



SOCEP S.A.
QUARTERLY REPORT
ON FINANCIAL STATEMENTS
AS AT 03/31/2019

Summary

- SYNTHESIS OF ECONOMIS AND FINANCIAL INDICATORS
 - STATEMENT OF FINANCIAL POSITION
 - STATEMENT OF COMPREHENSIVE INCOME
 - SPECIFIC EXPLANATORY NOTES

**QUARTERLY REPORT
ON FINANCIAL STATEMENTS
COMPLYING TO A.S.F. REGULATION NO.5/2018
FOR THE FIRST QUARTER 2019**

Report Date	05/15/2019
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	34,342,574.40 lei split in 343,425,744 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	03/31/2018	03/31/2019
I.	TOTAL ASSETS	lei	184,849,484	196,479,859
1.1.	Fixed Assets	”	130,256,806	155,490,176
1.2.	Stocks	”	1,915,361	1,080,410
1.3.	Receivables	”	13,640,455	14,535,539
1.4.	Cash and Bank Accounts	”	38,542,356	24,867,238
1.5.	Accruals and prepaid expenses	”	494,506	506,496
1.6.	Short Term Investments	”	0	0
II.	TOTAL LIABILITIES	lei	184,849,484	196,479,859
2.1.	Shareholders’ Equity	”	148,026,874	163,878,563
2.2.	Total Debts	”	36,309,827	32,059,644
2.3.	Upfront Revenues	”	26,426	23,329
2.4.	Provisions	”	486,357	518,323

b) Profit and Loss Account

	INDICATORS	UNIT	03/31/2018	03/31/2019
I.	TURNOVER	lei	20,649,823	17,991,895
II.	TOTAL REVENUES	”	21,648,441	18,948,122
III.	TOTAL EXPENSES	”	16,295,648	14,721,560
IV.	GROSS PROFIT	”	5,352,793	4,226,562

Following items are the assets with a minimum 10% share – out of total assets: buildings (18.28%), equipment and machinery (24.79%). Expense items with a minimum 10% share – out of net sales (turnover) are the personnel expense (35.66%), the external services expense (18.86%), the materials and supplies expense (10.26%) and the depreciation expenses (13.65%).

At the end of first quarter 2019 company recorded provisions in a total amount of lei 518,323, as follows:

- Provisions for employees benefits	= 512,539 lei
- Other types of provisions	= 5,784 lei.

Provision for employees benefits in an amount of 512.539 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*) – meaning the equivalent of three basic wages.

c) Financial and Economic Indicators

INDICATORS	CALCULATION PROCEDURE	RESULTS	
		03/31/2018	03/31/2019
1. Current Ratio	Current Assets/Current Liabilities	4.78	3.37
2. Indebtedness degree	Loan Capital ----- x 100 Equity Capital	17.17	12.49
	Loan Capital ----- x 100 Committed Capital	14.65	11.10
3. Rotation Speed of Customers' debts	Customers' Average Balance ----- x 90 Turnover	50.29	73.60
4. Rotation Speed of Fixed Assets	Turnover/Fixed Assets	0.16	0.12

2. BUSINESS ANALYSIS

2.1. During the reported period the harbor cargo traffic decreased by 27.38% compared to same period of previous year, meaning 273 thousand tons of cargo. The benchmarking on different types of cargo is below listed:

TYPES OF CARGO		UNIT	03/31/2018	03/31/2019
I.	HARBOR CARGO TRAFFIC	thousand tons	997	724
1.1.	General Cargo	474	474	291
1.2.	Containerized Cargo	254	254	280
1.3.	Bauxite	269	269	153
II.	TOTAL NUMBER OF CONTAINERS		20,437	19,616
III.	TOTAL TEU-s		35,579	33,932

From the above mentioned benchmarking, it is noticeable a decrease of general cargo and of the bauxite share. On the other hand, the containerized cargo increase its share. The first two types of cargo recorded a decrease, compared to same period of last year, while the containerized cargo scored an increase.

The benchmarking on different types of services has following results:

TYPES OF SERVICES		UNIT	03/31/2018	03/31/2019
I.	TOTAL TURNOVER	lei	20,649,823	17,991,895
1.1.	Handling Operation	”	17,899,280	13,878,501
1.2.	Storage Operation	”	2,589,904	3,929,621
1.3.	Other types of services	”	131,000	101,048
1.4.	South Agigea Area	”	29,639	82,725

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 2018, the company recorded a decrease of both turnover and gross profit.

