- | | |
|----------------|-------------------|
| - DUȘU NICULAE | - President |
| - DUȘU ION | - Vice-President |
| - SAMARA STERE | - Vice-President. |

Since 05/18/2020, according to Supervisory Board decision, the Executive Board consists of 5 members. The members of the Executive Board are:

- | | |
|-------------------------|------------------------------------|
| - Cazacu Dorinel | - President of the Executive Board |
| - Codeț Gabriel | - Member |
| - Pavlicu Ramona | - Member |
| - Ududec Cristian Mihai | - Member. |
| - Ștefanescu Niculaie | - Member |
| - | |

FUNDAMENTALS OF PREPARATION

Declaration of Conformity

The financial statements of SOCEP S.A. have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Fundamentals of evaluation

The financial statements have been prepared under the historical cost convention, except for re-valued fixed assets (buildings). When transition to International Financial Reporting Standards implementation completed, the company's share capital was adjusted to inflation according to IAS 29 "Financial reporting in hyperinflationary economies". The adjustment was made until 31 December 2003, when the Romanian economy ceased to be considered hyperinflationary.

Business continuity

According to studies performed, management board members consider that the company has adequate resources to continue operating for the foreseeable future. Therefore, the company adopted principle of business continuity in preparing the financial statements.

Functional currency and presentation currency

The financial statements of the company are displayed in lei (RON) and the presentation currency is the same as the functional currency.

Use of estimates and professional judgments

The preparation of financial statements according to IFRS requires the management to use certain estimates, judgments and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and on other factors deemed reasonable in the context of such estimates. The results of these estimates form the basis for judgments about the carrying amounts of assets and liabilities that cannot be obtained from other sources of information. Actual/current results may differ from these estimates.

SIGNIFICANT ACCOUNTING POLICIES AND METHODS

Transactions in foreign currency

Foreign currency transactions are exchanged into the functional currency using the exchange rates at the dates of the transactions. Gains and losses resulting from foreign exchange differences on the settlement of such transactions and from the conversion of monetary assets and liabilities expressed in foreign currencies at the exchange rate from the date of statement of financial position are reflected in profit or loss for that period.

Monetary assets and liabilities denominated in foreign currency at the date of statement of financial position are converted into the functional currency using the exchange rate on the date of statement of financial position.

Gains and losses on exchange rate, related to cash and cash equivalents, are presented in the statement of comprehensive income under "other financial gains or losses, net". All the other gains and losses on exchange rate are displayed under "other operating gains and losses, net".

Segment reporting

Reporting by business segment is made in a manner consistent with internal reporting to the chief operating decision maker. The key operating decision maker, who is responsible for allocating resources and assessing performance of operating segments, is the Supervisory Board.

Tangible assets

Tangible assets are initially recognized at their respective cost, which includes costs directly attributable to their acquisition or production.

Subsequent to initial recognition, buildings are assessed at re-valued amount, determined by periodic assessments conducted every three years by external independent assessors, less subsequent amortization and impairment. During building revaluation, any accrued impairment at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is recorded as re-valued amount of the asset. Increases in the carrying amount arising from the revaluation of buildings are credited to revaluation reserve reflected under the equity category. Reductions compensating increases in value related to the same asset are reflected in the debit of revaluation reserves and other reductions are reflected in profit or loss for the period. The amounts recorded in the revaluation reserve are transferred to retained earnings as the asset is being depreciated. All other tangible assets are assessed subsequent to initial recognition at their cost, less accrued impairment and impairment adjustment.

Expenses subsequent to initial recognition of a tangible asset are added to their carrying amount only when future economic benefits associated to that asset are likely to be entered and the cost of the asset can be assessed reliably.

Repair and maintenance expenses are recorded in the period in which they are incurred.

Land is not depreciated. Impairment of other items of tangible assets is determined based on linear impairment method and useful lives are as follows:

- | | |
|--|-------------|
| - Special buildings and structures: | 8-60 years; |
| - Technological equipment: | 4-18 years; |
| - Devices and equipment for measurement, control and adjustment: | 5-18 years; |
| - Means of transport: | 2-15 years; |
| - Furniture, office equipment, protective equipment for human and material values and other tangible assets: | 4-15 years; |
| - Computers and peripherals: | 2-4 years. |

Since the company's management estimates that the tangible assets will be used until the end of their physical life, their residual value is zero.

Intangible Assets

On initial recognition, intangible assets are valued at cost determined on the basis of IAS 38 "Intangible Assets". Subsequent to initial recognition, intangible assets are measured at cost

less the accumulated impairment. The company has not conducted any revaluations of intangible assets.

Licenses acquired for having the right of using computer software are capitalized on the basis of the costs incurred with the acquisition and commissioning of the software in question. These costs are amortized over their estimated useful life (usually 3 years).

The costs of maintaining computer software programs are recognized as expenses in the period in which they are incurred.

Impairment of non-financial assets

Assets subject to amortization are reviewed for impairment losses whenever there are circumstances that indicate that their carrying amount may not be recoverable. An impairment loss is the difference between the carrying amount and the recoverable amount of that asset. The recoverable amount is the greater between the asset's usage value and its fair value, less any sale costs.

Financial instruments

Financial assets and liabilities include equity instruments as financial assets available for sale, equity instruments in subsidiaries and associates, customers and other receivables, cash and cash equivalents, suppliers and other debts.

