TTS (Transport Trade Services) SA

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

PREPARED IN ACCORDANCE WITH
THE INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")
AS ADOPTED BY EU

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of TTS (Transport Trade Services) S.A.
Bucharest, Romania

Opinion

We have audited the consolidated financial statements of TTS (Transport Trade Services) SA (the Company), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Romania, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Deloitte.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

On behalf of:
Deloitte Audit S.R.L.

Alina Mirea

Autoritatea Pentru Supravegherea Publică a Activităţii de Audit Statutar (ASPAAS)
Auditor financiar: Mirea Ioana Alina
Registru Public Electronic: AF1504

Bucharest, Romania
April 21, 2020

Autoritatea Pentru Supravegherea Publică a Activităţii de Audit Statutar (ASPAAS)
Auditor financiar: Deloitte Audit S.R.L.
Registru Public Electronic: FA25

TTS (Transport Trade Services) SA
CONSOLIDATED STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019
(all amounts are expressed in "RON", unless specified otherwise)

	Note	Year ended December 31, 2019	Year ended December 31, 2018
Revenue	4	551,794,655	475,190,598
Raw materials and consumables		(93,002,855)	(86,434,116)
Merchandise sold		(14,555,101)	(30,274,184)
Subcontractors expenses	8	(186,207,591)	(165,577,775)
Payroll expenses		(94,899,893)	(87,829,533)
Other expenses	5	(39,707,747)	(36,980,013)
Depreciation and amortization		(54,724,918)	(46,569,153)
Other gain and losses	7	536,338	4,242,540
Total operating result		**69,232,888**	**25,768,363**
Investment expenses	6	504,146	826,792
Net of finance cost/income	9	(3,011,622)	(3,169,331)
Profit of the year from continuing operations		**66,725,412**	**23,425,824**
Income tax expenses	10	(13,438,576)	(5,615,768)
Profit of the year attributable to:		**53,286,836**	**17,810,057**
Attributable to:			
Owners of the Company		47,675,116	16,656,483
Non-controlling interests		5,611,720	1,153,574
Total comprehensive income for the year attributable to:			
Owners of the Company		47,675,116	16,656,483
Non-controlling interest		5,611,720	1,153,574

These consolidated financial statements have been approved by the Board of Directors and authorized to be issued on April 14, 2020.

Mihailescu Alexandru Mircea,
President of the Board of Directors

Stefanut Petru,
CFO

This is a free translation from the original Romanian version.
Notes attached are an integrant part of the consolidated financial statements.

TTS (Transport Trade Services) SA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019
(all amounts are expressed in "RON", unless specified otherwise)

	Note	Year ended December 31, 2019	Year ended December 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	**12**	563,104,192	587,685,875
Goodwill	**13**	3,846,603	2,943,521
Intangible assets	**14**	2,520,253	4,374,257
Investments in associates	**15**	8,183,373	27,312,261
Other long term assets	**16**	4,116,889	5,238,492
Total non-current assets		**581,771,310**	**627,554,406**
Current assets			
Inventories	**17**	30,462,518	28,139,367
Trade and other receivables	**18**	69,758,698	56,291,599
Loans granted to associates		-	-
Other current assets	**19**	18,041,090	17,799,999
Cash and cash equivalents	**28**	62,393,392	38,940,040
Assets held for sale		3,351,341	-
Total current assets		**184,007,040**	**141,171,005**
Total assets		**765,778,350**	**768,725,411**
EQUITY AND LIABILITIES			
Equity and reserves			
Share capital	**20**	31,739,602	31,739,602
Share premiums	**20**	-	-
Reserves	**21**	228,582.979	227,561,154
Retained earnings		210,756,405	223,903,136
Equity attributable to equity holders of the parent		**471,078,986**	**483,203,893**
Non-controlling interest	**22**	**102,215,786**	**97,167,164**
Non-current liabilities			
Interest-bearing loans and overdraft	**23**	46,058,930	64,170,047
Deferred tax liabilities	**10**	7,992,550	7,771,190
Long term leasing	**23**	166,965	160,093
Other long term liabilities	**23**	382,313	951,237
Total non-current liabilities		**54,600,758**	**73,052,567**

	Note	Year ended December 31, 2019	Year ended December 31, 2018
Current liabilities			
Trade and other payables	**24**	38,718,474	36,811,065
Current portion of the leasing		294,879	187,272
Interest bearing loans and borrowings	**23**	62,894,813	54,120,838
Provisions for risks and charges	**25**	6,324,756	3,857,854
Other current liabilities	**26**	29,649,900	20,324,758
Total current liabilities		**137,822,821**	**115,301,788**
Total liabilities		**192,483,579**	**188,354,354**
Total equity and liabilities		**765,778,350**	**768,725,411**

These consolidated financial statements have been approved by the Board of Directors and authorized to be issued on April 14, 2020.

Mihailescu Alexandru Mircea,
President of the Board of Directors

Stefanut Petru,
CFO

TTS (Transport Trade Services) S.A.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019
(all amounts are expressed in "RON", unless specified otherwise)

	Share capital	Share premiums	Legal reserves	Other Reserves	Retained earnings	Attributable to owners of the parent	Non controlling interests	Total
Balance as at January 1, 2019	**31,739,602**	**-**	**6,666,572**	**220,894,582**	**223,903,136**	**483,203,893**	**97,167,164**	**580,371,057**
Profit for for the year	-	-	-	-	47,675,116	47,675,116	5,611,720	53,286,836
Shares acquisition	-	-	-	-	-	-	-	-
Spin- off effect	(8,525,000)	-	(1,705,000)	-	(42,370,023)	(52,600,023)	133,457	(52,466,566)
Transfer between reserves	-	-	(666,572)	666,572	-	-	-	-
Revaluation reserves	-	-	-	-	-	-	-	-
Reserves	-	-	1,673,175	1,053,650	(2,726,825)	-	-	-
Share capital issued	8,525,000	-	-	-	(8,525,000)	-	-	-
Translation adjustments	-	-	-	-	-	-	-	-
Dividends distributed	-	-	-	-	(7,200,000)	(7,200,000)	-	(7,200,000)
Increase in percentage held in subsidiaries	-	-	-	-	-	-	(396,999)	(396,999)
Dividends distributed to minority interest	-	-	-	-	-	-	(299,557)	(299,557)
Deferred taxes pertaining to the revaluation reserve	-	-	-	-	-	-	-	-
Balance as at December 31, 2019	**31,739,602**	**-**	**5,968,175**	**222,614,804**	**210,756,405**	**471,078,986**	**102,215,785**	**573,294,771**

As at December 31, 2019, the share capital was in amount of RON 30,000,000 divided into 30,000,000 shares with a nominal value of RON 1. All shares issued are paid in entirely.

In November 2019, the asymetrical spin off project nr .129/20.03.2019 was finalized according to which the activity related to the administration of the associates dealing in non-core activities for the group like hotels, rail transportation and renting and subrenting goods were spinned off as independent activities. The net asset transferred to the new Company set up following the spin off, namely TTS Adrent Consult SA, is in amount of 52,600,023 lei. The share capital of TTS ADRENT CONSULT S.A. is in amount of 8,525,000 lei. Following the spin off process, the share capital of the Company was in amount of 21,475,000 lei.

On November 20, 2019, the Extraordinary Shareholders meeting decided to increase the share capital of the Company with the amount of 8,525,000 lei, from 21,475,000 lei to 30,000,000 lei, from profits not distributed in prior years. The difference to 31,739,602 lei is represented by differences resulting from the application of IAS 29.

In 2019, dividends were distributed in amount of RON 7,200,000.

These consolidated financial statements have been approved by the Board of Directors and authorized to be issued on April 14, 2020.

Mihailescu Alexandru Mircea,
President of the Board of Directors

Stefanut Petru,
CFO

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TTS (Transport Trade Services) S.A.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019
(all amounts are expressed in "RON", unless specified otherwise)

	Share capital	Share premiums	Legal reserves	Other Reserves	Retained earnings	Attributable to owners of the parent	Non controlling interests	Total
Balance as at January 1, 2018	**33,072,751**	**46,417,946**	**6,666,572**	**212,680,783**	**208,145,147**	**506,983,199**	**96,419,550**	**603,402,749**
Profit for for the year	-	-	-	-	16,656,483	16,656,483	1,153,574	17,810,057
Shares acquisition	(1,333,150)	-	-	-	(27,778,063)	(29,111,213)	-	(29,111,213)
Revaluation reserves	-	-	-	-	3,075,423	3,075,423	-	3,075,423
Reserves	-	(46,417,946)	-	5,138,377	41,279,569	-	-	-
Translation adjustments	-	-	-	-	-	-	-	-
Dividends distributed	-	-	-	-	(14,400,000)	(14,400,000)	-	(14,400,000)
Increase in percentage held in subsidiaries	-	-	-	-	-	-	-	-
Dividends distributed to minority interest	-	-	-	-	-	-	(405,960)	(405,960)
Deferred taxes pertaining to the revaluation reserve	-	-	-	-	-	-	-	-
Balance as at December 31, 2018	**31,739,602**	**-**	**6,666,572**	**220,894,582**	**223,903,136**	**483,203,893**	**97,167,164**	**580,371,057**

As at December 31, 2018, the share capital was in amount of RON 30,000,000 divided into 30,000,000 shares with a nominal value of RON 1. All shares issued are paid in entirely.

In March 2018, the Company bought back 1,333,150 shares with a nominal value of RON 1 each from shareholder International Finance Corporation, at a buy-back value of EUR 6,239,142.

EGMS Resolution no. 2 of 12.03.2018 approved the cancellation of its own bought back shares and the decrease of the share capital from RON 31,333,150 to RON 30,000,000. The operation is registered with the Bucharest Trade Registry.

By GMS Resolution no. 1 of 12.03.2018, the shareholders decided to allocate to the reserve account the share premiums in amount of RON 46,218,631. Also, the shareholders decided to cover the registered losses following the buy-back of the Company'w own shares in amount of RON 41,279,569 out of the reserve created further to the inclusion of share premiums and retained earnings.

On March 23, 2018 the Company bought back from IFC a number of 1,333,150 shares representing 4.2548%, further to which IFC no longer holds any share in TTS.

In 2018, dividends were distributed in amount of RON 14,400,000.

These consolidated financial statements have been approved by the Board of Directors and authorized to be issued on April 14, 2020.