2.2. Capital expenses until 03/31/2019 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.

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 03/05/2019 GSEM has approved in principle the merger by absorption of the company Casa de Expeditii PHOENIX SA. SOCEP SA is to absorb mentioned entity located in Constanta, Incinta Port, Constanta County, number in the Trade Register J 13/703/1991, fiscal Code RO1878000, at its assessed value.

3. SIGNIFICANT TRANSACTIONS

GSEM held on 03/05/2019 has approved in principle the merger by absorption of the company Casa de Expeditii PHOENIX SA. SOCEP SA is to absorb, at its assessed value, the mentioned entity having following identification data: registered office in Constanta, Incinta Port, Constanta County; number in the Trade Register J 13/703/1991; fiscal Code RO1878000.

4. APPROVALS AND ANNEXES

Present Report has been authorized for publication by the Management Board, on 05/15/2019. The explanatory notes are part of the individual financial statements.

Annexes:

- Statement of Financial Position on 03/31/2019
- Statement of Comprehensive Income la 03/31/2019
- Explanatory Notes to the Financial Statements on 03/31/2019.

The Individual Financial Statements as at 03/31/2019 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 MARCH 31-st 2019

			= Lei =
	NO TE	01/01/2019	03/31/2019
NON-CURRENT ASSETS			
- Tangible assets	1	91,718,178	100,385,719
- Intangible assets	2	379,906	298,577
- Financial assets available for sale	3	466,445	475,298
- Investments in subsidiaries and associates	4	40,871,551	40,871,551
- Other long term investments	5	688,507	10,248,301
- Real estate investments	1	3,210,730	3,210,730
TOTAL NON-CURRENT ASSETS		137,335,317	155,490,176
CURRENT ASSETS			
- Stocks	6	863,563	1,080,411
- Clients and other receivables	7	15,205,514	14,535,540
- Profit tax receivables	14	0	0
- Accrued charges	8	170,948	506,496
- Cash and cash equivalents	9	44,316,871	24,867,240
TOTAL CURRENT ASSETS		60,556,896	40,989,687
TOTAL ASSETS		197,892,213	196,479,863
EQUITY			
- Share capital	10	34,342,574	34,342,574
- Share capital adjustment	10	164,750,632	164,750,632
- Reserves	11	43,896,954	43,384,736
- Retained earnings	12	76,203,623	80,186,551
- Retained earnings from the adoption of IAS 29	10	-164,750,632	-164,750,632
- Other elements of equity	13	5,875,310	5,964,701
TOTAL EQUITY		160,318,461	163,878,562
LIABILITIES			
Non-current liabilities			
- Deferred tax liabilities	14	4,479,495	4,402,348
- Deferred income	16	0	0
- Provisions for employee benefits	18	512,539	512,539
- Long term bank loans	15	17,092,611	15,551,801
TOTAL NON-CURRENT LIABILITIES		22,084,645	20,466,688

Current liabilities

- Suppliers and other liabilities	17	8,470,703	5,114,813
- Long term bank loans	15	6,163,242	6,163,242
- Interest on long-term loans	15	75,204	74,983
- Current income tax owed	14	751,695	752,462
- Provisions	18	5,784	5,784
- Deferred income	16	22,479	23,329
TOTAL CURRENT LIABILITIES		15,489,107	12,134,613
TOTAL LIABILITIES		37,573,752	32,601,301

TOTAL EQUITY AND LIABILITIES		197,892,213	196,479,863
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General Manager
Dorinel Cazacu