Financial assets available for sale

Financial assets available for sale are non-derivatives that are specifically classified in this category or not fit in another category of financial assets. They are included in non-current assets unless management intends to dispose of the investment within 12 months from the end of the reporting period.

Financial assets available for sale are valued at cost.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are valued at their respective cost. The company did not recognize impairment adjustments for them.

Receivables from customers and similar accounts

Receivables from customers and similar accounts are non-derivative financial assets with fixed or determinable receipts that are not listed on an active market. They are included under current assets (customers and other receivables).

Stocks

Stocks are stated at the lowest value between cost and net realizable value. The cost is determined using the weighted average cost method (CMP/ACM). In the normal course of business, net realizable value is estimated based on selling price less the involved costs.

Trade receivables (customers)

Customer receivables are usually collected in a period of less than one year and are therefore treated as current assets.

Cash and cash equivalents

Cash and cash equivalents consist of liquidities in cash and current accounts, deposits with a maturity of less than 3 months and other securities. The available foreign currency cash and bank deposits in foreign currencies are measured and presented in the statement of financial position using the exchange rate announced by the NBR and valid at the date of the financial position statement.

Share capital

The share capital includes ordinary shares recorded at nominal value. Any excess of fair value received over the nominal value of issued shares is recognized as share premium.

The company recognizes changes in share capital under the terms specified by the legislation in force and only after their approval by the General Meeting of Shareholders and their registration with the Trade Register.

Dividend distribution

The distribution of dividends is recognized as a liability in the company's financial statements for the period in which such dividends are approved by shareholders.

Trade payables (suppliers)

Trade payables are obligations to pay for goods or services acquired in the ordinary course of business from suppliers. They are classified as current liabilities. Payables arising from foreign currency transactions are measured in lei based on the exchange rate at the transaction date. Payables in foreign currency are measured using the exchange rate as communicated by NBR and valid at the date of the financial position statement.

Deferred current income tax

Tax expense for the period includes current tax and deferred tax.

Current income tax expense is calculated based on tax regulations in force at the date of the statement of financial position.

Deferred income tax is determined taking into account the temporary differences arising between the carrying amounts and tax bases of assets and liabilities. Deferred income tax is determined using tax rates provided by the legislation in force to apply in the period when the temporary difference is achieved.

Deferred tax recorded as receivable is recognized only in as much as a future taxable profit is likely to be obtained, from which temporary differences can be deducted.

Employees' benefits

In the normal course of business, the company makes payments to the Romanian State on behalf of its employees for pension, health and unemployment funds. All company employees are members of the Romanian State pension plan. Wages, salaries, contributions to pension funds and social security of the Romanian state, annual leave and paid sick leave, bonuses and non-monetary benefits are accumulated during the year in which the related services are rendered by company employees.

The company grants to its employees, in case of retirement or early retirement, an end-of-career reward of three base monthly salaries as received in the retirement month.

Provisions

Provisions are recognized when the company has a legal or implicit obligation arising from past events, when a disbursement of resources incorporating economic benefits is necessary to settle the obligation, and when a reliable estimate can be made regarding the amount of the obligation.

Provisions are measured at the updated value of the expenses expected to be required to settle that obligation using a pre-tax rate that reflects current market assessments of the time value of money and the obligation-specific risks. Increase in the provision due to passage of time is recognized as financial charges on provision updating.

Income recognition

Income is assessed at the fair value of the amount received or to be received from the sale of goods and provision of services in the company's ordinary course of business.

Income is recognized when their value can be reliably assessed, when future economic benefits are likely to be achieved for the entity and when specific criteria are met for the recognition of each category of income.

a) Income from provided operations

Income from provided port operations is recognized according to the stage of completion of the transaction at the end of the reporting period. Thus, income is recognized in the accounting periods in which services are provided.

The operations under way, not yet invoiced to customers, are recorded into account 418 "Customer invoices to be issued" and are presented in the statement of financial position under "customers and other receivables".

b) Income from sale of goods

Income from sale of goods is recognized when the company transfers the significant risks and rewards related to the ownership of goods. In case of the company, the transfer of ownership right occurs upon delivery of products.

c) Interest income

Interest income is recognized using accrual accounting effective interest method.

d) Income from rents

Income from rents is recognized on an accrual basis in accordance with the economic substance of the contracts involved.

NOTE 1. TANGIBLE ASSETS

Change in gross value, amortization and book value for each category of fixed assets is as follows:

lei

	Lands and buildings	Plant and machinery	Furniture, accessories and other equipment	Real estate investment	Assets in progress	Tangible assets advances	Total
As at 01/01/2020							
Cost or reassessed value	40,188,879	101,799,892	575,869	3,201,307	21,489,127	1,766,798	169,021,872
Cumulative amortization	-6,752,723	-57,432,484	-437,213		0	0	-64,622,420
Net carrying value	33,436,156	44,367,408	138,656	3,201,307	21,489,127	1,766,798	104,399,452
On 01/01/2020							
Initial net carrying value	33,436,156	44,367,408	138,656	3,201,307	21,489,127	1,766,798	104,399,452
Receipts	2,621,130	4,448,187	117,92	66,538	37,251,348	87,023	44,592,146
Disbursements	-339,767	-353,292	0	0	-15,19	-19,733	-727,983
Amortization for disbursements	21,425	353,292	0	0	0	0	374,717
Amortization expense	-3,489,338	-7,017,921	-98,134	-52,676	0	0	-10,658,069
Final net carrying value	32,249,606	41,797,674	158,442	3,215,169	58,725,284	1,834,088	137,980,264
On 09/30/2020							
Cost or reassessed value	42,470,242	105,894,787	693,789	3,267,845	58,725,284	1,834,088	212,886,036
Cumulative amortization	-10,220,636	-64,097,113	-535,347	-52,676	0	0	-74,905,772
Net carrying value	32,249,606	41,797,674	158,442	3,215,169	58,725,284	1,834,088	137,980,264