Mihailescu Alexandru Mircea,
President of the Board of Directors

Stefanut Petru,
CFO

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TTS (Transport Trade Services) S.A.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
(all amounts are expressed in "RON", unless specified otherwise)

	Year ended December 31, 2019	Year ended December 31, 20187
Cash flows from operating activities:		
Profit before taxation	**66,725,412**	**23,425,824**
Adjustments for non-cash items:		
Depreciation, amortization and impairment	48,574,213	46,526,949
Net increase in provision for for fixed assets	6,108,502	-
Net interest expenses	2,295,945	2,514,318
(Gain)/ Loss from disposals of fixed assets	859,759	(312,527)
Net increase in provision for current assets	(781,097)	2,973,471
Net increase / (Decrease) in provision for risks and charges	2,466,901	460,049
Net increase / (Decrease) from assets held for sale	-	-
Net increase in investments	-	(215,294)
Income from fixed assets received free of charge	-	-
Deferred tax income / (expense)	-	-
IFRS transition of non-monetary items	159,682	(132,972)
Exchange rates differences	-	-
Operating profit before working capital changes	**126,409,318**	**75,239,819**
Changes in operating assets and liabilities:		
Increase in trade and other receivables	(6,853,024)	2,495,228
Decrease / (Increase) in inventories	(6,285,152)	(6,643,504)
Increase / (Decrease) in trade and other payables	5,080,627	(3,618,953)
Cash generated from operations	**118,351,769**	**67,472,589**
Interests paid	(2,295,945)	(2,514,318)
Income tax paid	(6,866,547)	(10,871,712)
Net cash flow generated from operations	**109,189,277**	**54,086,559**
Investing activities:		
Purchases of tangible and intangible assets	(70,218,139)	(50,842,557)
Payments for investments	(1,197,375)	-
Income from sale of fixed assets	4,374,331	2,115,221
Loans reimbursed / (granted) from / to associates	(950,000)	-
Encashments from sale of investments	(159,682)	132,972
Spin off payments	(351,364)	-
Dividends paid to non-controlling interests	(299,557)	(405,960)
Interest received	-	-
Cash flow used in investing activities	**(68,801,785)**	**(49,000,324)**

	Year ended December 31, 2019	Year ended December 31, 2018
Financing activities:		
Proceeds from share capital increase	-	-
Non-controlling interest contribution	-	-
Dividends paid	(7,200,000)	(14,400,000)
Loan (paid) / received	(9,337,142)	28,141,307
Increase / (Decrease) in leasing	-	(1,448,473)
Shares bought back	(396,999)	(29,111,212)
Proceeds from reimbursements of loans from associates	-	-
Cash flow generated by financing activities	**(16,934,141)**	**(16,818,378)**
Net (decrease) / increase in cash and cash equivalents	23,453,350	(11,732,144)
Cash and cash equivalents at the beginning of the year	**38,940,040**	**50,672,186**
Cash and cash equivalents obtained from take-over of subisidiaries	**-**	**-**
Cashand cash equivalentsat the end of the year	**62,393,392**	**38,940,040**

These consolidated financial statements have been approved by the Board of Directors and authorized to be issued on April 14, 2020.

Mihailescu Alexandru Mircea,
President of the Board of Directors

Stefanut Petru,
CFO

1. GENERAL INFORMATION

TTS (Transport Trade Services) SA (hereinafter referred to as 'the Company'), is a company incorporated in Romania, in1997 having its registered office at no 34, Vaselor Street, Bucharest. The core business of the Company is represented by activities related to transports. SC TTS (Transport Trade Services) S.A. operates as sender of goods in domestic and international transport, on interior river ways, offering integrated/modular transport services.

The consolidated financial statements of the Company as at and for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as "Group" and individually as "Group entities").

The consolidated financial statements of the Company as at and for the year ended December 31, 2019 were initially approved on April 14, 2020.
As at December 31, 2019 the Company owned directly or through other subsidiaries investments in the following entities:

CNFR NAVROM SA is a stockholding entity established in 1991 where TTS SA holds 91.9023% (2016: 91.79%) of the share capital, the rest being owned by several individuals. The entity's headquarters is at No 34, Portului Street, Galati County. The core business of the entity is transportation of goods on rivers (code CAEN 5040).

CANOPUS STAR SRL is a limited liability entity, established in 2001, where TTS SA ownes 51% of the share capital. The entity's headquarter is in Incinta Port Digul de Nord Km1+ 100 Street, Cladirea Administrativa Et.1, Constanta County. The core business is represented by the river handling of goods (code CAEN 5224).

TTS PORTURI FLUVIALE SRL (TRANS EUROPA PORT SA) is a stockholding entity, established in 1996, where TTS SA ownes 100% (2016: 99.92%) from the total share capital. The entity's headquarters is on Regiment 11 Siret Street, Galati County. The core business is represented by the river handling of goods (code CAEN 5224) which merged with Europort Logistics (another subsidiary) during 2014.

TTS OPERATOR SRL is a limited liability entity, established in 1994, where TTS SA owns 90% from the total share capital. The entity's headquarter is in Incinta Port Digul de Nord Km1+ 100 Street, Cladirea Administrativa Et.1, Constanta County. The core business is represented by the river handling of goods (code CAEN 5224).
AGRIMOL TRADE SRL is a limited liability entity, established in 2010, where TTS SA owns 99.96%. The entity's headquarters is at no 34, Vaselor Street, Bucharest. The core business is trading of agricultural raw materials, live animals, textile raw materials and semi-finished goods(cod CAEN 4619).

SIM TUR SRL is a limited liabilities entity, established in 2006, where TTS SA owned 91,79%. The heaquarters of the entity is in Town Berca, no. 320, Buzau Couty. The core business is represented by hotels and similar services (code CAEN 5510). All the shares were transferred through the asymmetrical spin off to TTS ADRENT CONSULT S.A. on 12.12.2019.

CERNAVODA SHIPYARD SRL is a limited liability entity, established in 2013, where TTS SA owns indirectly 91.89%, as follows: 91.66% through Navrom S.A., respectively 0.723 through TTS Operator S.R.L..The investment was sold to Navrom in 12 December 2016. The entity's headquarters is at no 1, Canalului Street, Cernavoda. The core business is related to repair and maintenance of ships and boats (cod CAEN 3315).

Bunker Trade Logistics SRL is a limited liability entity, established in 2013, where TTS SA owns indirectly 91.81%, as follows: 87.31% through Navrom S.A, respectively 4.50% through TTS Operator S.R.L..The entity's headquarters is in Constanta, incinta Port. The core business is related river various services (cod CAEN 5222).

TTS (Transport Trade Services) GMBH is a liability entity established in 2014, where TTS owns 75% of share capital. The entity headquarters is at 15b Lerchengasse, Langerzersdorf, Austria. The core business is representedby activities related to transport.

1. GENERAL INFORMATION (continuare)

NAVROM BAC SRL is a limited liability entity, established in 1999, where TTS SA owns indirectly through CNFR Navrom SA 89,486% from the share capital. The entity's headquarters is at no. 1, Faleza Dunarii Street, Galati County. The core business is related to the transportation of passangers on rivers (code CAEN 5030).

NAVROM – CENTRU DE AFACERI SRL is a stockholding entity, established in 1999, where TTS SA owns indirectly through CNFR Navrom 91.56% from the share capital. The entity's headquarters is at no. 23, Portului Street, Galati County. The entity's core business is related to the rental and sub-rental of goods owned or rented (code CAEN 6820).

NAVROM SHIPYARD SRL is a limited liability entity established in 1999, where TTS SA owns indirectly through CNFR Navrom 91.57% from the share capital. The core business is related to the maintenance and repair of the ships and boats (code CAEN 3315).

Navrom River is an entity established in 2011, where TTS SA owns indirectly through CNFR Navrom 91.9023%. The entity's headquarters is at no. 23, Portului Street, Galati county.

SUPERQUATRO Grup SRL is a limited liability entity headquartered in Galati, str. Portului 20. CNFR Navrom owns 91,90% (2016: 69.3%) of Superquatro.

CARGO TRANS VAGON SA is a stockholding entity, established in 2004, where TTS SA owned directly 40.74%, through TTS Operator 2.93% from the share capital. The change in ownership is due to purchase contract concluded in 24 October 2016.The entity's headquarters is at no. 34, Vaselor Street, Bucharest. The core business is represented by the railway transportation of goods (code CAEN 4920). All the shares were transferred through the asymmetrical spin off to TTS ADRENT CONSULT S.A. on 12.12.2019.

TRANSTERMINAL-S SRL is a limited liability entity, established in 2006, where TTS SA owns 20%. The entity's headquarter is at no. 14/3, Gradina Botanica Street, Chisinau. The core business is represented by the railway transportation of goods.

NAVROM PORT SERVICE SA is a stockholding entity, established in 1999, where TTS SA owns indirectly through CNFR Navrom SA 49,97%. The entity's headquarter is at no 39, Portului Street, Galati County. The core business is represented by the goods transportation on rivers (code CAEN 5040).

PLIMSOLL KFT is a limited liability entity, established in April 1992, where TTS SA owns directly 51%. TTS SA has acquired in 20 June 2016 the 51% stake. The entity's headquarter is at no 1139, Frangepan street, Budapest, Hungary. The core business is represented by railway and river transport and forwarding services.

FLUVIUS KFT is a limited liability entity where TTS SA indirectly owns 51% through PLIMSOLL KFT.The entity's headquarter is at no 1139, Frangepan street, Budapest, Hungary. The core business is represented by river transport.

MANAGEMENT NFR SA is a stockholding entity, established in 2003, where TTS SA owns 20%. The entity's core business is at no 34, Vaselor Street, Bucharest. The core business is represented by the business and management consultancy services (code CAEN 7022). The Company is in advanced liquidation procedure.

CARGO TRANS VAGON BULGARIA JSA is an entity established in 2006, where TTS SA owned 10% from the total share capital. The entity's headquarters is in Bulgaria, and the core business is related to the railway transportation of goods. All shares were sold on 19.03.2019.

GIF LEASING IFN is a limited liability entity, established in 2004, where TTS SA owns 7.7% from the share capital. The entity's headquarters is at no. 24, Negustori Street, Bucharest. The core business is related to leasing (code CAEN 6491). The Company is in insolvency.

TTS COVASNA SRL is a limited liability entity, established in 2018, where TTS SA owned 99.978%. The entity's headquarters is at str. Mihai Eminescu, nr. 225, loc. Covasna, Covasna county. The core business is hotels and similar services (code CAEN 5510). All the shares were transferred through the asymmetrical spin off to TTS ADRENT CONSULT S.A. on 12.12.2019.

PORT OF FAJSZ kft is a limited liability company set up in 2004, in which TTS SA holds 100% directly. TTS S.A. bought on June 27, 2019 100% of the shares of the company. The Headquarters of the company is Fajsz, lot nr 076/2, Ungaria. The core business is auxiliary services for water transportation. On acquisition date, the Company was named EZUSTBARKA kft, the change in denomination to PORT OF FAJSZ kft was done on 30.08.2019.

1. GENERAL INFORMATION (continued)

Name of investment	Core Business	Place of establishment and operations	Type	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
				%	%	*lei*	*lei*
CNFR Navrom S.A.	Transportation of goods on rivers	Galați, Romania	Subsidiary	91.9023%	91.79%	39.308,697	39,073,677
Canopus Star S.R.L.	Handling of goods	Constanța, Romania	Subsidiary	51%	51%	45.079.480	45,079,480
TTS Porturi Fluviale S.R.L.	Handling of goods	Galați, Romania	Subsidiary	100%	100%	25.206.269	25,206,269
TTS Operator S.R.L.	Handling of goods	Constanța, Romania	Subsidiary	90.00%	90.00%	1.706.207	1,706,207
Navrom Bac S.R.L.	Passangers transportation on rivers	Galați, Romania	Subsidiary	89.486%	89.38%	1.118.660	1,118,660
Navrom - Centru de Afaceri S.R.L..	Rental and sub-rental of goods owned or rented	Galați, Romania	Subsidiary	91,56%	87.69%	2.107.688	1,945,709
Navrom Shipyard S.R.L.	Repair and maintenance of ships and boats	Galați, Romania	Subsidiary	91.57%	91.55%	9.103.000	4,750,000
Navrom River S.R.L.	Hotels and similar activities	Galați, Romania	Subsidiary	91.90%	91.79%	20.577.000	17,855,000
TTS Covasna SRL	Hotels and similar activities	Covasna, Romania	Subsidiary	0%	99.978%	-	22,995,000
Superquattro Group SRL	Hydrotechnical works	Galați, Romania	Subsidiary	91.90%	91.79%	3.859.670	3.859.670