Financial Manager
Cristian-Mihai Ududec

**STATEMENT OF COMPREHENSIVE INCOME
AS AT MARCH 31-st 2019**

= Lei =

	Note	03/31/2018	03/31/2019
Income	19	20,649,823	17,991,895
Other income	20	194,876	112,926
Raw materials and consumables	21	-2,067,089	-1,847,557
Cost of sold goods	22	-9,528	-15,299
Services provided by third parties	23	-3,935,503	-3,503,927
Employee benefits expense	24	-6,800,369	-6,415,283
Impairment and amortization expense	25	-2,707,257	-2,456,938
Other expenses	26	-241,544	-230,070
Other gains/losses from operations - net	27	599,225	155,181
Profit/(loss) from operation		5,682,634	3,790,928
Financial income	28	52,392	132,611
Financial expense	29	-169,306	-212,425
Other financial gains/losses (net)	30	-212,927	515,449
Profit before tax		-329,841	435,635
Income tax expense	14	-813,391	-673,898
PROFIT FOR FIRST QUARTER		4,539,402	3,552,665
OTHER COMPREHENSIVE INCOME ELEMENTS			
- elements to be subsequently reclassified under profit or loss			
Gains or losses on financial assets available for sale	3	2,643	8,853
Deferred income tax related to other comprehensive income elements	14	-423	-1417
OTHER COMPREHENSIVE INCOME ELEMENTS FOR FIRST QUARTER (without tax)		2,220	7,436
TOTAL COMPREHENSIVE INCOME FOR FIRST QUARTER		4,541,622	3,560,101

General Manager
Dorinel Cazacu

Financial Manager
Cristian-Mihai Ududec

Notes on Individual Financial Statements

As at March 31-st 2019

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: 34,342,574.40 lei, divided in 343,425,744 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 11/01/2018, 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 |
| - Teodorescu Lucian Ștefan | - Member |
| - Codeț Gabriel | - Member |
| - Pavlicu Ramona | - Member |
| - Ududec Cristian Mihai | - 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:

	Land and buildings	Plant and machinery	Furniture, accessories and other equipment	Real estate investment	Assets in progress	Tangible assets advances	Total
As at 01/01/2019							
Cost or reassessed value	40,157,181	101,739,403	565,405	3,210,730	4,579,654	68,778	150,321,151
Cumulative amortization	-3,421,570	-51,580,655	-390,018	0	0	0	-55,392,243
Net carrying value	36,735,611	50,158,748	175,387	3,210,730	4,579,654	68,778	94,928,908
As at 03/31/2019							
Initial net carrying value	36,735,611	50,158,748	175,387	3,210,730	4,579,654	68,778	94,928,908
Receipts	13,751	84,429	0	0	11,092,575	0	11,190,755
Disbursements	0	0	0	0	-117,295	-30,310	-147,605
Amortization for disbursements	0	0	0	0	0	0	0
Amortization expense	-833,230	-1,529,817	-12,562	0	0	0	-2,375,609
Final net carrying value	35,916,132	48,713,360	162,825	3,210,730	15,554,934	38,468	103,596,449
As at 03/31/2019							
Cost or reassessed value	40,170,932	101,823,832	565,405	3,210,730	15,554,934	38,468	161,364,301
Cumulative amortization	-4,254,800	-53,110,472	-402,580	0	0	0	-57,767,852
Net carrying value	35,916,132	48,713,360	162,825	3,210,730	15,554,934	38,468	103,596,449



Tangible assets have been recognized at the time of entry, at their cost, and subsequent revaluations were performed based on H.G. 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 its 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 03/31/2019 total investments in an amount of 98,180 lei have been put into operation, as follows:

- In the BULK CARGO terminal - investments with a value of 84.952 lei meaning one container, one compressor machine and a roller handling device;
- In the CONTAINER terminal - investments with a value of 13.228 lei meaning two ramp platforms for access.

In the first quarter of 2019 there have been no fixed assets modernization works. Also, in the same period of 2019 no fixed assets outflows were recorded.

The company has no tangible assets acquired in financial leasing.

According to Loan Contract with BRD for financing the PACECO project, the company has mortgaged the RTG equipment and the two STS cranes. In the same time the mortgage of the four KOMATSU loaders and HYSTER forklift has been cancelled.

NOTE 2. INTANGIBLE ASSETS

	<u>Computer licenses and software</u>
As at 01 January 2019	
Cost	1,186,588
Accumulated amortization	-862,385
Net carrying value	324,203
First quarter 2019	
Initial net carrying value	324,203
Receipts	0
Disbursements	0
Amortization for disbursements	0
Amortization expense	-81,329
Final net carrying value	242,874
As at 31 March 2019	
Cost	1,186,588
Accumulated amortization	-943,714
Net carrying value	242,874

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 03/31/2019, the company had advances in total amount of 55,703 lei for intangible assets. This amount represents a payment in advance for the software acquired for General cargo Terminal.