Tangible assets have been recognized at the time of entry, at their cost, and subsequent revaluations were performed based on HG. 26/92, H.G. 500/94, H.G. 983/98, H.G. 403/2000 and H.G. 1553/2004.

The company constructions were last revaluated on 31 December 2017 by an independent assessor, as follows:

- 7,504,683 lei – representing value increase and recorded within the credit of unrealized revaluation reserves account;
- 92,288 lei – representing value reduction and recorded within the debit of existing unrealized reserves account;
- 13,218 lei – representing value reduction and recorded within the profit and loss account.

The evaluation report had as main goal estimation of fair value according to International Evaluation Standards SEV 2014 – Tangible Assets Evaluation for Financial Reporting, with the specific purpose of accounting recording in order to comply with GD (HG) 276/21.05.2013 and it's implementation rules. The applied methodology is in absolute compliance with International Accounting Standards – IFRS 13 related to accounting records of tangible assets including carrying value of the assets using the revaluation based pattern.

For the revaluation differences deferred taxes have been also taken into account.

Up to 09/30/2020 total investments in an amount of 22,756,225 lei have been put into operation, as follows:

- | | |
|--------------------|----------------|
| → merger | 7,270,870 lei |
| → goodwill | 1,910,593 lei |
| → purchase | 13,569,000 lei |
| → own construction | 5,762 lei |
- The company has tangible assets acquired under financial leasing, a car, as a result of the takeover from the merger, having a value of 40,827.56 lei.
 -
 - According to BRD Loan Contract for financing PACECO project, the company mortgaged the STS crane and two container handling equipment; along with this new mortgage, the former one concerning 4 KOMATSU loaders and one Hyster has been cancelled.
 -
 - The newly established mortgage remains valid until SOCEP SA will become full owner of the assets acquired from this contracted loan, namely one PORTAINER crane (STS) and two TRANSTAINER cranes (RTG).

NOTE 2. INTANGIBLE ASSETS

	lei
	<u>Computer licenses and software</u>
As at 01 January 2020	
Cost	1,186,588
Accumulated amortization	-1,179,464
Net carrying value	7,124
01 January 2020	
Initial net carrying value	7,124
Receipts	1,971,907
Disbursements	0
Amortization for disbursements	0
Amortization expense	-47,255
Final net carrying value	1,931,776
As at 30 September 2020	
Cost	3,158,495
Accumulated amortization	-1,226,719
Net carrying value	1,931,776

The intangible assets include software licenses and one trademark. Licenses are depreciated in a linear manner over a useful life of maximum 3 years and the trademark over 8 years.

Intangible assets are measured at cost reduced by accumulated depreciation.

As at 09/30/2020, the company had advances in total amount of 90,425 lei for intangible assets. This amount represents a payment in advance for the software acquired for General cargo Terminal.

NOTE 3 ASSETS RELATING TO THE RIGHTS OF USE

Since 2019, IFRS 16 'Leases' replaces the existing leasing instructions, including IAS 17 'Leasing', IFRIC 4 'Determining the extent to which a commitment contains a lease', SIC 15 'Operating leasing – Incentives', and SIC 27 'Economic fund valuation of transactions involving the legal form of a leasing contract'.

The amendment aims to adopt a unitary model of balance sheet reporting of the operational and financial leasing contracts, this eliminating the differentiated treatment of the two types of contracts.

IFRS 16 specifies that a contract is or contains a lease if it confers the right to control the use of an identified asset for a period of time in exchange for compensation.

Thus, the lessee must recognize an asset related to the right of use and lease debt. The assets related to the right of use are amortized over the term of the lease, and the debt generates interest. Interest expenses are recorded in the profit and loss account for the duration of the lease, being calculated at the remaining balance of the lease debt for each period.

The consequence is that higher expenses will be recognized at beginning of the lease, even if the tenant pays constant rents.

Regarding the contracts that fall under IFRS 16, Socep S.A.:

- did not recognize any asset related to the right of use and any lease debt related to contracts that expire in 12 months or less from the date of application;
- did not recognize any assets related to the right of use and any leasing debt for low value contracts (less than 25,000 eur/year).

Socep S.A. has adopted IFRS 16 starting with January 1-st 2019, using the modified retrospective method, that is:

- the data related to previous reports are not modified;
- the assets related to the right of use were valued at the value of the lease debt, adjusted with the advance payments;
- the lease debts were valued at the value of the remaining lease payments, to which a discount factor equal to the marginal interest rate is applied. The marginal interest rate applied to these leasing debts was 0.95%.