1. GENERAL INFORMATION (continued)

Name of investment	Core Business	Place of establishment and operations	Type	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
				%	%	*Lei*	*Lei*
Sim Tur S.R.L.	Hotels and similar activities	Buzău, Romania	Subsidiary	0%	91.79%	-	3,852,790
TTS (Transport Trade Services) Gmbh	Comlementary activities related to transport	Austria	Subsidiary	75%	75%	116.477	116,477
Plimsoll Kft	Comlementary activities related to transport	Budapesta, Ungaria	Subsidiary	51%	51%	9.066.000	9.066.000
Fluvius Kft	Transportation of goods on rivers	Budapesta, Ungaria	Subsidiary	51%	51%	-	-
Port of Fajsz Kft	Handling of goods	Fajsz, Ungaria	Subsidiary	100%	-	1.293.500	-
Agrimol Trade S.R.L.	Trading various products	București, Romania	Subsidiary	99.96%	99.96%	9,352,500	9,352,500
Cernavodă Shipyard S.R.L.	Repair and maintenance of ships and boats	Cernavodă, Romania	Subsidiary	91.89%	91.78%	17.038.000	15,155,000
Bunker Trade Logistics	Comlementary activities related to transport	Constanța, Romania	Subsidiary	91.81%	91.70%	200.000	200,000
Cargo Trans Vagon S.A.	Railway transportation of goods	București, Romania	Associate	0%	43.67%	-	19,997,800
Transterminal-S S.R.L.	Railway transportation of goods	Chișinău, Rep. Moldova	Associate	20%	25.50%	147.339	147,339

1. GENERAL INFORMATION (continued)

Name of investment	Core Business	Place of establishment and operations	Type	December 31, 2019 %	December 31, 2018 %	December 31, 2019 *Lei*	December 31, 2018 *Lei*
Navrom Port Service S.A.	Railway transportation of goods	Galați, Romania	Associate	45.87%	45.87%	878.700	878.700
Management NFR S.A.	Business and consulancy services	București, Romania	Associate	20.00%	20.00%	-	-
Cargo Trans Vagon Bulgaria JSA	Railway transportation of goods	Bulgaria	Investment	0%	10.00%	-	54.230
GIF Leasing IFN	Finance lease	Bucharest, Romania	Investment	7.701%	7.701%	-	-
For Serv Drum	Construction	Argeș, Romania	Investment	30.00%	30.00%	-	-

1. GENERAL INFORMATION (continued)

Consolidation perimeter

TTS SA prepares consolidated financial statements for the year ended December 31, 2019. Consolidated financial statements include the financial statements of companies TTS SA („the Company") and its subsidiaries CNFR Navrom S.A., Canopus Star S.R.L., TTS Porturi Fluviale S.R.L.., TTS Operator S.R.L., Navrom Bac S.R.L. Navrom - Centru de Afaceri S.R.L.., Navrom Shipyard S.R.L., Agrimol Trade S.R.L., Cernavoda Shipyard S.R.L, Bunker Trade Logistic S.R.L, Sim Tur S.R.L., TTS (Transport Trade Services)GMBH, Navrom River S.R.L., Superquatro Group SRL, TTS Covasna S.R.L., Plimsoll Kft and Fluvius Kft, Port of Fajzs kft known as "the Group". The last two entities are condensed only starting June 2016 when the ownership was obtained.

Subsidiaries are consolidated from the date that the Company prepared for the first time the opening consolidated balance sheet – January 1, 2011 in accordance with the requirements of International Financial Reporting Statements as adopted by EU.

2. APPLICATION OF THE NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Initial application of new amendments to the existing standards effective for the current reporting period

The following amendments to the existing standards and new interpretation issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- **IFRS 16 "Leases"** – adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IFRS 9 "Financial Instruments"** - Prepayment Features with Negative Compensation – adopted by the EU on 22 March 2018 (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IAS 19 "Employee Benefits"** - Plan Amendment, Curtailment or Settlement – adopted by the EU on 13 March 2019 (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IAS 28 "Investments in Associates and Joint Ventures"** - Long-term Interests in Associates and Joint Ventures – adopted by the EU on 8 February 2019 (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to various standards due to "Improvements to IFRSs (cycle 2015 -2017)"** resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording – adopted by the EU on 14 March 2019 (effective for annual periods beginning on or after 1 January 2019),
- **IFRIC 23 "Uncertainty over Income Tax Treatments"** – adopted by the EU on 23 October 2018 (effective for annual periods beginning on or after 1 January 2019).

The adoption of these amendments to the existing standards has not led to any material changes in the Company's financial statements.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Standards and amendments to the existing standards issued by IASB and adopted by the EU but not yet effective

At the date of authorisation of these financial statements, the following new standards and amendments to standards issued by IASB and adopted by the EU are not yet effective:

- **Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** - Definition of Material - adopted by the EU on 29 November 2019 (effective for annual periods beginning on or after 1 January 2020),

- **Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures"** - Interest Rate Benchmark Reform - adopted by the EU on 15 January 2020 (effective for annual periods beginning on or after 1 January 2020),

- **Amendments to References to the Conceptual Framework in IFRS Standards** adopted by the EU on 29 November 2019 (effective for annual periods beginning on or after 1 January 2020).

The Company has elected not to adopt these new standards and amendments to existing standards in advance of their effective dates. The Company anticipates that the adoption of these standards and amendments to existing standards will have no material impact on the financial statements of the Company in the period of initial application.

New standards and amendments to the existing standards issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards, amendments to the existing standards and new interpretation, which were not endorsed for use in EU (the effective dates stated below is for IFRS as issued by IASB):

- **IFRS 17 "Insurance Contracts"** (effective for annual periods beginning on or after 1 January 2021),

- **Amendments to IFRS 3 "Business Combinations"** - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period),

- **Amendments to IAS 1 "Presentation of Financial Statements"** - Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2022),

- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,

- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded).

The Company anticipates that the adoption of these new standards, amendments to the existing standards and new interpretations will have no material impact on the financial statements of the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by EU.

3.2 Basis of preparation

The consolidated financial statements have been prepared at historic cost, except for certain financial instruments that are stated at restated value or fair value as described in the accounting policies. The historic cost is generally based on the fair value of the provision supplied in exchange of the assets.

The financial statements have been prepared on a going concern basis, according to the historic cost convention adjusted for the effects of hyperinflation by December 31, 2003 for the share capital, reserves and investments.

The financial statements are prepared on the basis of the statutory accounting records in accordance with the Romanian accounting principles, adjusted for compliance to IFRS, as adopted by EU.

The main accounting policies are presented below.

The going concern principle. The Company operates according to the going concern principle. This principle assumes that the entity will continue its activity normally, without entering liquidation or significantly reducing its activity. The Company analysed the current situation of the orders and of the main industries linked to its activity, for which it operates transportation services and according to it, they expect that the current COVID situation will lead to a reduction in profitability, but by efficiently utilising the resources available considers that the going concern principle will not be affected.

Functional and presentation currency

These financial statements are presented in lei, which is the functional currency of the Company. The financial statements are presented in lei, rounded, without decimals. The transactions realised in a foreign currency are stated in RON (lei) by applying the exchange rate at the transaction date. The monetary assets and debts stated in a foreign currency, at the year end, are stated in RON (lei) using the exchange rate at the respective date. Gains and losses from the exchange rate differences, realised or not realised, are stated in the profit and loss account for the respective year.

The exchange rates as at December 31, 2019 and as at December 31, 2018 are:

	December 31, 2019	December 31, 2018
EUR	4.7793	4.6639
USD	4.2608	4.0736

Non-monetary assets and liabilities measured in terms of fair value in a foreign currency are translated in functional currency at closing rate of the date when the the fair value has been determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern financial and operating policies of an entity so as to obtain benefits from its activities. Please see also Note 1.

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

3.3.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group losses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of the retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and non-controlling interests.

When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets.

The fair value of any investment retained in the former subsidiary when the control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

3.4 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units (or groups of cash generating units) that is espected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in the profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

The Group's policy for goodwill arising on the acquisition of an associate is described in note 3.5 below.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate.

3.6 Non-current assets held for sale

Non-current assets and disposals groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

3.7 Revenue recognition

Income is measured at the fair value of the consideration received or receivable. Revenue is reduced by estimated customer returns, commercial rebates and other similar allowances.

The Company has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios.

Revenue is recognized according to criteria in IFRS 15 using the recognition over time for services and at a point in time for goods as according to the analysis of management, conditions are met for such recognition to be applied.

3.7.1. Sale of goods

Revenue from sales of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are met:

- the Group has transferred to the buyer the control over the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured in a reliable manner;
- it is probable that the economic benefits will flow directly to the Group, and
- the costs incurred or to be incurred in respect to the transaction can be measured in a reliable manner.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Revenue recognition (continued)

3.7.2. Income from rendering transport services

A. Transport income shall be registered as the transport is confirmed by the beneficiary based on the following documents:

- freight documents (bill of lading)in case of AMG;
- documents attesting to the unloading of the commodities (tally upon unloading / Out Turn Report – OTR / draft unloading survey).

Special recognition criteria

Income from ***services in progress*** shall be recognised depending on:

- the ships' location at the end of each month in the electronic ship monitoring system in Navrom's Dispatch Office;
- the virtual route of the convoy (quantity x virtual distance) corroborated with the virtual trade of the order;

B. Income from other services (repairs, etc.) shall be recorded as they are rendered, correlated with the stage of execution of the works.

The stage of execution of the work shall be determined based on the statements of works accompanying the invoices, the minutes or other documents attesting to the stage of execution and acceptance of the services rendered.

Special recognition criteria

The production cost of goods and services in progress shall be presented at the end of the period (monthly) in account 711 – Variation in inventory.

At the beginning of the following period, production in progress is restated at the costs registered cumulatively from the beginning of the period.

3.7.3. Dividend and interest income

Dividend income from investments is recognized when the shareholders 'right to receive payment has been established.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a timely basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount on initial recognition.

3.8 Construction contracts

Revenue and costs for construction contracts in Navrom Shipyard are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on proportion of costs incurred for work performed to date relative to the estimated total contract costs.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Foreign currencies

Transactions in foreign currencies are translated to the respective functional currency of individual Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets, which are assets that necessarily take a substantial period of time in order to be used or for sale are added to the cost of those assets, until such time as the respective assets are ready to be used for their purpose or for sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in the income statement in the period in which they are incurred.

3.11 Retirement benefit costs

The Group, in the normal course of business, makes payments to the Romanian State on behalf of its employees. All employees of the Group are members of the Romanian State pension plan. The Group does not operate any other pension scheme or postretirement benefit plan and, consequently, has no obligation in respect of pensions. In addition, the Group is not obliged to provide further benefits to its employees.

3.12 Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

3.12.1 Current tax

The tax currently payable is based on the taxable profit of the year. Taxable profit differs from the 'profit before tax' as reported in the consolidated statement of profit and loss, as it excludes the elements of income and expenses that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Taxation (continued)

3.12.2 Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the Romanian laws that have been enacted or substantively enacted by the reporting date (2017 and 2016: 16%).

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Current tax and deferred tax

Current and deferred tax are recognized in profit and loss, except when they relate to items that are recognized in other comprehensive income, or directly in equity in which case, the current and deferred tax are also recognized in orther comprehensive income or directly in equity respectively.

The income tax for the period ending December 31, 2017 was 16% (December 31, 2016: 16%), in accordance with the Romanian legislation.

3.13 Property, plant and equipment

Land and buildings held to be used in the production or supply of goods or services or for administrative purposes are stated in the consolidated statement of financial statements at their cost less accumulated depreciation and accumulated impairment losses.

The depreciation of the buildings is recorded in the statement of comprehensive income through the profit and loss of the year.

The depreciation of these assets, on the same basis as other tangible assets, commences when the assets are ready to be used. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment including ships are stated at cost less accumulated depreciation and accumulated impairment losses. Ships are evaluated starting December 31, 2017 at revalued value set by an independent member of ANEVAR.

As at December 31, 2012, for the scope of preparing consolidated financial statements, the Group has applied one of the exemptions included in IFRS 1 which relieves first time adopters from the requirements to recreate cost information for the property, plant and equipment – *"IFRS1 - D8 allows event - driven fair value to be taken as the deemed cost as the date of that measurement"* In more detail the point refers allows a first time adopter to use and event driven fair value as deemed cost at the measurement date, for measurements events that occurred after the date of transition to IFRS and to specify accounting in such circumstances.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Property, plant and equipment (continued)

For the Group the measurement date was after the date of transition to IFRs, respective December 31, 2012, when a fair value exercise was considered for all fixed assets which has became the deemed cost.

