



SEVERNAV S.A.

SHIPYARD

DROBETA TURNU SEVERIN



RAPORTUL ADMINISTRATORILOR pentru exercitiul financiar 2017

I. PROFILUL SC SEVERNAV SA

SC SEVERNAV SA are sediul in localitatea Drobeta Turnu Severin, str. Timisoarei nr.204, Judetul Mehedinti.

SC SEVERNAV SA is located in Drobeta Turnu Severin, 204 Timisoarei str., Mehedinti county.

Societatea este inregistrata la Registrul Comertului sub nr. J25/3/1990, avand CUI nr.1606030, atribut fiscal RO.

The company is registered at the Registry of Commerce under no. J25/3/1990, having Fiscal Code no. 1606030, fiscal attribute RO.

Societatea isi desfasoara activitatea in localitatea Drobeta Turnu Severin.

The activity takes place in Drobeta Turnu Severin.

In componenta societatii nu se afla si puncte de lucru.

The company has no registered workstations.

SC Severnav SA are un capital social de 12.603.865 lei impartit in 5.041.546 actiuni, cu o valoare nominala pe actiune de 2,5 lei.

Severnav's has a shareholders' equity of 12.603.865 lei, divided into 5.041.546 shares, each with a face value of 2,5 lei.

Actiunile societatii se tranzactioneaza pe piata bursiera AERO, avand simbolul SEVE. Valoarea nominala a unei actiuni este de 2,50 lei.

The company's shares are traded on the AERO stock exchange, having the symbol SEVE. The face value of each share is 2,50 lei.

Structura actionariatului la data de 31.12.2017 conform structurii sintetice consolidate a detinatorilor de instrumente financiare.

Ownership structure at 31.12.2017, according to the consolidated sintetic structure of the owners of financial intruments.

DENUMIRE ACTIONAR / SHAREHOLDER NAME	NUMAR ACTIUNI / NUMBER OF SHARES	PROCENT %	VALOARE CAPITAL SOCIAL (LEI) / SHAREHOLDERS' EQUITY VALUE (LEI)
TIRLEA VICTOR	1.587.036	31.4792%	3,967,590
MEROLA GIANCARLO MICHELE	1,460,000	28.9594%	3,650,000
CFR MARFA	1,464,388	29.0464%	3,660,970
ALTI ACTIONARI	530,122	10.5151%	1,325,305
TOTAL	5,041,546	100%	12,603,865

Principala activitate desfasurata de SC Severnav SA o reprezinta constructia de nave si structuri plutitoare. Severnav's main activity field is Construction of ships and floating structures.



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Ponderea fiecarei categorii de activitati in totalul cifrei de afaceri 2017 este urmatoarea:

Each activity's share in the total 2017 turnover is as follows:

Indicatorul / Indicator	2016	Ponderea veniturilor in cifra de afaceri(%) / Income share in turnover (%)	2017	Ponderea veniturilor in cifra de afaceri(%) / Income share in turnover (%)
CIFRA DE AFACERI, total, din care: Total TURNOVER, out of which:	48.512.450	100,00%	65.017.667	100,00%
Venituri din constructia de nave Income from ship building	45.383.077	94,00%	62.710.661	96,45%
Venituri din constructii metalice diverse Income from various metal constructions	1.468.013	3,00%	20.604	0,03%
Venituri din servicii reparatii nave Income from ship repair	847.820	2,00%	933.719	1,44%
Venituri din vanzarea de produse reziduale Income from selling of residual products	799.335	1,00%	1.231.650	1,89%
Venituri din chirii Income from rent	11.124	-	17.647	0,03%
Alte venituri Other income	3.081	-	103.386	0,16%

II. CONDUCEREA SOCIETATII COMERCIALE / MANAGEMENT OF THE COMPANY

Conducerea executiva in anul 2017 a fost asigurata de o echipa de directori condusa de Dl. Tirlea Victor, in calitate de director general, Videscu Marilen – director productie, Borintis Grigore – director economic, Miu Cristian – director dezvoltare.

The executive management during 2017 has been performed by a team of directors lead by Mr. Tirlea Victor, as general Director, Mr. Videscu Marilen – production director, Mr. Borintis Grigore – financial director and cercetation director Mr. Miu Cristian.

Societatea a fost administrata in perioada anului 2017 de un Consiliul de Administratie, aprobat de Adunarea Generala a Actionarilor, in urmatoare componenta : Tirlea Victor – presedinte, Merola Giancarlo Michele – membru, Negescu Pericle – membru, Fanca Grigorie – membru, Kessler Mihai – membru.

The company has been administrated during 2017 by a Board of Director, approved in a General Shareholders' Meeting, with the following members: Tirlea Victor – president, Merola Giancarlo Michele – member, Negescu Pericle – member, Fanca Grigorie – member, Kessler Mihai – member.