The application of IFR 16 starting with the year 2019 took into account the rent Contract no. CNAPM-00082-IDP-01, concluded between Socep SA and the National Company of Ports Maritime Administration S.A. Constanta; on 30.06.2020 the consequences are:

- a) on the Statement of financial position:
 - recognition of an asset related to the use rights amounting to 145,792,536 lei;
 - recognition of a debt related to this right in the amount of 150,537,676 lei, 145,561,224 lei long – term debts and 4,976,452 lei short – term debts;
- b) on the Statement of profit or loss:
 - decrease of the expenses with the amount of 4,351,420 lei;
 - increasing the depreciation of assets related to the rights of use with the amount of 3,614,688 lei;
 - increase of financial expenses with the amount of 1,096,461 lei;

In conclusion, the application of IFRS 16 has the following impact on:

- assets and liabilities of the company – increase of 145,792,536 lei, respectively, 150,537,676 lei;
- on the cash flows: increase of the cash flow related to the operating activities, with the same value, so that the total cash flow is not influenced;
- on financial indicators: a current liquidity – decrease as a result of the increase of current debts; a degree of indebtedness – exponential growth as a result of the increase of the total debts; an asset turnover rate – decrease due to asset growth;

Thus, the lease no. CNAPM-00082-IDP-01, concluded between SOCEP SA and National Company of Ports Maritime Administration SA Constanta was recognized as Asset related to the right of use and Leasing debt related to the right of use.

Assets related to the right of use:

	<u>Assets related to the right of use</u>
La 01/01/ 2020	
Cost	154,226,812
Accumulated amortization	-4,819,588
Net carrying value	149,407,224
01/01/2020	
Initial net carrying value	149,407,224
Receipts	0
Disbursements	0
Amortization for disbursements	0
Amortization expense	-3,614,688
Final net carrying value	145,792,432
09/30/2020	
Cost	154,226,812
Accumulated amortization	-8,434,276
Net carrying value	145,792,536

Leasing debts related to the rights of use:

Leasing debts related to the rights of use	01/01/2020	09/30/2020
Short term	4,961,000	4,976,452
Long term	148,832,525	145,561,224
Total	153,793,525	150,537,676

NOTE 4. FINANCIAL ASSETS AVAILABLE FOR SALE

Financial assets available for sale include equity instruments held in:

- ROCOMBI SA BUCHAREST and ROFERSPED SA BUCHAREST companies. The share granted by these is 4.2857% in ROCOMBI SA BUCHAREST and 3.0909% in ROFERSPED SA BUCHAREST. The securities of the two companies are not listed on BSE and are net asset value-measured.

- ELECTRICA SA. The share granted by these is 0.002 %. Equity Shares are listed on BSE and are measured at fair value.

lei

	ROCOMBI SA	ROFERSPED SA	ELECTRICA SA	TOTAL
Value as at 01/01/2020	116,473	222,089	70,482	409,044
Value increases	0	0	9,993	9,993
Fair value increases	0	0	-8,670	-8,670
Value decreases	0	0	0	0
Value as at 09/30/2020	116,473	222,089	71,805	410,367

Financial assets available for sale listed on BSE are quarterly revaluated, depending on the rate in that quarter's last trading day.

NOTE 5. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

The company holds equity instruments (shares) in the following companies:

Company name	Type of relation	Country of incorporation	Percentage held (%)	Reference date for relation	Type of combination
SOCEFIN S.R.L.	Subsidiary	Romania	100.00 %	04/02/2012	Contribution to the establishment

Investments in subsidiaries and associates are valued at their cost. The company did not recognize adjustments for their impairment.

	Equity securities SOCEFIN	Total
As at 01/01/2020	33,397,952	33,397,952
Receipts	-	-
Disbursements	-	-
As at 09/30/2020	33,397,952	33,397,952

lei

NOTE 6. OTHER LONG TERM INVESTMENTS

At the end of the third quarter of the current year, the company had a total amount of 781,915.74 lei as committed guarantees, resulting from:

- Lease contract CNAPMC – 00082 -IDP – 01 concluded between SOCEP SA and C.N. Maritime Port Administration S.A. Constanta, with total amount of 691,225,64 lei
- Concession contract no. 94 concluded with the Administration of the Free Zone Constanta Sud, 27,051.30 lei;
- Guarantees taken over after the merger, amounting to 63,608,80 lei.

NOTE 7. STOCKS

Stocks held on 03/31/2020 are mainly composed of consumables. Their values were:

lei

	01/01/2020	09/30/2020
Consumables	2,990,733	3,020,812
Goods	6,724	6,670
Adjustments for stock impairment	-1,705,658	-1,705,658
Advanced for goods	14,350	8,151
Total	1,306,149	1,329,974

It should be noted that stocks category includes some spare parts purchased in previous years, which are slowly moving. Specifically for them the company formed some adjustments for stock impairment amounting to 1,705,658 lei.

NOTE 8. CUSTOMERS AND OTHER RECEIVABLES

	Lei	
	01/01/2020	09/30/2020
Trade receivables (customers)	15,025,562	16,942,830
Adjustments for customer receivables impairment	-742,757	-345,043
Trade receivables – carrying value	14,282,805	16,597,787
Guarantees for less than 1 year	0	0
Other receivables	3,400,876	3,058,763
Adjustments for impairment sundry debtors	-1,737,423	-1,737,423
Other receivables - carrying value	1,663,453	1,321,340
Total	15,946,258	17,919,127

Both trade receivables and other receivables are current assets.