Depreciation is recognized so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The average useful life of each category of property, plant and equipment is presented as follows:

	Years
Buildings and special constructions	8 - 60
Technical installations and equipment	3 - 30
Vehicles	4 - 6

3.14 Intangible assets

Intangible assets purchased separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated depreciation amortization and accumulated impairment losses. Amortization is calculated on a straight line basis throughout the useful life. The estimated useful life and the amortization method are revised at the end of each reporting period, effecting changes in the future accounting estimates.

The following useful lives are used in the calculation of amortization:

	Years
Concessions & patents	1 - 5

3.15 Impairment of tangible and intangible assets other than goodwill

Intangible assets with an indefinite useful life and the intangible assets that are not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

At the end of each reporting period, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of an individual asset of the cash generating unit into which the asset belongs.

Where there can be identified a consistent allocation basis, the Group's assets are also allocated to individual cash generating units or to the smallest group of cash generating units for which a consistent allocation basis can be identified.

Intangible assets with an indefinite useful life and the intangible assets that are not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Impairment of tangible and intangible assets other than goodwill (continued)

The recoverable amount is the higher of the fair value less the costs of sale and the value-in-use. In assessing the value-in-use, the estimated future cash flows are discounted at the current value using a discount rate before taxes, which reflects the current market estimates of the time-value of money and the risks specific to the asset, for which the future cash flows have not been adjusted.

When an impairment loss is subsequently reversed, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable value, but so that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized for the respective asset (cash generating unit) in the prior years. A reversal of the impairment loss is immediately recognized in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.16 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including a part corresponding to the fixed and variable expenses are allocated to the inventories held through the method that is most adequate to the respective class of inventories, the weighted average basis. Net realizable value represents the sale price estimated for inventories less all the costs estimated for completion and the costs pertaining to the sale.

3.17 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and when a reliable estimate can be made of the respective obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the estimated cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

3.18 Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognized at the date of sale of the relevant products, at the director's best estimate required to settle Group's obligation.

3.19 Use of estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 Application of IFRS 9 *Financial Instruments*

The Company applies IFRS 9 *Financial Instruments* (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018..

IFRS 9 introduced new requirements for:

1) The classification and measurement of financial assets and financial liabilities,
2) Impairment of financial assets, and
3) General hedge accounting.

Details of these new requirements as well as their impact on the Company's financial statements are described below.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election / designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 Application of IFRS 9 *Financial Instruments* (continued)

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment. See (a) below.

Related to the Company's financial assets as regards their classification and measurement: loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. The ECL allowance under IFRS 9 is recognized in profit and loss.

(a) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39.

The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Company to recognise a loss allowance for expected credit losses on:

(1) Debt investments measured subsequently at amortised cost or at FVTOCI,

(2) Lease receivables,

(3) Trade receivables and contract assets measured at amortized cost or FVTOCI, and

(4) Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

In particular, IFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition,. The Company does not have POCI. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

The Company has assessed the ECL allowance and has determined it as not material for Financial Statements.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Impairment of financial assets (continued)

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Group's policy is to establish provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Company's domicile. As the Company assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognized. Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

IFRS 13 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in such asset's or liability's principal or most advantageous market, in an orderly transaction value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value. IFRS 13 describes three levels of inputs that may be used to measure fair value:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date;

Level 2: Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date and fair value can be determined through the use of models or other valuation methodologies; and

Level 3: Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes its own estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk. The inputs into the determination of fair value require significant judgment. Due to inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these assets and liabilities existed.

A financial instrument's level within the fair value hierarchy is based on the lowest of any input that is significant to the fair value measurement. Certain instruments are valued using the net asset value ("NAV") of the investment vehicle.

The following is a description of the valuation methodology used for the Group's investments carried at fair value, including the general classification of such instruments within the valuation hierarchy:
All the investments – money market investments, bonds, equities, hedge funds and private market are in securities which are traded on the international open markets. Evaluation of each security is done considering its market price on that specific day.

4. REVENUE

The following is an analysis of the Group's revenue for the year from continuing operations:

	Year ended December 31, 2019	Year ended December 31, 2018
Revenue from sales of merchandises	25,272,931	41,897,999
Revenue from sales of raw materials	103,177	162,108
Revenues from sales of finished products	-	-
Revenue from rendering of services	517,375,739	424,719,220
Revenue from other activities	9,042,807	8,411,271
Total	**551,794,655**	**475,190,598**

5. OTHER EXPENSES

	Year ended December 31, 2019	Year ended December 31, 2018
Electricity expenses	4,859,104	4,283,912
Repairs	12,342,831	9,590,817
Rent expenses	7,710,553	8,789,821
Insurance expenses	6,183,664	6,028,996
Training	167,772	133,752
Transportation services	1,460,880	1,081,796
Expenses with commissions	811,160	1,262,312
Advertising and protocol expenses	1,336,953	1,284,088
Travel expense	595,476	486,212
Communication expenses	1,455,276	1,393,540
Tax expenses	2,784,077	2,644,765
Expenses with packages	10,509	7,217
Total	**39,718,255**	**36,987.230**

6. INVESTMENT EXPENSES / INCOME

	Year ended December 31, 2019	Year ended December 31, 2018
Income from financial investments	524,577	521,117
Expenses from financial investments	(54,230)	-
Income from financial assets	159,688	209,958
Other financial income	903,702	1,134,684
Other financial expenses	(1,029,591)	(1,038,966)
Income / (Expense) from financial investments	**504,146**	**826,792**

In 2019, revenues and expenses from financial investments include mainly dividends received from the investments of the Group and the last instalments from the sale of Danu Transport that were paid subject to meeting certain conditions.

In 2018, income and expenses with financial investments include mainly the dividends received out of the Group's investments and a sum received from the sale of Danu Transport released on condition of fulfillment of certain conditions.

7. OTHER GAINS AND LOSSES

	Year ended December 31, 2019	Year ended December 31, 2018
Other income	13,003,324	12,880,863
Net expenses from foreign exchange differences	(916,368)	(218,009)
Net income / (expenses) from adjustments for current assets	781,097	(2,973,471)
Net income / (expenses) from adjustments for non-current assets	-	23,797
Net income / (expenses) from provisions	(2,466,901)	(460,049)
Net income / (expense) from services in progress	56,356	(18,393)
Income/ (expenses) as result of revaluation	-	-
Income from non-current assets in progress	1,794,301	2,352,421
Write off doubtful receivables	(2,638,179)	(99,113)
Other administrative expenses	(5,120,695)	(5,391,383)
Expenses related to fixed assets disposals	(3,956,596)	(1,854,125)
Total	**536,339**	**(4,242,540)**

In 2019, Other income mainly includes penalties invoiced to the final customers, revenues from sales of tangible assets (CNAIR). Also an expense from write off of doubtful debts was recorded in amount of 2,638,179 lei mainly related to the receivables balance from Interagro. Further expenses with provisions for risks and in amount of 2,466,901 lei were recorded in connection to the activity of the shipyards.

In 2018, Other income include mainly penalties invoiced to end customers, income from the sale of assets (Plimsol).

8. SUBCONTRACTORS EXPENSES

Subcontractors expenses include expenses with third parties for the rendering of the transportation services.

9. NET FINANCE COST

An analysis of the Group's revenue from investments for the year is presented below:

	Year ended December 31, 2019	Year ended December 31, 2018
Financial income	660,927	385,016
Bank fees and commissions	(767,489)	(674,138)
Interests on borrowings	(2,905,061)	(2,880,209)
Total	**(3,011,623)**	**(3,169,331)**

The financial income relates to the interest gained by the Group for overdrafts and short-term deposits.

The interests on borrowings relate mainly to the loans received from Uncredit Bank SA by TTS S.A., CNFR Navrom S.A.,TTS Porturi Fluviale S.R.L., Canopus Star S.R.L., Navrom Bac S.R.L. si de Fluvius kft, but also also to the overdraft received from Unicredit Bank and Citibank by CNFR Navrom SA, de TTS S.A., Agrimol Trade S.R.L., Navrom Bac S.R.L., Navrom Shipyard S.R.L.

10. INCOME TAX

	Year ended December 31, 2019	Year ended December 31, 2018
Current tax expense (note 10.2)	**13,217,216**	**6,319,389**
Expenses / (Income) with deferred tax recognized in the current year (note 10.1)	221,360	(703,622)
Total	**13,438,576**	**5,615,768**

The tax rate applied for the reconciliation above for the years 2019 and 2018 is 16% in Romania.

10.1 Details regarding deferred tax

	Year ended December 31, 2019	Year ended December 31, 2018
Balance as at January 1 deferred tax liabilities	**7,771,190**	**8,474,812**
Expense / (Revenue) in the period		
- generated by the revaluation reserves	221,360	(703,622)
- borrowings and others	-	-
Total impact – Profit and Loss account	**221,360**	**(703,622)**
Total impact – Plimsol & Fluvius acquisition	**-**	**-**
Total impact through comprehensive income	**7,992,550**	**7,771,190**
Balance as at December, 31 deferred tax liabilities	**7,992,550**	**7,771,190**

10.2 Details regarding income tax

	Year ended December 31, 2019	Year ended December 31, 2018
Profit before tax	**66,725,412**	**23.425.824**
Income tax calculated at 16%	10,676,066	3,748,132
Effects of the non-taxable expenses	3,722,459	3,451,609
Effects of income that are exempt from taxation	(1,561,287)	(1,108,867)
Effects of other elements similar to income	379,978	228,515
Current tax in respect of the current year before fiscal losses	-	-
Tax credit	-	-
Current tax in respect of the current year	**13,217,216**	**6,319,389**

11. SEGMENT INFORMATION

The Group's core business is transportation of goods on the Danube and other complementary services related to the transportation of goods such as manipulation of goods, loading and unloading, storage.

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the type of activities - intermediation, river transport, operations services and other services (repairs of the transportation fleet, hotel business, distribution of different goods (timber, oil, lubricants).