III. CIFRE PRINCIPALE 2017 / MAIN FIGURES 2017

a) Indicatori principali / Main Indicators

	2015	2016	2017
Cifra de Afaceri (mii.lei) Turnover (klei)	45.965	48.512	65.018
Venituri din exploatare (mii.lei) Operating income (klei)	47.685	56.347	73.064



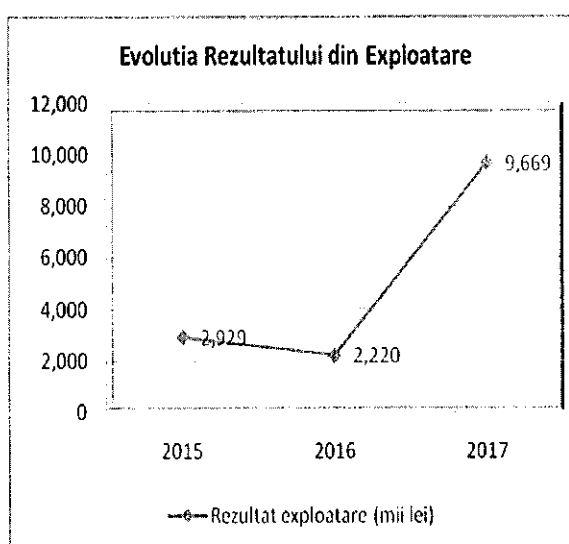
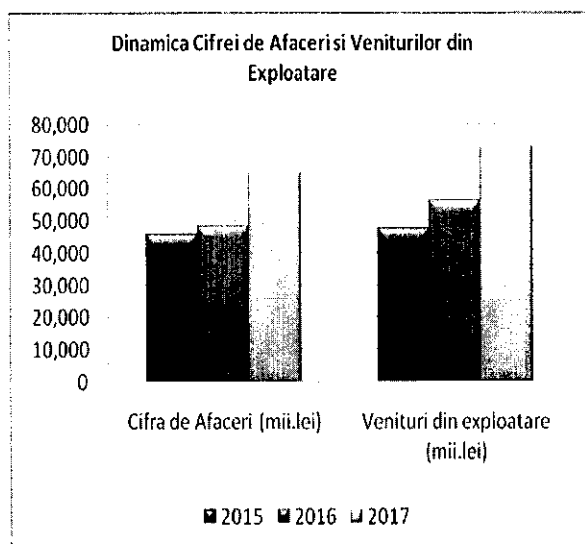
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Rezultat exploatare (mii.lei) Operating earnings (klei)	2.929	2.220	9.669
Rezultat financiar (mii.lei) Financial earnings (klei)	-979	-1.061	-1.790
Rezultat net (mii.lei) Net earnings (klei)	1.228	804	6.761
Capitaluri (mii.lei) Equity (klei)	83.441	84.217	92.177
Nr. mediu angajati Average no. of employees	382	440	496
Plati pentru investitii, inclusiv rambursari de credite (mii.lei) Investment payments, including loans reimbursements (klei)	1.193	2.486	1.064



Cifra de afaceri realizata in anul 2017 a fost 65.018 mii.lei, mai mare cu 16.506 mii.lei fata de cea realizata in anul 2016 (48.512 mii.lei), cresterea fiind rezultatul executiei si finalizarii unui numar mai mare de comenzi, vandute si incasate.

The 2017 **turnover** is 65.018 klei, lower by 16.506 klei than the 2016 one (48.512 klei), the drop being the result of long term manufacturing cycle, which registers the turnover at delivery and cashing the ships.

Veniturile din exploatare care includ productia de nave, productia diverselor constructii metalice si serviciile prestate pentru reparatii de nave, au evoluat crescator in ultimii 3 ani, cu precadere in anul 2017. Astfel, veniturile din exploatare au crescut de la 56.347 mii.lei in anul 2016 la 73.064 mii.lei in anul 2017 (crestere cu 30%). Cresterea in 2017 fata de 2015 a fost de 54%.

Operating income which include ship building, the production of various metal constructions and the services in ship repairs, have grown over the past 3 years, mainly in 2017.. Operating income have increased from 56.347 klei in 2016 to 73.064 klei in 2017 (30% increase). The 2017 increase compared to the 2015 has been 54%.

Evolutia veniturilor a fost rezultatul repositionarii comerciale a societatii, reusind in acest fel sa obtina mai multe comenzi pentru productie.

The positive trend of the income has been the result of the company's reorientation, by means of which more orders have been gained.