The evolution of adjustments for customer receivables impairment and for sundry debtors' impairment in the three quarters of 2020 was as follows:

	lei	
	09/30/2020	
	Adjustments for impairment customer receivables	Adjustments for impairment sundry debtors
Balance as at 1-st January 2020	-742,757	-1,737,423
Increases	-82,963	0
Decreases	480,677	0
Balance as at 30-th September 2020	-345,043	-1,737,423

Income resulting from the adjustment for trade receivables impairment is included under other gains/losses from operations – net.

Other receivables include:

lei

	01/01/2020	09/30/2020
Advances for stocks and services	205,152	128,079
Taxes, charges to be recovered and other receivables	161,707	454,435
VAT to be recovered	653,469	0
Sundry debtors	2,380,548	2,476,249
Total	3,400,876	3,058,763

NOTE 9. ACCRUED CHARGES

Accrued charges were generated by the advance payment of local taxes and fees, of insurances for tangible assets and liability insurance, subscriptions, contributions and various fees, amounting the value of 237,392,97 lei.

NOTE 10. CASH AND CASH EQUIVALENTS

	01/01/2020	09/30/2020
Cash and bank accounts	35,437,141	10,481,778
Short-term bank deposits	6,529,489	3,090,333
Total	41,966,630	13,572,111

lei

Cash and cash equivalents in foreign currency were measured in the financial statements based on exchange rates valid on 09/30/2020, i.e. 4.8698 lei/Euro and 4.1617 lei/USD.

NOTE 11. SHARE CAPITAL

The company's share capital is fully subscribed and has a value of 35,399,149 lei. It consists of 353,991,490 dematerialized registered shares. The nominal value of a share is 0.10 lei. After the application of IFRS, the company's share capital was adjusted to inflation. The adjustment amount is 164,750,632 lei.

During 2020, the merger by absorption between SOCEP SA and Casa de Expeditii Phoenix SA was carried out, as a result of which the following changes took place:

- a number of 7,768,732 shares were redeemed by SOCEP SA, from the shareholders who withdrew from the company, amounting to 4,087,906.78 lei;

- the share capital was increased by issuing a number of 10,565,746 shares, having a value of 1,056,574.60 lei;

- it was registered as the capital premium, the merger premium amounting to 1,091,443.46 lei;

NOTE 12. RESERVES

Company reserves consist of unrealized revaluation surplus and reserves.

After the transition to IFRS implementation, company policy is to recognize for retained earnings the revaluation surplus for depreciable assets as they are amortized or sold.

	Reserves from revaluation of tangible assets	Legal reserves	Reserves from distribution of net profit	Reserves from tax reductions and exchange rate differences	TOTAL
					lei
As at 01/01/2020	18,683,277	6,868,515	10,047,519	5,048,301	40,647,612
Profit distribution (earnings for the three quarters)	0	0	0	0	0
Surplus from revaluation realized	-1,764,439	0	0	0	-1,764,439
Reserve of revaluation real estate investments at fair value	0	0	0	0	0
Reserves from reinvested profit	0	0	0	0	0
Reserves from merger	0	47,528		278,312	325,840

As at 09/30/2020

16,918,838 6,916,043 10,047,519 5,326,613 39,209,012

Reserves from asset revaluation consist of differences from revaluation of unrealized tangible assets.

Legal reserves have been set up in full accordance with the legal provisions.

Reserves from profit distributions come from the legal distribution of a portion of the net profit from its own funding sources for the period 2001-2005.

Reserves from tax reductions and foreign exchange differences amounting 5,326,613 lei come from:

- Tax reductions as per H.G. 402/2000 and Law 189/2001 = 3,858,117 lei
- Amount related to exchange rate differences resulting from the assessment of liquidity in foreign currencies calculated according to Decision No.3 / 2002 of the Ministry of Public Finance = 452,887 lei
- Reserves from reinvested profit = 737,297 lei.
- Reserves taken over after the merger = 278,312 lei.

NOTE 13. RETAINED EARNINGS

	Retained earnings from undistributed profits	Result of the three quarter	Retained earnings from first-time adoption of IAS 29	Retained earnings from surplus realized from revaluation reserves	Retained earnings from implementation of IFRS, less IAS 29	TOTAL
As at 01/01/2020	60,479,528	19,905,255	1,282,715	16,870,700	3,142,346	99,115,113
Distributed legal/others reserve	0	-19,905,255	0	0	0	-19,905,255

Result for the year	19,905,255	5,118,097	0	0		25,023,352
Surplus from revaluation realized	0	0	0	1,764,439	0	1,764,439
Income tax related to revaluation surplus realized	0	0	0	-282,311	0	-282,311
Taken from merger	-745,749	0	0	3,253,721	0	2,507,972
As at 09/30/2020	79,639,034	5,118,097	1,282,715	21,606,549	3,142,346	108,223,310

NOTE 14. OTHER EQUITY ELEMENTS

	Deferred income tax recognized in equity account	Differences from the change in fair value of financial assets available for sale	TOTAL
As at 01/01/2020	-3,782,811	3,656,443	-126,368
Deferred tax income related to change in fair value of financial assets available for sale	0	0	318
Change in fair value of financial assets available for sale	-212	1,324	1,112
Deferred income tax related to revaluation surplus realized	282,310		282,310
As at 09/30/2020	-3,500,713	3,657,766	157,054

NOTE 15. DEFERRED INCOME TAX AND CURRENT INCOME TAX

a) Deferred income tax

Deferred tax assets were recognized for stock adjustments, receivables adjustments and provisions.