11. SEGMENT INFORMATION (continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

2019	Total	Forwarding	River transport	Port Operations	Other	Intersegments
Income	**551,794,654**	**405,120,598**	**317,382,208**	**83,039,894**	**45,373,305**	**(299,121,351)**
Merchandise sold	(14,555,101)	-	(1,577,887)	-	(12,977,214)	-
Raw materials and consumables	(92,992,346)	(228,176)	(80,904,879)	(9,462,597)	(2,475,896)	79,203
Depreciation and amortization	(54,724,918)	(2,756,944)	(32,111,313)	(12,864,338)	(6,992,323)	-
Packaging costs	(10,509)	-	(3,006)	(5,729)	(1,774)	-
Subcontractors expenses	(186,207,591)	(352,666,203)	(99,417,076)	(15,048,780)	(5,466,738)	286,391,206
Payroll expenses	(94,899,893)	(9,514,641)	(50,402,542)	(18,447,200)	(16,535,510)	-
Electricity, heating and water	(4,859,104)	(170,533)	(600,335)	(2,309,091)	(1,833,835)	54,690
Maintenance and repair expenses	(12,342,835)	(2,003,500)	(12,734,173)	(3,143,710)	(536,025)	6,074,573
Other administrative expenses	(22,505,811)	(6,482,950)	(9,768,961)	(7,862,849)	(3,549,776)	5,158,724
Other gains	26,317,178	9,629,775	13,121,655	751,099	5,427,601	(2,612,952)
Other loss	(25,780,840)	(7,873,017)	(11,038,468)	(1,431,903)	(8,008,719)	2,571,266
Operating profit	**69,232,888**	**33,054,410**	**31,945,223**	**13,214,796**	**(7,576,903)**	**(1,404,640)**
Investment expenses	504,146	-	-	-	-	-
Net of finance cost/ income	(3,011,622)	-	-	-	-	-
Profit before tax	**66,725,412**	**-**	**-**	**-**	**-**	**-**
Income tax expenses	(13,438,576)	-	-	-	-	-
Profit for the year from continuing operations	**53,286,836**	**-**	**-**	**-**	**-**	**-**

11. SEGMENT INFORMATION (continued)

Segment revenue and results

2019	Total	Forwarding	River transport	Port Operations	Other	Intersegments
Other comprehensive income for the year	-	-	-	-	-	-
-Deferred tax pertaining to comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	**53,286,836**	**-**	**-**	**-**	**-**	**-**
Profit of the year attributable to:						
Attributable to:						
Equity holders of the parent	47,675,116	-	-	-	-	-
Non-controlling interests	5,611,720	-	-	-	-	-
Total comprehensive income		**-**	**-**	**-**	**-**	**-**
Attributable to:						-
Equity holders of the parent	47,675,116	-	-	-	-	-
Non-controlling interests	5,611,720	-	-	-	-	

11. SEGMENT INFORMATION (continued)

Segment revenue and results

2018	Total	Forwarding	River transport	Port Operations	Other	Intersegments
Income	**475,190,599**	**331,537,319**	**259,266,187**	**67,875,014**	**50,368,238**	**(233,856,159)**
Merchandise sold	(30,274,184)	(7,007,350)	(868,106)	-	(22,469,313)	70,585
Raw materials and consumables	(86,426,901)	(766,170)	(75,112,786)	(7,202,070)	(3,418,058)	72,184
Depreciation and amortization	(46,569,153)	(2,910,311)	(26,732,064)	(12,939,883)	(3,986,895)	-
Packaging costs	(7,217)	(924)	(3,883)	(1,390)	(1,020)	-
Subcontractors expenses	(165,577,776)	(279,460,717)	(93,886,117)	(10,580,770)	(5,867,501)	224,217,329
Payroll expenses	(87,829,533)	(9,538,514)	(45,613,530)	(16,223,289)	(16,454,200)	-
Electricity, heating and water	(4,283,912)	(161,247)	(615,480)	(1,907,555)	(1,644,346)	44,715
Maintenance and repair expenses	(9,590,817)	(1,466,707)	(6,852,287)	(4,241,462)	(209,664)	3,179,303
Other administrative expenses	(23,105,283)	(7,462,688)	(10,209,963)	(7,970,172)	(2,805,408)	5,342,948
Other gains	24,158,721	11,639,057	9,399,606	721,881	3,681,580	(1,283,403)
Other loss	(19,916,181)	(4,886,593)	(5,575,977)	(1,028,026)	(10,247,344)	1,821,758
Operating profit	**25,768,363**	**29,515,155**	**3,195,603**	**6,502,278**	**(13,053,932)**	**(390,740)**
Investment expenses	826,792	-	-	-	-	-
Net of finance cost/ income	(3,169,331)	-	-	-	-	-
Profit before tax	**23,425,824**	**-**	**-**	**-**	**-**	**-**
Income tax expenses	(5,615,768)	-	-	-	-	-
Profit for the year from continuing operations	**17,810,057**	**-**	**-**	**-**	**-**	**-**

11. SEGMENT INFORMATION (continued)

Segment revenue and results

2018	Total	Forwarding	River transport	Port Operations	Other	Intersegments
Other comprehensive income for the year	-	-	-	-	-	-
-Deferred tax pertaining to comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	**17,810,057**	**-**	**-**	**-**	**-**	**-**
Profit of the year attributable to:						
Attributable to:						
Equity holders of the parent	16,656,483	-	-	-	-	-
Non-controlling interests	1,153,574	-	-	-	-	-
Total comprehensive income	**17,810,057**	**-**	**-**	**-**	**-**	**-**
Attributable to:						-
Equity holders of the parent	16,656,483	-	-	-	-	-
Non-controlling interests	1,153,574	-	-	-	-	

11. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

The Group's analysis of income and results from continued operations by reportable segments is presented below:

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3.

2019	TOTAL	Forwarding	River transport	Port Operations	Others	Intersegments
Total	551,794,654	405,120,598	317,382,208	83,039,894	45,373,305	(299,121,351)
Agri	180,628,080	147,492,951	82,118,932	58,146,177	-	(107,129,980)
Chemicals	49,239,653	43,675,413	29,287,461	11,979,781	-	(35,703,002)
Minerals	210,378,550	175,763,062	167,801,644	7,945,611	-	(141,131,767)
Other merchandise	15,879,166	-	15,879,166	-	-	-
Other services	95,669,205	38,189,172	22,295,004	4,968,325	45,373,305	(15,156,601)

2018	TOTAL	Forwarding	River transport	Port Operations	Others	Intersegments
Total	475,190,598	331,537,320	259,266,187	67,875,013	50,368,238	(233.856.159)
Agri	152,012,350	127,273,126	60,684,503	49,472,996	-	(85,418,274)
Chemicals	41,847,602	37,234,610	25,283,033	11,187,864	-	(31,857,905)
Minerals	163,235,454	123,151,045	137,797,841	3,893,772	-	(101,607,204)
Other merchandise	13,239,629	-	13,239,629	-	-	-
Other services	104,855,562	43,878,539	22,261,181	3,320,381	50,368,238	(14,972,776)

Other services for the Other segment include mainly sales of goods, shipyards incomes, hydro-construction, rental and sub-rentals, bunker and aquaculture services.

11. SEGMENT INFORMATION (continued)

Segment assets and liabilities

Segment assets 2019	December 31, 2019
Forwarding	89,048,786
River transport	423,091,749
Port operations	177,866,101
Others	64,237,000
Total segment assets	**754,243,636**
Assets held for sale	3,351,341
Unallocated assets	
Investment in the investee	8,183,373
Total assets	**765,778,350**

Segment liabilities	December 31, 2019
Forwarding	19,206,437
River transport	33,313,236
Port operations	5,929,687
Others	16,243,771
Total segment liabilities	**74,693,131**

Unallocated liabilities	December 31, 2019
Long-term borrowings	46,058,930
Deferred tax liabilities	7,992,550
Other non-current liabilities	382,313
Leasing	461,844
Short-term borrowings	62,894,813
Other current liabilities	-
Total liabilities	**192,483,579**

11. SEGMENT INFORMATION (continued)

Other segment information (continued)

Segment assets 2018	**December 31, 2018**
Forwarding	67,104,847
River transport	407,816,334
Port Operations	117,326,148
Others	89,165,822
Total segment assets	**741,413,150**
Unallocated assets	
Investment in the investee	27,312,261
Total assets	**768,725,411**

Segment liabilities	**December 31, 2018**
Forwarding	11,324,540
River transport	34,460,398
Port operations	5,072,680
Others	10,136,059
Total segment liabilities	**60,993,677**

Unallocated liabilities	**December 31, 2018**
Long-term borrowings	64,170,047
Deferred tax liabilities	7,771,190
Other non-current liabilities	951,237
Leasing	160,093
Short-term borrowings	54,120,838
Other current liabilities	187,272
Total liabilities	**188,354,354**

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than interests in associates, assets classified as held for sale and deferred tax assets
- all liabilities are allocated to reportable segments other than borrowings, other financial liabilities, leasing liabilities and deferred taxes

10. SEGMENT INFORMATION (continued)

Other segment information

Depreciation and amortization	2019
Forwarding	4,047,044
River transport	29,563,667
Port operations	11,574,237
Others	3,389,264
	48,574,213

Additions to non-current assets net of commissioned assets from WIP	2019
Forwarding	800,340
River transport	56,714,356
Port operations	7,778,896
Others	3,741,077
	69,034,669

Depreciation and amortization	2018
Forwarding	2,910,311
River transport	26,732,064
Port operations	12,939,883
Others	3,986,895
	46,569,153

Additions to non-current assets net of commissioned assets from WIP	2018
Forwarding	3,846,499
River transport	39,978,150
Port operations	7,170,645
Others	1,739,045
	52,734,339

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant and equipment	Fixtures and furniture	Tangible assets in progress and advances for fixed assets	Assets in transit	Total
COST							
Balance as at January 1, 2019	**15,060,392**	**183,668,659**	**497,091,230**	**4,822,712**	**21,076,112**	**-**	**721,719,106**
Increases	202,196	6,280,717	47,143,111	545,803	61,744,474	-	115,916,301
Disposals	43.270	55,016	7,248,904	122,977	47,010,291	-	54,480,457
Spin off cost	5.587.507	25,608,134	1,425,261	1,648,486	-	-	34,269,387
Held for sale reclassification	-	3,351,341	-	-	-	-	3,351,341
Revaluation impact	-	-	-	-	-	-	-
Balance as at December 31, 2019	**9,631,811**	**160,934,885**	**535,560,175**	**3,597,053**	**35,810,296**	**-**	**745,534,220**
ACCUMULATED DEPRECIATIONS							
Balance as at January 1, 2019	**111,965**	**33,585,253**	**98,025,387**	**2,310,625**	**-**	**-**	**134,033,231**
Depreciation expense	28,966	5,602,775	41,431,978	358,222	-	-	47,421,941
Disposals	-	55,016	2,304,055	-	-	-	2,359,071
Spin off effect depreciation	-	1,796,933	685,774	291,868	-	-	2,774,575
Revaluation impact	-	-	-	-	-	-	-
Provision	-	6,108,502	-	-	-	-	6,108,502
Balance as at December 31, 2019	**140,931**	**43,444,582**	**136,467,537**	**2,376,979**	**-**	**-**	**182,430,028**
NET BOOK VALUE							
As at December 31, 2018	**14,948,427**	**150,083,406**	**399,065,843**	**2,512,086**	**21,076,112**	**-**	**587,685,875**
As at December 31, 2019	**9,490,880**	**116,425,279**	**400,157,662**	**1,220,075**	**35,810,296**	**-**	**563,104,192**

12. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land	Buildings	Plant and equipment	Fixtures and furniture	Tangible assets in progress and advances for fixed assets	Assets in transit	Total
COST							
Balance as at January 1, 2018	**15,115,207**	**181,293,790**	**444,979,889**	**5,321,485**	**25,879,521**	**35,163**	**672,625,055**
Increases	62,941	4,196,337	55,426,399	297,180	57,236,512	-	117,219,369
Disposals	117,755	1,821,468	3,315,058	795,953	62,039,920	35,163	68,125,318
Revaluation impact	-	-	-	-	-	-	-
Balance as at December 31, 2018	**15,060,392**	**183,668,659**	**497,091,230**	**4,822,712**	**21,076,112**	**-**	**721,719,106**
ACCUMULATED DEPRECIATIONS							
Balance as at January 1, 2018	**78,494**	**29,490,271**	**60,593,739**	**2,524,383**	**-**	**-**	**92,686,887**
Depreciation expense	33,471	5,802,242	39,266,429	564,937	-	-	45,667,079
Disposals	-	1,707,259	1,834,781	778,695	-	-	4,320,735
Revaluation impact	-	-	-	-	-	-	-
Provision	-	-	-	-	-	-	-
Balance as at December 31, 2018	**111,965**	**33,585,253**	**98,025,387**	**2,310,625**	**-**	**-**	**134,033,231**
NET BOOK VALUE							
As at December 31, 2017	**15,036,713**	**151,803,520**	**384,386,149**	**2,797,102**	**25,879,521**	**35,163**	**579,938,168**
As at December 31, 2018	**14,948,427**	**150,083,406**	**399,065,843**	**2,512,086**	**21,076,112**	**-**	**587,685,875**

As at December 31, 2017 the plant and equipment class (ships category) was revalued by an ANEVAR member company, Elf Expert. The method used by the evaluator was the cost approach and market value approach. The impact of the revaluation methods used was an increase of 72,116,901 RON and a decrease of 2,212,218 RON.