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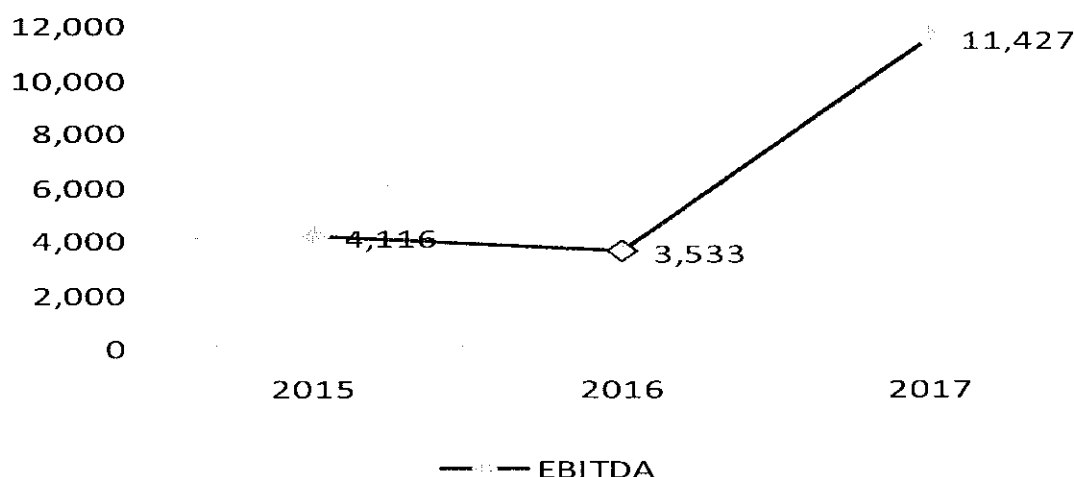
Rezultatul din exploatare a inregistrat profit si a avut dinamica favorabila in anul 2017, crescand cu 330% fata de anul 2015, de la 2.929 mii.lei la 9.669 mii.lei. Fata de anul 2016 a crescut cu 436% de la 2.220 mii lei in 2016 la 9.669 mii lei in 2017.

Operating earnings has registered profit and the most favorable trend during 2017, increasing by 330% compared to 2015, from 2.929 klei to 9.669 klei.

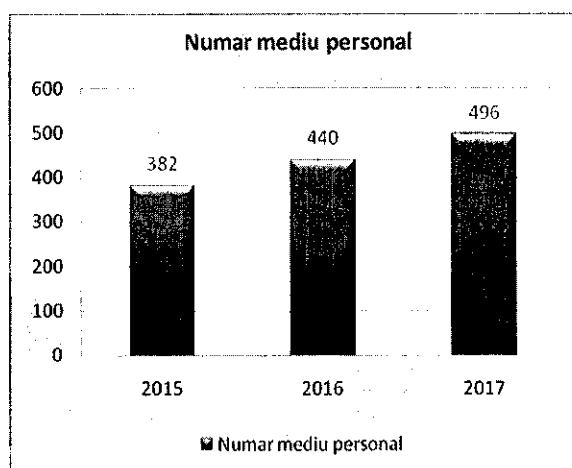
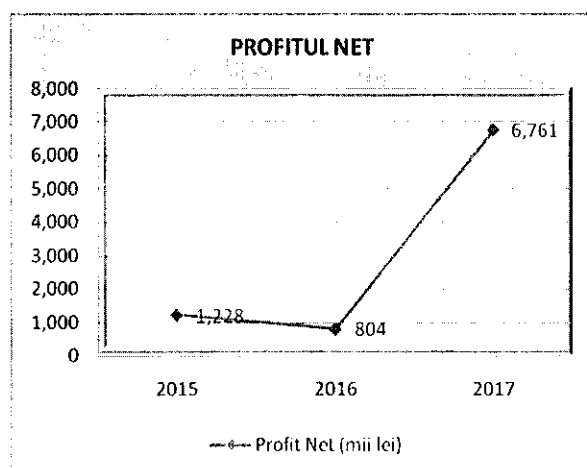
Rezultatul financiar a inregistrat pierdere in 2017 de 1.790 mii.lei, in crestere cu 729 mii.lei fata de anul 2016 (1.061 mii.lei), datorat in principal cheltuielilor ocazionale de imprumuturile bancare angajate pentru finantarea productiei.

Financial earnings has registered loss of 1.790 klei in 2017, decreasing by 729 klei compared to 2016 (1.061 klei), mainly due to ocazional expenses and banking loans contracting for financing production.