NOTE 3. 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.

	ROCOMBI SA	ROFERSPED SA	ELECTRICA SA	TOTAL
Value as at 01/01/2019	125,293	277,064	64,088	466,445
Value increases	-	-	-	-
Fair value increases	-	-	8,853	8,853
Value decreases	-	-	-	-
Value as at 03/31/2019	125,293	277,064	72,941	475,298

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

NOTE 4. 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 01/01/2019	40,871,551	40,871,551
Receipts	-	-
Disbursements	-	-
As at 03/31/2019	40,871,551	40,871,551

NOTE 5. OTHER LONG TERM INVESTMENTS

At the end of the first quarter of the current year, the company had a total amount of 10,248,301 lei as committed guarantees, resulting from:

- Rental Agreement C.N. "A.P.M." -00082-IDP-01 concluded between SOCEP and C.N. Maritime Ports Administration S.A. Constanta, the company has constituted guarantees, with total amount of 703,650 lei

- a collateral bank deposit amounting Euro 2,004,000, equivalent of Lei 9,544,651 - related to the letter of credit opened for purchasing a shore crane.

NOTE 6. STOCKS

Stocks held on 03/31/2019 are mainly composed of consumables. Their values were:

	01/01/2019	03/31/2019
Consumables	2,388,382	2,540,176
Goods	455	31,968
Adjustments for stock impairment	-1,540,322	-1,540,322
Advanced for goods	15,048	48,589
Total	863,563	1,080,411

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 1,540,322 lei.

NOTE 7. CUSTOMERS AND OTHER RECEIVABLES

	01/01/2019	03/31/2019
Trade receivables (customers)	15,071,084	14,355,482
Adjustments for customer receivables impairment	-746,133	-724,940
Trade receivables – carrying value	14,324,951	13,630,542
Other receivables	2,624,506	2,648,941
Adjustments for impairment sundry debtors	-1,743,943	-1,743,943
Other receivables - carrying value	880,563	904,998
Total	15,205,514	14,535,540

Both trade receivables and other receivables are current assets.

The evolution of adjustments for customer receivables impairment and for sundry debtors' impairment in the first quarter of 2019 was as follows:

	03/31/2019	
	Adjustments for impairment of customer receivables	Adjustments for impairment of sundry debtors
Balance as at 1 January 2019	746,133	1,743,943
Increases	999	0
Decreases	-22,192	0
Balance as at 31 March 2019	724,940	1,743,943

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

Other receivables include:

	01/01/2019	03/31/2019
Advances for stocks and services	0	9,857
Taxes and charges to be recovered and other receivables	264,402	273,456
VAT to be recovered	0	0
Sundry debtors	2,360,104	2,365,628
Total	2,624,506	2,648,941

NOTE 8. 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 506,496 lei.

NOTE 9. CASH AND CASH EQUIVALENTS

	01/01/2019	03/31/2019
Cash and bank accounts	18,137,698	2,202,797
Short-term bank deposits	26,179,173	22,664,443
Total	44,316,871	24,867,240

Cash and cash equivalents in foreign currency were measured in the financial statements based on exchange rates valid on 03/31/2019, i.e. 4.7628 lei/Euro and 4.2434 lei/USD.

NOTE 10. SHARE CAPITAL

The company's share capital is fully subscribed and has a value of 34.342.574.40 lei. It consists of 343.425.744 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.

NOTE 11. 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
As at 01/01/2019	22,013,966	6,868,515	10,047,519	4,966,954	43,896,954
Profit distribution (earnings for first qtr.)	0	0	0	0	0
Surplus from revaluation realized	-512,218	0	0	0	-512,218
Investment property revaluation reserve at fair value	0	0	0	0	0
Reserves from reinvested profit	0	0	0	0	0
As at 03/31/2019	21,501,748	6,868,515	10,047,519	4,966,954	43,384,736

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 4,966,954 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 = 655,950 lei.