13. GOODWILL

COST	Year ended December 31, 2019	Year ended December 31, 2018
Balance at beginning of year	**2.943.521**	**2,943,521**
Combinations occurring during the year	903.082	-
Balance at end of year	**3.846.603**	**2,943,521**

As at December 31, 2015, the goodwill was recognized for 2 of the subsidiaries consolidated: Canopus Star SRL in amount of RON 364,260 and TTS Porturi Fluviale SRL in amount of RON 348,882. During 2016, the Group invested in Plimsoll KFT, by buying 51% of its shares. Plimsoll KFT owns 100% of Fluvius KFT. In 2019, the Group acquired 100% of the company Port of Fajsz kft , Ungaria, resulting in an amount of 903.082 lei.

14. OTHER INTANGIBLE ASSETS

	Other intangible assets	Total
COST		
As at December 31, 2017	**7,834,189**	**7,834,189**
Additions	665,477	665,477
Disposals	520,461	520,461
As at December 31, 2018	**7,979,205**	**7,979,205**
Additions	855.340	855.340
Disposals	1.149.717	1.149.717
Spin off disposals	1,434,078	1,434,078
As at December 31, 2019	**6,250,751**	**6,250,751**
ACCUMULATED DEPRECIATION		
As at December 31, 2017	**3,192,344**	**3,192,344**
Amortization for the year	859,870	859,870
Amortization pertaining to disposals	447,267	447,267
As at December 31, 2018	**3,604,947**	**3,604,947**
Amortization for the year	1.152.272	1.152.272
Amortization pertaining to disposals	1.026.722	1.026.722
Fair value adjustment	-	-
As at December 31, 2019	**3,730,497**	**3,730,497**
Net book value as at December 31, 2017	**4,641,845**	**4,641,845**
Net book value as at December 31, 2018	**4,374,257**	**4,374,257**
Net book value as at December 31, 2019	**2,520,253**	**2,520,253**

Management has analyzed the impairment of the net book value of the tangible and intangible assets and decided that it is not necessary to calculate and record supplementary adjustments for their impairment, as the fair value less costs to sell exceed the carrying amounts at which they are reflected in the financial position as at December 31, 2019 and December 31, 2018.

15. INVESTMENTS IN ASSOCIATES

Name of investment	Core business	Holding percentage 12/31/2019	Cost of the investment 12/31/2019	Post-acquisition change in the investor's share of net assets of the investee	Carrying amount of the investment 12/31/2019	Cost of the investment 12/31/2018	Post-acquisition change in the investor's share of net assets of the investee	Carrying amount of the investment 12/31/2018
		%	Lei	Lei	Lei	Lei	Lei	Lei
Cargorom Trans BVBA	Complementary transportation services of goods	-	-	-	-	-	-	-
Cargo Trans Vagon S.A.	Railway transportation of goods	-	-	-	-	18,072,552	-	18,072,552
Cargo Trans Vagon S.A. (investment held by TTS Operator SA)	Railway transportation of goods	-	-	-	-	1,040,000	-	1,040,000
Transterminal-S S.R.L.	Transport feroviar de marfă	20%	147.339	4.934.282	5.081.621	147.339	4.909.387	5.056.726
Management NFR S.A.	Business and consultancy services	20%	18,000	-	18,000	18,000	-	18,000
PR Shipping S.R.L.	Other services	0%	-	-	-	700	-	700
Cargo Trans Vagon Bulgaria JSA	Railway transportation of goods	0%	-	-	-	54.230	-	54.230
Navrom Port Service S.A.	River transportation of goods	49.97%	878.700	2.163.484	3.042.184	878.700	2.158.092	3.036.792
For Serv Drum S.R.L.			559.493	(559.493)	-	559.493	(559.493)	-
Alte investiții			59.569	-	59.569	33.260	-	33.260
TOTAL VALUE OF THE INVESTMENT IN THE ASSOCIATES					**8,183,373**			**27,312,261**

In November 2019, the asymetric spin off project nr .129/20.03.2019 was finalized based on which the activity of administration of the Group non- core investments namely hotels, rail transportation and activity of renting and subrenting were spinned off as independent branches. The investment held in CARGO TRANS VAGON SA in amount of 19,112,552 lei was spinned off to the new set up company TTS ADRENT CONSULT S.R.L.

In 2019, the Company ceased the investment in Cargo Trans Bulgaria in value of 54,230 lei. The Companies Management NFR SA, Gif Leasing IFN and For Serv Drum SRL are in advanced stages of the bankruptcy procedures.

16. OTHER LONG-TERM ASSETS

	Year ended December 31, 2019	Year ended December 31, 2018
Long term receivables	4.116.889	5,238,492
Total	**4.116.889**	**5,238,492**

As at December 31, 209 long-term receivables is included the value to be recovered from Europolis (4,116,889 lei) related to the sale of fixed assets.

17. INVENTORIES

	Year ended December 31, 2019	Year ended December 31, 2018
Consumables	17.711.623	15,856,840
Small tools	656.069	1,209,392
Goods	6.574.594	6,551,344
Goods with third parties	340.735	325,319
Work in progress	8.364.702	3,222,599
Services in progress	2.514.835	2,710,412
Packages	13.405	14,905
Impairment of materials	(3.054.752)	(1,316,684)
Immpairment for work in progress	(2.177.113)	-
Impairment for small tools	(474.569)	(427,750)
Impairment of packages	(7.012)	(7,012)
Total	**30,462,518**	**28,139,367**

The line consumables contains mainly fuel used by the ships and cranes in the transportation operations.

The work in progress line is related mainly to the construction in progress of ships from Navrom Shipyard and Cernavoda Shipyard.

The services in progress are related to services rendered by Navrom Shipyard, Cernavoda Shipyard for various projects. In 2019, a value adjustment was recorded for the services in progress in amount of 2.177.113 lei.

18. TRADE AND OTHER RECEIVABLES

	Year ended December 31, 2019	Year ended December 31, 2018
Trade receivables	87.643.219	78,472,534
Allowance for doubtful receivables	(24.250.743)	(27,003,840)
Advances paid to suppliers of services	3.247.631	-
Other receivables	3.118.591	4,882,904
Total	**69.758.698**	**56,291,599**

Movement in the allowance for **doubtful debts:**

	Year ended December 31, 2019	Year ended December 31, 2018
Balance at the beginning of the year	**27.003.840**	**24.752.040**
Net Increase / (decrease) in allowance for the period	(2.753.097)	2.251.800
Balance at the end of the year	**24.250.743**	**27.003.840**

In determining the recoverability of a trade receivable, the Entity considers any change in the crediting quality of the loan up to the reporting date. The concentration of the recoverability risk of the receivable is limited due to the existence of a big number of non-affiliated clients. Thus, the management considers that no supplementary impairment adjustments are necessary for trade receivables to the ones already recognized in the current financial statements.

19. OTHER CURRENT ASSETS

	Year ended December 31, 2019	Year ended December 31, 2018
Amounts paid in advance	1.568.710	1,209,782
Sundry debtors	10.278.850	16,323,195
Allowance for sundry debtors	(8.151.202)	(10,141,203)
Taxes receivable from state budget	7.989.931	4,182,314
Other current assets	6.354.801	6,225,911
Total	**18.041.090**	**17,799,999**

In 2017, Sundry debtors mainly includes sundry debtors from Comcereal SA in amount of 3,565,113 lei, For Serv Drum S.R.L. in amount of 2,659,946 lei, Masini-Hibrid Construct S.R.L. in amount of 749,953 lei. All the mentioned amounts are also included in the allowance for sundry debtors. Another amount included in sundry debtors is also from the sale of two ships to Europolis.

19. OTHER CURRENT ASSETS (continued)

Ageing analysis details of trade receivables is presented below:

Year	Total	Not due	0-30 days	30-90 days	91-180 days	181-365 days	over 365 days (net of allowance)
2019	87,799,788	38,810,509	34,364,705	11,012,833	434,493	1,460,299	1,716,949
2018	74,091,596	30,146,021	24,668,855	7,421,170	6,511,037	3,909,830	1,434,683

The average credit period on sales invoices is 45- 60 days. No interest is charged on outstanding trade receivables.

The Group always measures the loss allowance for trade receivables at amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognized a loss allowance of 100% for all receivables past 270 days past due because historical experience has indicated these receivables are generally not recoverable.
There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery e.g. when the debtor has been placed under liquidation.

The following table details the risk profile of amounts due from customers based on Group's provision matrix. As the Group's historical credit loss experience does not show significantly different patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between Group's different customer base:

	December 31, 2018	December 3,1 2019
Expected total gross carrying amount at default amounts not past due	38,810,509	30,146,021
Lifetime ECL	-	-
Net carrying amount	**38,810,509**	**30,146,021**

20. ISSUED CAPITAL

Issued capital comprises:	No. of shares	Share capital	Share Premium
Balance at 31 December, 2013	**666,657**	**35,072,442**	**46,417,946**
Issue of shares	-	-	-
Balance at 31 December, 2014	**666,657**	**35,072,442**	**46,417,946**
Issue of shares	-	-	-
Balance at 31 December, 2015	**666,657**	**35,072,442**	**46,417,946**
Issue of shares	-	-	-
Balance at 31 December, 2016	**666,657**	**35,072,442**	**46,417,946**
No shares after reduction of the nominal value	33,332,850	35,072,441	46,417,946
Issue of shares	(1,997,000)	(1,997,000)	-
Balance at 31 December, 2017	**31,333,150**	**33,072,751**	**46,417,946**
No. of shares after reduction of the nominal value			
Issue of shares	(1,333,150)	(1,333,150)	(46,417,946)
Balance at 31 December, 2018	**30,000,000**	**31,739,601**	**-**
No. of shares after reduction of the nominal value			
Divizare	(8.525.000)	(8.525.000)	-
Majorare	8.525.000	8.525.000	-
Balance at 31 December, 2019	**30.000.000**	**30.000.000**	**-**

The share capital increase was done in cash. On July 18, 2012, the shareholders of the Company approved the share capital increase by issuing additional 66,657 fully paid common shares of RON 50 each nominal value to International Finance Corporation for a contribution of EUR 10,854,426 equivalent of RON 49,551,480. The transaction generated also the increase off the share premium by RON 46,218,631.

At December 31, 2016 the number of ordinary shares was 666,657.

In June 2017, after the acquisition of 39,994 shares of the IFC shareholder, the nominal value of the shares changed from 50 lei / share to 1 leu / share so the total number of ordinary shares increased from 666,657 to 33,332,850.

On August 28, 2017, the shareholders approved the cancellation of 1,997,700 own shares acquired from the shareholder of International Finance Corporation, representing 6% of the company's subscribed share capital. Also, at the same date, shareholders approved the reduction of the share capital from RON 33,332,850 to RON 31,333,150, with the nominal value of the cancelled shares amounting to RON 1,997,700.

After the reduction the share capital of the company is 31,333,150 lei divided into 31,333,150 nominative shares, with a nominal value of 1 leu.

The inflated IFRS of the share capital at 31 December 2017 is RON 33,072,751 (2016: 35,072,441 RON).

On March 23, 2018 the Company bought back from IFC a number of 1,333,150 shares representing

20. ISSUED CAPITAL (continued)

4.2548%, further to which IFC no longer holds any shares in TTS. Also, the shareholders decided to decrease the share capital by the cancellation of the redeemed shares. Further to such capital decrease, the share capital is in amount of RON 30,000,000 and an inflated value of RON 31,739,601.