Deferred tax liabilities were recognized in reserves from revaluation and changes in fair value of financial assets available for sale.

Change of assets and liabilities related to deferred income tax at the end at the third quarter of 2020, without taking into account the compensation of balances related to the same tax authority, is:

Deferred income tax assets

	lei				
Deferred income tax assets	Stocks (stock adjustments)	Receivables (receivable adjustments)	Provisions	Shares impairment adjustments	Total
As at 01/01/2020	272,905	396,829	88,733	117,968	876,435
Recorded/ credited in profit or loss for the period	0	-76,908	-87,807	0	-164,716
Recorded/debited in profit or loss for the period	0	13,274	19,289	0	32,564
As at 09/30/2020	272,905	333,195	20,215	117,968	744,283

Deferred income tax liabilities

	lei		
Deferred income tax liabilities	Revaluation reserves	Financial assets available for sale	Total
As at 01/01/2020	3,197,780	585,031	3,782,811
Recorded/credited in profit or loss for the period	0	0	0
Recorded/debited in profit or loss for the period	0	0	0
Recorded/credited in other elements of comprehensive income	-282,310	212	-282,098
Recorded/debited in other elements of comprehensive income	0	0	0
As at 09/30/2020	2,915,470	585,243	3,500,713

b) Current income tax

	lei	
	09/30/2019	09/30/2020
Balance on 01 January	751,695	-604,262
Increases	2,434,762	749,345
Decreases	-2,254,661	0
Balance on 30 September	931,796	145,083

c) Expense with current income tax

	lei	
	09/30/2019	09/30/2020
Profit before tax	24,004,884	4,731,294
Deductions - reserve fund	0	-7.194.716
Nontaxable income	-10,508,065	-1,506,758
Nondeductible expenses	372,244	7,845,437
Elements similar to income	1,523,150	1,764,439
Taxable profit	15,392,213	5,639,695
Income tax calculated by 16%	2,462,754	902,351
Sponsorships carried from previous years	0	-104,175
Sponsorships current year	-16,600	0
Deduction of reinvested profit	-11,392	-8,948
Fiscal facility	0	-39,883
Current income tax expense	2,434,762	749,345

d) Income tax expenses

	Lei	
	09/30/2019	09/30/2020
Current income tax expenses	2,434,762	749,345
Deferred income tax expense	4,215	164,716
Deferred income tax revenues	-244,057	-314,874
Income tax expenses	2,194,920	599,187

NOTE 16. OTHER LIABILITIES

Other liabilities include the financial leasing contract taken over following the merger by absorption, having as object a motor vehicle. Its duration extends until 30.05.2022, and its balance at the date of 09/30/2020 was of 32,685.56 lei, of which due in over year 19,540.80 lei, and in one year 13,144.76 lei.

Also, in this category are included the guarantees offered by SOCEP SA by third parties, having a value of 67,241.87 lei

NOTE 17. BANK LOANS

The company has contracted a bank loan amounting to 35,090,000 lei on 10/05/2015 from BRD. Till now the amount of 32,152,074.80 lei has been withdrawn and used. This loan was used for partial payment of the import letter of credit amounting to 8,710,550 Euro (opened at BRD on the request of SOCEP, in favor of beneficiary PACECO ESPAÑA S.A., as per credit letter issuance contract no.209763/05.10.2015). In February of this year, the currency of the credit was converted from lei to euro

As at 09/30/2020, the company has a credit balance to be paid in amount of 13,237,485,89 lei, out of which the amount of 5.294.994,12 lei has a maturity less than 1 year and the amount of 7,942,491.77 lei a maturity over 1 year. The interest rate related to the loan as recorded on 09/30/2020 is in amount of 7,721.85 lei.

For the construction of the modern cereal terminal phase I in the Port of Constanta, the company concluded in 2019 with BRD, the credit agreement no. 3637, for issuing a letter of credit, with a value of 5,299,000 euros, which became subsequent to the investment financing contract, amounting to 13,012,000 euros, concluded in February 2020. As at 09/30/2020, the company has a credit balance to be paid in amount of 15,068,415,37 lei, out of which the amount of 3.013.683,07 lei has a maturity less than 1 year and the amount of 12,054,732.30 lei a maturity over 1 year. The interest rate related to the loan as recorded on 09/30/2020 is in amount of 6,445.92 lei.