NOTE 12. RETAINED EARNINGS

	Retained earnings from undistributed profits	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 01/01/2019	48,045,780	-1,282,715	15,167,313	1,839,497	63,769,875
Result for the quarter	12,433,748	0	0	0	12,433,748
The revaluation surplus realized	0	0	512,218	0	430,263
Income tax related to the revaluation surplus realized	0	0	-81,955	0	0
As at 03/31/2019	60,479,528	-1,282,715	15,597,576	1,839,497	76,633,886

NOTE 13. 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 01/01/2019	-5,312,243	11,187,553	5,875,310
Deferred tax income related to change in fair value of equities valued at fair value through other items of the comprehensive result	-1,417		-1,417
Changing the fair value of equities valued at fair value through other items of the comprehensive result		8,853	8,853
Deferred income tax related to revaluation surplus realized	81,955		81,955
As at 03/31/2019	-5,231,705	11,196,406	5,964,701

NOTE 14. 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 during first quarter of 2019, without taking into account the compensation of balances related to the same tax authority, is:

Deferred income tax assets

	Deferred income tax assets	Stocks (stock adjustments)	Receivables (receivable adjustments)	Provisions	Shares depreciation adjustments	Reinvested Profit	Total
As at 01/01/2019		246,452	398,412	82,932	0	104,952	832,748
Recorded/credited in profit or loss for the period		0	-3,551	0	0	0	-3,551
Recorded/debited in profit or loss for the period		0	160	0	0	0	160
As at 03/31/2019		246,452	395,021	82,932	0	104,952	829,357

Deferred income tax liabilities

Deferred income tax liabilities	Revaluation reserves	Financial assets available for sale	Total
As at 01/01/2019	3,522,234	1,790,008	5,312,242
Recorded/credited in profit or loss for the period	0	0	0
Recorded/debited in profit or loss for the period	81,955	0	81,955
Recorded/credited in other elements of comprehensive income	0	1416	1,416
Recorded/debited in other elements of comprehensive income	0		0
As at 03/31/2019	3,440,279	1,791,424	5,231,703

b) Current income tax

	03/31/2018	03/31/2019
Balance on 01 January	-140,731	751,695
Increases	898,923	752,462
Decreases	0	751,695
Balance on 31 March	758,192	752,462

c) Expense with current income tax

	03/31/2018	03/31/2019
Profit before tax	5,352,793	4,226,563
Deductions - reserve fund	0	0
Nontaxable income	-8,642	-22,192
Nondeductible expenses	24,565	67,499
Elements similar to income	542,809	512,218
Taxable profit	5,911,525	4,748,088
Income tax calculated by 16%	945,844	765,454
Sponsorships carried from 2017/2018	-46,207	0
Sponsorships current year	0	-1,600
Deduction of reinvested profit	-714	-11,392
Current income tax expense	898,923	752,462

d) Income tax expenses

	03/31/2018	03/31/2019
Current income tax expenses	898,923	752,462
Deferred income tax expense	1,383	3,551
Deferred income tax revenues	-86,915	-82,115
Income tax expenses	813,391	673,898

NOTE 15. 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). Until 03/31/2019, the credit balance was 21,715,043 lei, out of which the amount of 6,163,242 lei has a maturity less than 1 year. Balance for interest related to the loan as recorded on 03/31/2019 is in an amount of 74,983 lei.

NOTE 16. DEFERRED INCOME

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

	01/01/2019	03/31/2019
Donations for investments	-	-
Other revenues	22,478	23,329
TOTAL	22,478	23,329

NOTE 17. SUPPLIERS AND OTHER LIABILITIES

The suppliers and other payables statement is as follows:

	01/01/2019	03/31/2019
Trade payables, out of which:	4,642,124	1,778,949
Suppliers for fixed assets	3,120,525	137,289
Salaries due	525,672	603,177
Unclaimed Dividends	884,084	833,838
Social security and other taxes	1,954,799	1,486,243
Other payables	504,024	412,606
Total	8,510,703	5,114,813

Social security and other taxes, which are due in April 2019, have the following values:

	01/01/2019	03/31/2019
Social security	823,684	774,374
Salary tax	145,658	139,560
VAT	985,457	572,309
Tax on dividends	0	0
TOTAL	1,954,799	1,486,243

On 03/31/2019, the company has no outstanding debts for which interests or late payment penalties should be paid.