By GMS Resolution no. 1 of 12.03.2018, the shareholders decided to allocate to the reserve account the share premiums in amount of RON 46,218,631. Also, the shareholders decided to cover the registered losses following the buy-back of the Company's own shares in amount of RON 41,279,569 out of the reserve created further to the inclusion of share premiums and retained earnings.

In November 2019 the asymetric spin off project nr. 129/20.03.2019 was finalized based on which the activity of managing the non core investments like hotels, rail transport and activity to rent and subrent good, as independent branches, was spinned off. The net asset transffered to the new Company, TTS Adrent Consult SA, set up through the spin off is in amount of 52,600,023 lei. The share capital of TTS Adrent Consult SA is in amount of 8,525,000 lei. Following the spin off, the share capital of the Company amounted to 21,475,000 lei.

On November 20, 2019, the General Extraordinary Shareholders Meeting decided to increase the share capital of the Company with 8,525,000 lei, from 21,475,000 lei to 30,000,000 lei, using part of the profit not distributed from prior years.

As at 31 December 2019, the Company's shareholding structure is as follows:

Shareholding structure	No. of shares	Share
Mihailescu Alexandru Mircea	14.847.000	49,4900%
Stanciu Ion	4.242.400	14,1413%
Stefan Viorel	3.030.300	10,1010%
Peter Hungerbuhler	3.030.300	10,1010%
Hartan Constantin	1.515.150	5,0505%
Stefanut Petru	909.100	3,0303%
Petrea Silviu Catalin	453.050	1,5102%
Stefan Jancovschi Daniel	453.050	1,5102%
Stoean Antonio Gabriel	453.050	1,5102%
Moldoveanu Aurel Florin	303.050	1,0102%
Simion Daniela Camelia	303.050	1,0102%
Alexandrescu Florin	153.500	0,5117%
Cismeck Aurelia Mihaela	153.500	0,5117%
Miron Mihaela	153.500	0,5117%
Total	**30.000.000**	**100%**

As at 31 December 2018, the Company's shareholding structure is as follows:

Shareholding structure	No. of shares	Share
Mihailescu Alexandru Mircea	14.847.000	49,4900%
Stanciu Ion	4.242.400	14,1413%
Stefan Viorel	3.030.300	10,1010%
Peter Hungerbuhler	3.030.300	10,1010%
Hartan Constantin	1.515.150	5,0505%
Stefanut Petru	909.100	3,0303%
Petrea Silviu Catalin	453.050	1,5102%
Stefan Jancovschi Daniel	453.050	1,5102%
Stoean Antonio Gabriel	453.050	1,5102%
Moldoveanu Aurel Florin	303.050	1,0102%
Simion Daniela Camelia	303.050	1,0102%
Alexandrescu Florin	153.500	0,5117%
Cismeck Aurelia Mihaela	153.500	0,5117%
Miron Mihaela	153.500	0,5117%
Total	**30.000.000**	**100%**

21. RESERVES

	Year ended December 31, 2019	Year ended December 31, 2018
Legal reserves	5.968.175	6,666,572
Revaluation reserves	63,894,161	63,894,161
Share premiums	-	-
Other reserves	158.720.643	157,000,421
Total	**228.582.979**	**227,561,154**

The main lines from reserves are related to the reserves obtained from the first-time adoption of IFRS included in line "Other reserves".

22. NON-CONTROLLING INTERESTS

	Year ended December 31, 2019	Year ended December 31, 2018
Balance at 1 January	**97.167.164**	**96,419,550**
Share of profit for the year	5.611.720	1,153,574
Increase/ (Decrease) of the Non-controlling interest - contribution	(563.098)	(405,960)
Balance at 31 December	**102.215.786**	**97,167,164**

23. INTEREST BEARING LOANS AND BORROWINGS

	Year ended December 31, 2019	Year ended December 31, 2018
Secured borrowings		
Short-term borrowings	28.301.633	28,368,131
Current part of long term borrowings	34.593.180	25,752,707
Long-term borrowings		
Long-term borrowings	46.058.930	64,170,047
Total short- and long-term borrowings	**108.953.743**	**118,290,885**

23. INTEREST BEARING LOANS AND BORROWINGS (continued)

Amounts due to credit institutions

TTS SA has the following loans contracted from Unicredit Bank SA:

Short term:
- overdraft and bank letters of guarantee in amount of EUR 3,000,000, due on December 31, 2020 for overdraft and December 30, 2022 for letters of guarantee, not drawn at December 31, 2019.

- Treasury line with a total value of 1,000,000 EUR, with a maturity date on 31.12.2020. The line is not used as at 31.12.2019

Long term:
- a loan in amount of EUR 2,000,000 due on December 30, 2020, repayable in annual instalments of EUR 400,000 each. The outstanding amount at December 31, 2019 is EUR 800,000 equivalent of RON 3.823.440 lei payable until December 30, 2020;

- a loan in amount of EUR 7,000,000 due on December 28, 2020, repayable in 8 semi-annual instalments of EUR 875,000 each. The outstanding amount at December 31, 2019 is EUR 3,500,000 equivalent of 16.727.550 lei of which 8,363,775 lei on the short term and 8,363,775 lei on the long term.

All loans from Unicredit Bank are secured by the mortgage on the buildings owned by the Company in Bucharest 34 and Vaselor Street no. 27, the land in Bucharest, Ion Maiorescu street no.14 and 16B, Silos in Giurgiu.

The following covenants were mentioned in the contract:

- Current ratio must be over 1
- Debt Service ratio over 1.1
- 80% of the annually turnover is to be routed through its current accounts.

The Company complies with the above covenants as at December 31, 2019.

The Company contracted a credit line in amount of EUR 1,000,000 from Citibank Europe PLC, Dublin-Romania Branch as per contract 8212/CB/2017 with automatic renewal for periods of 1 year, not drawn at December 31, 2019

The Company it also warranting for the credit agreements concluded by its subsidiaries with Unicredit Bank S.A. and Citibank, respectively for CNFR Navrom S.A., Canopus Star S.R.L. (up to 51% under the share capital), TTS Porturi Fluviale S.R.L., Agrimol Trade S.R.L., Navrom Shipyard S.R.L and Fluvius kft.

23. INTEREST BEARING LOANS AND BORROWINGS (continued)

CNFR Navrom has the following loans contracted from Unicredit Bank SA:

- multi-purpose credit facility (umbrella with Navrom River) with an outstanding amount of 5,784,779 lei, out of which the total amount drawn as at December 31, 2019 was EUR 1,210,382. The maximum available ceiling for both borrowers is EUR 3,000,000. The due date is December 28, 2020 for amounts drawn as overdrafts - overheads and December 28, 2022 for amounts used as letters of guarantee.

The loan are secured by:

- mortgage on the real estate property of Navrom - land located in Galati on Strada Portului nr. 23, lot 2-5, Galati county;
- mortgage on the receivable of Navrom against debtor Arcelor Mittal;
- fidejussion issued by TTS;
- mortgage on all the receivables, bank accounts, collateral account and deposits in the accounts of Navrom River SRL;

CNFR Navrom registers 2 loan contracts from Citibank:

- term loan to finance the upgrading of the fleet and extension of its capacity, regarding the ships held. The amount granted is EUR 6,500,000 of which as at December 31, 2019 the company used EUR 4,105,263 equivalent of 19,620,284 lei.

- overdraft loan available in RON and EUR - the maximum amount available is EUR 2,000,000 with an outstanding amoun at December 31, 2020 of 6,995,100 lei equivalent of EUR 1,463,624.

- Treasury line with a total value of EUR 700,000 to be used as follows: EUR 400.000 EUR for hedging operations swap on debt rate and EUR 300,000 for hedging operations on exchange rate . The line is not used as at 31.12.2019

On October 15, 2013, Canopus Star SRL signed an agreement with Royal Bank of Scotland (RBS) for financing the ongoing investment of Canopus for extension of the deposit capacity of cereal terminal from Constanta harbour. Total value of the credit facility was of EUR 11,500,000, having a maturity date on August 31, 2018. The loan was transferred during 2015 to Unicredit Bank SA and afterwards to Citibank Europe plc Dublin, in June 2016. Total value of credit facility is EUR 9,187,500, with the following destination:

- EUR 7,187,500 are related to refinancing of exposure to Unicredit Bank SA due in 31 May 2021 - used amount as at 31.12.2019 is EUR 2,126,520;

- EUR 2.000.000 are related to a credit line for treasury transaction (IRS transaction or swap on interest).

In accordance with the contract with Citi Bank the following have to be complied by Canopus as of December 31, 2019:

- 80% of the annually turnover is to be routed through its current accounts
- total interest bearing debts divided by EBITDA of not more than 3
- total debt divided by equity of not more than 0.5
- Debt Service ratio of at least 1.20
- notification of Bank in case of change in shareholder structure

The Company complies with the above covenants as at December 31, 2019.

The balance of the loan taken by Canopus Star SRL from Citibank SA is EUR 2,156,250 (10,305,366 lei) of which 6,870,244 lei short term and 3,435,122 lei long term.

23. INTEREST BEARING LOANS AND BORROWINGS (continued)

Fluvius KFT contracted a loan from Citibank due on October 31, 2025 to refinance lease balances. The outstanding amount is EUR 2,500,000, of which as at December 31, 2019 EUR 250,000 equivalent of 1,194,825 lei short term and EUR 2.000.000 equivalent of 9,558,600 lei long term. In 2019 Fluvius kft received a loan of EUR 300.000 payable over 1 year .

TTS Porturi Fluviale SRL has a loan from Citibank in amount of EUR 1,500,000 due on November 30, 2022 and an outstanding amount of EUR 947,368 as at December 31, 2018. The balance of treasury line as of December 31, 2019 is 1,341,520 lei

In 2019, Navrom Bac S.R.L contracted an investment loan form Citibank , EUR 1.500.000 (equivalent of 7,168,950 lei) and a treasury line of EUR 1.000.000 (equivalent of 4,779,300 lei), both fully used as of December 31, 2019.

Navrom Shipyard SRL has contracted a multi-purpose credit uarantee in amount of EUR 12,00,000 from Unicredit Bank of which the value used at December 31, 2019 is EUR 1,253,and a treasury line of 7.200.00 lei also by Unicredit Bank, of which the value used at December 2019 is 4,248,845 lei.

At December 31, 2019, Agrimol Trade SRL had one non-binding credit facility in maximum approved amount of EUR 1,710,000 for working capital. The maximum available amount is the equivalent of EUR 1,500,000 with a used balance of USD 561,391 si 1,716,151 lei at December 31, 2019.

24. TRADE AND OTHER PAYABLES

	Year ended December 31, 2019	Year ended December 31, 2018
Trade payables	33.254.570	32,055,959
Payables regarding invoices to receive	2.575.510	1,898,943
Advance payments from customers	2.888.394	2,856,163
Total	**38.718.474**	**38,811,065**

25. PROVISIONS

	Year ended December 31, 2019	Year ended December 31, 2018
Provisions for risks and charges	6.324.756	3,857,854
Total	**6.324.756**	**3,857,854**

26. OTHER CURRENT LIABILITIES

	Year ended December 31, 2019	Year ended December 31, 2018
	RON	*RON*
Employees related payables	4.910.715	3,554,691
Social security payable	3.554.120	2,716,162
Income tax payable	4.421.134	(1,514,766)
Tax on salaries payable	717.085	521,529
Interest payable	72.030	93,940
Other non-commercial liabilities	5.367.003	2,367,948
Liabilities related to VAT	909.909	4,979,302
Sundry creditors	9.697.903	7,605,952
Total	**29.649.900**	**20,324,758**

Other non-commercial liabilities include: RON 4,087,589 subsidies for fixed assets.

27. FINANCIAL INSTRUMENTS

a) Capital management

The Group manages its capital in order to make sure that it can continue as a going concern also ensuring a maximization of the shareholders' wealth by optimizing the balance of liabilities and equity.