NOTE 18. DEFERRED INCOME

Under the deferred income category, the company recognizes donations for investments and revenues from rents invoiced in advance.

	lei	
	01/01/2020	09/30/2020
Donations for investments	-	-
Other revenues	33,829	16,846
TOTAL	33,829	16,846

NOTE 19. SUPPLIERS AND OTHER LIABILITIES

The suppliers and other payables statement is as follows:

	lei	
	01/01/2020	09/30/2020
Trade payables, out of which:	3,226,519	2,568,067
Suppliers for fixed assets	806,119	876,358
Salaries due	1,018,111	854,588
Unclaimed Dividends	664,436	721,879
Social security and other taxes	1,087,128	1,032,652
Other payables	11,884	0
Total	6,008,078	5,177,187

Social security and other taxes, which are due in October 2020, have the following values:

	lei	
	01/01/2020	09/30/2020
Social security	923,402	796,807
Salary tax	163,726	143,564
VAT	0	92,281
Tax on dividends	0	0
TOTAL	1,087,128	1,032,652

On 03/09/2020, the company has no outstanding debts for which interests or late payment penalties should be paid.

NOTE 20. PROVISIONS

The situation of provisions is as follows:

	lei	
	01/01/2020	06/30/2020

Provisions for court litigations	100,000	100,000
Provisions for employee benefits	548,796	120,561
Other provisions	220,379	62,525
TOTAL	869,175	283,086

The provision for employee benefits in the amount of 120,561 lei is formed for the amounts to be granted to company employees, as received on retirement date.

NOTE 21. INCOME (Turnover)

The company has achieved over 99% of its turnover from operations carried out in our terminals, general cargo terminal and container terminal.

	lei	
	<u>30/09/2019</u>	<u>30/09/2019</u>
Income from performed port operations	57,082,396	50,027,147
Income from rents	273,607	302,130
Other income, of wich:	310,907	132,354
sale of goods	281,412	132,354
production of fixed assets	29,495	
TOTAL	57,666,910	50,461,631

Turnover detailed by port terminals as determined by company management, is as follows:

	lei	
	<u>09/30/2019</u>	<u>09/30/2020</u>
I. GENERAL CARGO		
Cargo handling	24,822,194	25,423,676
Storage	11,061,902	5,927,188
Other services	442,712	384,800
South Agigea Area	165,364	171,164
TOTAL	36,492,172	31,906,828
II, CONTAINERS		
Handlings	20,586,856	17,488,421
Storage	478,939	782,896

Other services	79,448	283,486
TOTAL	21,145,243	18,554,803

III, TOTAL COMPANY

Handlings	45,409,050	42,912,097
Storage	11,540,841	6,710,084
Other services	522,160	668,286
South Agigea Area	165,364	171,164
TOTAL	57,637,415	50,461,631

NOTE 22, OTHER INCOME

	lei	
	09/30/2019	09/30/2020
Production of fixed assets		602,521
Dispatch and penalties	141,140	193,197
Income from dividends	0	631,586
Miscellaneous	300,937	
Earnings from fair value assessment inv, assets	0	3,225
TOTAL	442,077	1,430,529

NOTE 23. RAW MATERIALS AND CONSUMABLES

	lei	
	09/30/2019	09/30/2020
Expenses with consumables	4,456,893	4.385.995
Expenses with other materials	180,195	191.532
Expenses with materials not stored	94	0
Expenses with energy and water	1,190,529	1.314.628
TOTAL	5,827,711	5.892.154

NOTE 24. COST OF SOLD GOODS

lei

	09/30/2019	09/30/2020
Expenses with goods	88,495	31,997

NOTE 25. SERVICES PROVIDED BY THIRD PARTIES

	lei	
	09/30/2019	09/30/2020
Maintenance and repair expenses	730,914	794,462
Rent expenses	4,406,037	214,348
Insurance expenses	186,878	225,706
Protocol and advertising expenses	91,486	76,634
Expenses with charges and fees	781,157	303,799
Cargo and staff transportation expenses	88,415	99,244
Travel expenses	185,977	5,451
Postal and telecommunication expenses	84,651	99,058
Bank service expenses	67,715	18,226
Rail cars shifting expenses	446,121	298,558
Port service expenses	2,602,702	2,726,666
Sanitation expenses	311,048	333,163
Occupational safety expenses	39,882	37,162
Fire protection, safety expenses	761,074	1,089,678
Computer service expenses	204,248	220,667
Expenses with subscriptions, contributions	63,174	73,403
Audit, consultancy, BSE expenses	201,643	139,669
Expenses with authorizations	94,740	117,043
Schooling/training expenses	24,185	69,475
Other expenses	153,379	131,025
TOTAL	11,527,426	7,073,435

NOTE 26. EMPLOYEE BENEFIT COST

	lei	
EXPENSES	09/30/2019	09/30/2020
Salaries and meal vouchers	18,558,881	19,602,042
Social security expenses	908,491	921,463
TOTAL	19,467,372	20,523,505

Benefits for Management Board and Supervisory Board members:

	lei	
EXPENSES	09/30/2019	09/30/2020
Management Board benefits	692,391	668,919
Social security related to Executive Board benefits	15,583	15,050
Supervisory Board benefits	663,099	654,947
Social security related to Supervisory Board benefits	14,920	14,736
TOTAL	1,385,993	1,353,653

AVERAGE NUMBER OF EMPLOYEES	09/30/2019	09/30/2020
	383	379

NOTE 27. AMORTIZATION EXPENSES

	lei	
	09/30/2019	09/30/2020
Expenses with the amortization of intangible assets	239,100	9,208
Expenses with the amortization of tangible assets	7,080,937	7,009,814
Expenses from revaluation of Right-of-use asset	0	3,614,688
TOTAL	7,320,037	10,633,710