NOTE 18. PROVISIONS

The situation of provisions is as follows:

	01/01/2019	03/31/2019
Provisions for employee benefits	512,539	512,539
Other provisions	5,784	5,784
TOTAL	518,323	518,323

The provision for employee benefits in the amount of 512,539 lei is formed for the amounts to be granted to company employees, equivalent to three base salaries for each, as received on retirement date.

NOTE 19. INCOME (Turnover)

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

	03/31/2018	03/31/2019
Income from performed port operations	20,507,988	17,837,693
Income from rents	91,371	106,135
Other income (sale of goods)	50,464	48,067
TOTAL	20,649,823	17,991,895

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

	03/31/2018	03/31/2019
I. GENERAL CARGO		
Cargo handling	11,380,227	7,281,973
Storage	2,529,048	3,627,294
Other services	108,151	101,048
South Agigea Area	29,639	82,725
TOTAL	14,047,065	11,093,040
II. CONTAINERS		
Handlings	6,519,053	6,596,528
Storage	60,856	302,327
Other services	22,849	
TOTAL	6,602,758	6,898,855
III. TOTAL COMPANY		
Handlings	17,899,280	13,878,501
Storage	2,589,904	3,929,621
Other services	131,000	101,048
South Agigea Area	29,639	82,725
TOTAL	20,649,823	17,991,895

NOTE 20. OTHER INCOME

	03/31/2018	03/31/2019
Dispatch and penalties	123,557	29,970
Income from dividends	-	-
Miscellaneous	71,319	69,728
Earnings from fair value assessment inv. assets	0	0
Income from the production of fixed assets	0	13,228
TOTAL	194,876	112,926

Other income included amounts from invoicing dispatch (due for early operation of ships), i.e. 29,970 lei and an indemnity received under an insurance policy - amounting of 26,955 lei.

NOTE 21. RAW MATERIALS AND CONSUMABLES

	03/31/2018	03/31/2019
Expenses with consumables	1,570,596	1,373,695
Expenses with other materials	34,834	32,661
Expenses with materials not stored	676	94
Expenses with energy and water	460,983	441,107
TOTAL	2,067,089	1,847,557

NOTE 22. COST OF SOLD GOODS

	03/31/2018	03/31/2019
Expenses with goods	9,528	15,299

NOTE 23. SERVICES PROVIDED BY THIRD PARTIES

	03/31/2018	03/31/2019
Maintenance and repair expenses	129,968	206,995
Rent expenses	1,466,641	1,481,647
Insurance expenses	58,045	66,553
Protocol and advertising expenses	23,369	27,070
Expenses with charges and fees	323,225	322,438
Cargo and staff transportation expenses	29,018	29,952
Travel expenses	3,055	650
Postal and telecommunication expenses	28,988	28,725
Bank service expenses	9,527	13,134
Rail cars shifting expenses	84,885	111,561
Port service expenses	1,108,356	539,334
Sanitation expenses	103,827	121,350
Occupational safety expenses	17,931	15,985
Fire protection, safety expenses	237,877	246,818
Computer service expenses	92,442	67,597
Expenses with subscriptions, contributions	15,766	20,487
Audit, consultancy, BSE expenses	75,532	68,629
Expenses with authorizations	23,505	42,654
Schooling/training expenses	22,896	15,078
Other expenses	80,650	77,270
TOTAL	3,935,503	3,503,927

NOTE 24. EMPLOYEE BENEFIT COST

EXPENSES	03/31/2018	03/31/2019
Salaries and meal vouchers	6,511,961	6,125,604
Social security expenses	288,408	289,679
TOTAL	6,800,369	6,415,283

Benefits for Management Board and Supervisory Board members:

CHELTUIELI	03/31/2018	03/31/2019
Management Board benefits	184,845	292,351
Social security related to Executive Board benefits	2,274	6,581
Supervisory Board benefits	221,875	236,053
Social security related to Supervisory Board benefits	4,992	5,311
TOTAL	413,986	540,296

AVERAGE NUMBER OF EMPLOYEES	03/31/2018	03/31/2019
	398	394

NOTE 25. AMORTIZATION EXPENSES

	03/31/2018	03/31/2019
Expenses with the amortization of intangible assets	82,762	81,329
Expenses with the amortization of tangible assets	2,624,495	2,375,609
TOTAL	2,707,257	2,456,938