The equity structure of the Group comprises of liabilities, which include the borrowings presented in note 20.

Equity includes share capital, reserves and retained earnings, as disclosed in notes 21 and 22.

The Group is not subject to any externally imposed capital requirements.

The Group monitors the equity based on gearing. Gearings is calculated as long term borrowings divided to net worth.Net worth is calculated as "Equity and reserves" as reported in the statement of financial position.

Gearing as at December 31, 2019 and December 31, 2018 was the following:

	Year ended December 31, 2019	Year ended December 31, 2018
Long term borrowings	46.058.930	64,170,047
Total equity and reserves	471.078.986	483,203,893
Gearing	**9.78%**	**13,28%**

b) Foreign currency risk

The Group is exposed to fluctuations in the foreign exchange rates in the commercial and financing transactions. Foreign currency risk results from the recognized assets and liabilities, including borrowings, expressed in foreign currencies. Due to the high costs associated, the Group's policy is not to use derivatives to hedge this risk.

27. FINANCIAL INSTRUMENTS (continued)

c) Interest rate risk management

The interest rate risk at fair value is the risk that the value of a financial instrument should fluctuate due to the variations in the market interest rates. Financial instruments are interest bearing at market rates and, as a result, it is considered that their fair values do not differ significantly from their book values.

d) Credit risk management

The Group is exposed to a credit risk due to its trade receivables and other receivables. The Group has policies in place meant to ensure that the sales are made to the clients with proper payment history. The due date of the liabilities is carefully monitored and the amounts outstanding after the expiration of the due date are promptly pursued. Trade receivables (clients) are presented net of the adjustments for the impairment of doubtful receivables. The Group develops policies that limit the value of the credit exposure to any financial institution.

e) Liquidity risk management

A prudent liquidity risk management involves maintaining sufficient cash and credit lines available, a continuous monitoring of the estimated and actual cash flow and correlation of the due dates of the financial assets and liabilities. Due to the nature of its business, the Group intends to be flexible in respect of the financing options with the support of the majority shareholder.

f) Fair value of the financial instruments

The fair values of the financial assets and liabilities are determined as follows:

- the fair value of the financial assets and liabilities under standard terms and conditions and traded active and liquid and active market is determined by reference to the listed market rates;
- the fair value of other financial assets and liabilities (excluding derivatives) is determined in accordance with the generally accepted price models, based on the analysis of the discounted cash flows, using prices from observable current market transactions; and
- the fair value of the derivatives is calculated using the listed prices. Where such prices are not available, the analysis of the discounted cash flows is applied using the yield curve applicable to derivatives that do not include options and option evaluation models for the derivatives based on options.

The financial instruments in the balance sheet include trade receivables and other receivables, cash and cash equivalents, short and long-term borrowings and other liabilities. The estimated fair values of these instruments approximate their book values. The book values represent the maximum exposure of the Company to the credit risk related to the existent receivables.

27. FINANCIAL INSTRUMENTS (continued)

The carrying amounts of the Group's currencies expressed in monetary assets and liabilities as at the reporting date are the following:

2019	EUR 1 EUR =4.7793	USD 1 USD =4.2608	HUF 100 HUF =1.4459	GBP 1 GBP =5.6088	RON 1	31-Dec-19 Total
	RON	*RON*	*RON*	*RON*	*RON*	*RON*
ASSETS						
Cash and cash equivalents	25.843.566	1.676.261	324.591	121	34.548.853	62.393.392
Receivables and other current assets	53.500.441	5.325.624	3.705.263	-	25.268.461	87.799.789
Other long-term receivables	-	-	-	-	-	-
LIABILITIES						
Trade payables and other payables	(16.235.641)	(302.299)	(4.672.336)	-	(47.158.098)	(68.368.373)
Short- and long-term borrowings	(78.765.522)	-	-	-	(30.188.220)	(108.953.742)
Net balance sheet exposure	**(15.657.156)**	**6.699.586**	**(642.482)**	**121**	**(17.529.004)**	**(27.128.935)**

2018	EUR 1 EUR =4.6639	USD 1 USD =4.0736	HUF 100 HUF 1.4527	GBP 1 GBP =5.1931	RON 1	31-Dec-18 Total
	RON	*RON*	*RON*	*RON*	*RON*	*RON*
ASSETS						
Cash and cash equivalents	9,887,146	1,579,248	622,269	112	26,851,266	38,940,041
Receivables and other current assets	41,870,676	4,598,009	2,604,128		25,018,784	74,091,598
Other long-term receivables						
LIABILITIES						
Trade payables and other payables	(16,819,376)	(296,322)	(3,917,616)		(36,102,504)	(57,135,823)
Short- and long-term borrowings	(97,256,462)		(27,199)		(21,007,224)	(118,290,885)
Net balance sheet exposure	**(62,318,016)**	**5,880,935**	**(718,419)**	**112**	**(5,239,682)**	**(62,395,069)**

27. FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis

The Group is mainly exposed to the variations in the foreign exchange rates of EUR and USD against RON, The table below details the Group's sensitivity to a 10% increase or decrease of EUR / USD against RON, 10% is the sensitivity rate used when the internal reporting of the FX risk is made to the top management and represents the management's estimate regarding the reasonably possible changes in the FX rates, Sensitivity analysis includes only the remaining currency expressed in the monetary elements and adjust the translation at the end of the period for a 10% change in the FX rates, In the following table, a negative value indicates a decrease in profit when RON is impaired by 10% as against EUR / USD. A 10% increase of RON against EUR / USD would have an equal and contrary impact on profit and other equity and the balances below would be positive. The changes will be attributable to the exposures pertaining to the borrowings in EUR and USD at year-end.

The exchange rates as at December 31, 2019 and as at December 31, 2018 are:

	December 31, 2019	**December 31, 2018**
EUR	4,7793	4,6639
USD	4,2608	4,0736

	Year ended December 31, 2019	**Year ended December 31, 2018**
Profit or loss	(959,993)	(5,715,539)

The impact on the result according to each currency is the following:

Currency	**Year ended December 31, 2019**	**Year ended December 31, 2018**
EUR	(1.565.716)	(6,231,802)
USD	669.959	588,094
HUF	(64.248)	(71,842)
GBP	12	11
Total	**(959.993)**	**(5,715,539)**

Tables regarding the liquidity risk and interest rate risk

The following tables detail the periods to the due dates of the financial liabilities of the Group.

The tables have been prepared based on the cash flows not updated of the financial liabilities as at the nearest date when the Group can be required to pay. The table includes both the interest and the cash flows pertaining to equity.

27. FINANCIAL INSTRUMENTS (continued)

2019	Less than 1 year	1 – 2 years	2 - 5 years	Total
Not bearing interest				
Trade payables and other current payables	68.368.374	-	-	68.368.374
Receivables and other current assets	48.503.609	-	-	48.503.609
Other long-term receivables	-	4.116.889	-	4.116.889
Interest bearing instruments				
Long- and short-term borrowings	62.894.813	46.058.930	-	108.953.743
Cash and cash equivalents	62.393.392	-	-	62.393.392

2018	Less than 1 year	1 – 2 years	2 - 5 years	Total
Not bearing interest				
Trade payables and other current payables	57,135,823	-	-	57,135,823
Receivables and other current assets	74,091,598	-	-	74,091,598
Other long-term receivables	-	5,238,492		5,238,492
Interest bearing instruments				
Long- and short-term borrowings	54,120,838	64,170,047	-	118,290,885
Cash and cash equivalents	38,940,040	-	-	38,940,040

28. CASH AND BANK ACCOUNTS

For the purposes of the cash flow statement, cash and cash equivalents include petty cash and bank accounts, Cash and cash equivalents at the end of the financial year, as presented in the cash flow statement can be reconciled with balance sheet elements as follows:

	Year ended December 31, 2019	Year ended December 31, 2018
Cash in banks	61.377.970	36,064,753
Petty cash	365.942	482,305
Cash equivalents	649.480	2,392,982
Total	**62.393.392**	**38,940,040**

29. COMMITMENTS AND CONTINGENCIES

Contingent liabilities

Taxation

Taxation system in Romania is still developing and is subject to various interpretations and constant changes, which may sometimes be retroactive, Although the tax actually due for a transaction can be low, penalties can be significant, as they can be calculated at the value of the transaction plus a ratio of 0.03% per day for late payment for interest and penalties at 0.02% per day of late payment. In Romania, the statute of limitation for audits by the tax authorities is of 5 years. Management considers that the tax obligations included in these financial statements are adequate.

In accordance with the provisions issued by the Ministry of Public Finance, which regulate the fiscal regime of the elements of equity that have not been subject to the calculation of the income tax at the date of being entered in the accounts, due to their nature, if the Company changes the destination of the revaluation reserves (to cover losses or to distribute to the shareholders), this will lead to supplementary income tax liabilities.

Transfer prices

The tax regulations in Romania regarding transfer pricing have been established in Romania starting with the year 2000. The current legal frame defines the concept of „market price" for transactions between related parties as well as the methods to establish transfer prices. As a result, it is possible that the fiscal authorities start detailed verifications of the transfer prices, to insure that the fiscal result and/or the customs value of the imported goods are not affected by the prices used in transactions with related parties. The Company cannot assess the result of this verification, but the management considers that the Company does not have a significant exposure from this point of view, as there are documentations for the price transfers for the previous period, that will be further updated.

30. Spin off

In November 2019, the asymetrical spin off project nr .129/20.03.2019 was finalized according to which the activity related to the administration of the associates dealing in non- core activities for the group like hotels, rail transportation and renting and subrenting goods were spinned off as independent activities. The net asset transferred to the new Company set up following the spin off, namely TTS Adrent Consult SA, is in amount of 52,600,023 lei. The share capital of TTS ADRENT CONSULT S.A. is in amount of 8,525,000 lei.
Following the spin off process, the fallowing financial lines of Company were affected:

Net book value of tangibles assets	(31,494,813)
Net book value intangible	(1,434,078)
Receivables	(19,562)
Liabilities	(37,862)
Investments	(19,128,887)
Share capital	8,525,000
Retained earning	44,075,023
Minority interest	(133,457)
Cash at bank	(351,364)

Spin off project was treated through equity accounts without having an impact on the profit and loss account for the year ended December 31, 2019.

31. SUBSEQUENT EVENTS

In March 2020, in Romania was declared state of emergency due to the spread of the Covid-19 pandemic.
The activity of TTS Group is going on normally currently, with the mention that starting March 2020, the necessary measures for protection against the infection with coronavirus were taken.

Up to now, the legal measures taken have impacted the transportation affected only in a very small manner, activity that is considered vital for keeping the economic activity running, even in the conditions of the emergency status.

However the rapid spread of the Covid- 19 virus and its social and economic impact in Romania and globally can impact sales and profit of the Group in a negative manner. We expect an increase in the operational expenses. The Group has enough liquidity and can ensure the reimbursement of the liabilities to the banking institutions. The financing banks have communicated the availability to reschedule some loans in certain NAVROM branches, if it will be necessary.

TTS clients have paid their liabilities in a normal manner according to maturities up to the date of this report and have communicated that the activity will continue according to the communicated schedules.

TTS Group has paid its obligations to the suppliers as they became due.
However, management expects that certain assumptions and estimates used to determine accounts receivables recoverability, inventory, accounting value for fixed assets, the transportation volumes, acquisitions etc to be affected, but there are no certain elements based on which the impact of the pandemia could be estimated as events advance daily.

The Company and its subsidiaries runs its activity in a normal manner, without any risks related to a significant reduction of the activity or stoppage of the activity, meeting all conditions related to applying the going concern principle when preparing the financial statements as at Dec 31, 2020.

These consolidated financial statements have been approved by the Board of Directors and authorized to be issued on April 14, 2020.

Mihăilescu Alexandru Mircea,
President of the Board of Directors

Stefănuț Petru,
CFO