NOTE 28. OTHER EXPENSES

Other expenses include expenses with other taxes, losses on bad debts, compensation of damages, fines and penalties, donations and other operating expenses.

	lei	
	09/30/2019	09/30/2020
Expenses with taxes and charges	605,917	699,638
Losses from receivables	-	403,878
Damages/Indemnities, fines, penalties	235,870	78,441
Donations	-	9,605
Sponsorships	16,600	-
Other operating expenses	26,738	16,497
TOTAL	885,125	1,208,059

NOTE 29. OTHER OPERATIONAL GAINS/LOSSES – NET

	lei	
	09/30/2019	09/30/2020
Income from disposal of assets	0	29,412
Expenses on disposal of assets	-5,246	-318,342
Income from provisions	0	706,650
Expenses from provisions	0	-120,561
Income from adjustments of stocks and customer receivables	26,342	480,677
Expenses for adjustments of stocks and customer receivables	-2209	-3,731
Income from exchange rate differences, less those for cash and cash equivalents	195,856	311,561
Expenses from exchange rate differences, less those for cash and cash equivalents	-94,927	-620,454
TOTAL	119,816	465,212

NOTE 30. FINANCIAL INCOME

Financial income includes income from interests, other income and income from dividends.

	09/30/2019	09/30/2020
Income from interests	213,682	105,583
Other financial income	35,700	51,160
Income from dividends	10,481,724	4,557
TOTAL	10,731,106	161,300

NOTE 31. FINANCIAL EXPENSE

	09/30/2019	09/30/2020
Interest expense	592,962	164,346
Expenses for transfer of financial assets available for sale	0	0
Interest expenses of right-of-use asset	0	1,096,461
TOTAL	592,962	1,260,807

NOTE 32. OTHER FINANCIAL GAINS/LOSSES – NET

The net financial gain (loss) is determined as the difference between income and expenses related to different exchange rates applied to cash and cash equivalents in foreign currency.

	09/30/2019	09/30/2020
Income from different exchange rates	1,081,003	975,299
Expenses from different exchange rates	-326,899	-1,153,021
Net financial gains (losses)	754,104	-177,722

NOTE 33. TRANSACTIONS WITH AFFILIATED PARTIES

In the three quarters of 2020 compared to same period of 2019, the company had transactions with the following affiliated parties: SC CASA DE EXPEDIȚII PHOENIX S.A. CONSTANȚA and CELCO S.A. CONSTANȚA. The connection with CASA DE EXPEDIȚII PHOENIX SA CONSTANȚA, CELCO S.A. CONSTANȚA is resulting from the existence of common members in their management bodies.

Sales of goods and services

lei

Company	09/30/2019	09/30/2020
Casa de Expediții Phoenix S.A.		
Sales of goods	0	0

Company	09/30/2019	09/30/2020
Sales of services	545,084	217,644
Sales of fixed assets	0	0
TOTAL (VAT included)	289,620	217,644

Purchases of goods and services

lei

Company	09/30/2019	09/30/2020
Casa de Expediții Phoenix S.A.		
Purchases of goods	59,024	14,375
Purchases of services	161,589	19,435
Purchases of fixed assets	0	0
TOTAL (VAT included)	220,613	33,810

Company	09/30/2019	09/30/2020
CELCO		
Purchases of goods	0	801
Purchases of services	0	0
Purchases of fixed assets	0	0
TOTAL (VAT included)	0	801

Balances on 30 September 2020 resulting from sales/purchases of goods/services

CELCO

lei

	09/30/2019	09/30/2020
Receivable	-	-
Payable	-	801
TOTAL	-	801

NOTE 34. ECONOMIC AND FINANCIAL INDICATORS

INDICATORS	CALCULATION PROCEDURE	RESULTS	
		09/30/2019	09/30/2020
1. Current Ratio	Current Assets/Current Liabilities	4.55	1.97
	Loan Capital ----- x 100 Equity Capital	9.46%	94.04%
2. Indebtedness degree	Loan Capital ----- x 100 Committed Capital	8.64%	48.46%
3. Rotation Speed of Customers' debts	Customers' Average Balance ----- x 270 Turnover	77.00	83.00
4. Rotation Speed of Fixed Assets	Turnover/Fixed Assets	0.38	0.15

EVENTS OCCURRED AFTER THE REPORTING PERIOD

We specify that, after the date of preparation of the financial statements, significant events have occurred that influence the financial position and performance of the company, which may be affected, in which case it will be found that it is necessary to reconsider the application of IFRS 16 "Leasing" Regarding the acquisition of an interest in a joint operation, being required the revaluation of "Leasing debts related to the rights of use", which would generate;

- Increase of "Leasing debts related to usage rights" with the value of 2,781,584 lei;
- Decrease of the profit related to the exercise with the value of 2,376,414 lei;

In EGMS held on 06/01/2020 it has been approved the merger (merger by absorption) between SOCEP SA and Casa de Expediții Phoenix SA, registered office in Constanța, Incinta Port, jud. Constanța, registration number in Trade Register J 13/703/1991 and fiscal code RO 1878000. SOCEP SA is to absorb Casa de Expediții Phoenix SA and merger is planned to be done at its evaluated worth.

Financial Statements are not audited.

General Manager
Dorinel Cazacu

Financial Manager
Cristian-Mihai Ududec