NOTE 26. OTHER EXPENSES

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

	03/31/2018	03/31/2019
Expenses with taxes and charges	191,820	203,357
Losses from receivables	242	0
Damages/Indemnities, fines, penalties	2,500	10,314
Donations	-	0
Sponsorships	-	1600
Other operating expenses	46,982	14,799
TOTAL	241,544	230,070

NOTE 27. OTHER OPERATIONAL GAINS/LOSSES – NET

	03/31/2018	03/31/2019
Income from disposal of assets	591,794	0
Expenses on disposal of assets	0	0
Income from provisions	0	0
Expenses from provisions	0	0
Income from adjustments of stocks and customer receivables	8,642	22,192
Expenses for adjustments of stocks and customer receivables	-406	-999
Income from exchange rate differences, less those for cash and cash equivalents	12,109	193,827
Expenses from exchange rate differences, less those for cash and cash equivalents	-12,914	-59,839
TOTAL	599,225	155,181

NOTE 28. FINANCIAL INCOME

Financial income includes income from interests and other income.

	03/31/2018	03/31/2019
Income from interests	33,629	126,563
Other financial income	18,763	6,048
TOTAL	52,392	132,611

NOTE 29. FINANCIAL EXPENSE

	03/31/2018	03/31/2019
Interest expense	169,306	212,425
TOTAL	169,306	212,425

NOTE 30. 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.

	03/31/2018	03/31/2019
Income from different exchange rates	147,447	516,863
Expenses from different exchange rates	-360,374	-1,415
Net financial gains (losses)	-212,927	515,449

NOTE 31. TRANSACTIONS WITH AFFILIATED PARTIES

In the first quarter of 2019 compared to same period of 2018, the company had transactions with the following affiliated parties: SC CASA DE EXPEDIȚII PHOENIX S.A. CONSTANȚA, DDN GLOBAL SRL CONSTANȚA, and CELCO S.A. CONSTANȚA. The connection with CASA DE EXPEDIȚII PHOENIX SA CONSTANȚA, DDN GLOBAL SRL CONSTANȚA, CELCO S.A. CONSTANȚA is resulting from the existence of common members in their management bodies.

Sales of goods and services

Company	03/31/2018	03/31/2019
Casa de Expediții Phoenix S.A.		
Sales of goods	0	0
Sales of services	99,426	289,620
Sales of fixed assets	0	0
TOTAL (VAT included)	99,426	289,620

Purchases of goods and services

Societatea	03/31/2018	03/31/2019
Casa de Expediții Phoenix S.A.		
Purchases of goods	33,496	32,429
Purchases of services	190,625	19,121
Purchases of fixed assets	0	0

Societatea	03/31/2018	03/31/2019
TOTAL (VAT included)	224,121	51,550

DDN GLOBAL

Purchases of goods	0	0
Purchases of services	43,102	44,283
Purchases of fixed assets	0	0
TOTAL (VAT included)	43,102	44,283

CELCO

Purchases of goods	0	1,673
Purchases of services	0	0
Purchases of fixed assets	0	0
TOTAL (VAT included)	0	1,673

Balances on 31 March 2019 resulting from sales/purchases of goods/services

CASA DE EXPEDIȚII PHOENIX SA CONSTANȚA

	03/31/2018	03/31/2019
Receivable	0	187,728
Payable	52,532	24,781
TOTAL	(52,532)	162,947

NOTE 32. ECONOMIC AND FINANCIAL INDICATORS

INDICATORS	CALCULATION PROCEDURE	RESULTS	
		03/31/2018	03/31/2019
1. Current liquidity	Current assets/Current liabilities	4.78	3.37
	Borrowed capital ----- x 100 Equity	17.17	12.49
2. Indebtedness	Borrowed capital ----- x 100 Committed capital	14.65	11.10
3. Rotation speed of customers debts	Average balance of customers ----- x 90 Turnover	50.29	73.60
4. Rotation speed of fixed assets	Turnover/Fixed assets	0.1613	0.12

EVENTS OCCURRED AFTER THE REPORTING PERIOD

We specify that subsequent to preparation of financial statements, no events have occurred which could significantly influence the financial position and company performances.

Quarterly Financial Statements are not audited.

General Manager
Dorinel Cazacu

Financial Manager
Cristian-Mihai Ududec