Evolutia EBITDA



Randamentul societatii, inainte de dobanzi, amortizari si deprecieri, a fost de 11.427 mii.lei (2016: 3.533 mii.lei, 2015: 4.116 mii.lei) in crestere fata de 2015 si 2016. Scaderea 2016 fata de 2015 a fost cauzata de internalizarea costurilor suplimentare cu personalul direct necalificat si a personalului indirect incepator, dar si a unor costuri suplimentare de mentenanta. Cu toate acestea, dinamica si valoarea randamentului indica posibilitatea destul de flexibila de a prelua spre productie si finantare un numar mai mare de comenzi, in corelare cu avansarea dezvoltarii unei capacitati investitionale.





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Profitul societatii a fost rezervat in cea mai mare parte pentru consolidarea patrimoniului, si diminuarea accelerata a indatorarii istorice, avand in vedere reluarea capacitatii investitionale in anii urmatori. In exercitiul financiar 2017 profitul net a fost de 6.761 mii. lei (2016: 804 mii. lei, 2015: 1.228 mii. lei).

The company's 2017 **net profit**, of 6.761 klei (2016: 804 klei, 2015: 1228 klei) has registered a significant growth compared to the previous years (2016, 2015) and created the possibility of reducing the historical debtness and reintroducing the investment capacity.

Numarul mediu de personal a crescut fata de anul anterior cu 56 persoane, de la 440 la 496 angajati, corelat nu numai cu productia in crestere, dar si cu nevoia de a reorganiza si dezvolta activitatile de inginerie ale santierului.

The **average no. of employees** has increased by 56 people compared to the previous year, from 440 to 496 employees, in relation not only with the increase in production, but also with the need to reorganize and develop the engineering activities of the yard.

b) Situatia cheltuielilor extraordinare platite cu restructurarea societatii (mii. lei) / The situation of extraordinary costs paid for reorganizing the company (klei)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	TOTAL
Compensatii banesti pentru salariatii concediati colectiv, (salarii + taxe) Cash compensations of the collective fired employees (salaries + taxes)	1,413	5,296	4,638	2,177	133	485	104	94	6	14.346
Preavize acordate salariatilor concediati (salarii + taxe) Notices for fired employees (salaries + taxes)	567	921	130	33	0	0	0	0	0	1.651
Somaj tehnic Technical unemployment	0	1,160	0	0	0	0	0	0	0	1.160
Compensatie acordata fostilor directori generali (salarii + taxe) Compensation given to former general directors (salaries + taxes)	0	0	803	60	0	58	131	28	0	1.080
Cheltuieli de judecata, executare, etc Court and enforcement expenses, etc	0	209	124	16	32	181	27	12	8	609



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Dobanzi si penalitati datorate statului pentru intarzierea platilor catre buget Interests and penalties owed to the state for delaying budget payments	190	1,754	8	455	575	186	54	172	217	3.611
Costuri financiare aditionale (datorate platilor extraordinare) Additional financial costs (due to extraordinary payments)	185	794	485	219	9	55	17	24	26	1.814
TOTAL	2,355	10,134	6,188	2,960	749	964	333	330	257	24.271

In intervalul 2009-2017 societatea a platit un cost al restructurarii in suma de 24.271 mii.lei, suportat din veniturile operationale curente. Acest cost a fost necesar pentru a repositiona societatea la noile conditii din piata constructiilor de nave.

During 2009 – 2017 the company has paid a reorganizing cost of 24.271 klei, taken out current operating income. This cost was necessary for the company to raise up to the new ship building standards.

Aceste cheltuieli extraordinare au fost in cea mai mare parte consecinta prevederilor Contractului Colectiv de Munca incheiat cu Sindicatul Severnav pentru perioada 2008-2010 care a angajat societatea la platii compensatorii cuprinse intre 5 - 12 salarii medii pe societate/salariat, indiferent de vechimea in societate.

These extraordinary expenses have mostly been the consequences of the provisions of the Collective Labor Agreement signed with the Severnav Union for the 2008-2010 period, which obliged the company to pay cash compensations between 5-12 average salary on company to each employee, not taking into account seniority.

Cheltuielile de judecata, executare au fost cu angajatii concediati, fostii directori generali, litigii comerciale.

Court and enforcement expenses have been generated for fired employees. former general directors, commercial litigation.

Dobanzile si penalitatile platite bugetului de stat au fost consecinta folosirii unei importante parti a veniturilor catre plata compensatiilor banesti acordate salariatilor concediati.

Interests and penalties paid to the state budget have been the consequence of using a significant amount of income for compensatory payments made to the fired employees.

Costurile financiare aditionale au fost consecinta indatorarii bancare determinata de utilizarea unei parti a resurselor pentru plata restructurarilor.

The additional financial costs have been determined by the banking indebtedness generated by the usage of own financial resources to pay compensations.

Acest cost al restructurarii a fost finalizat in exercitiul financiar 2016, astfel ca incepand cu anii urmasori sunt programate decizii privind investitii in modernizarea societatii.

IV. ACTIVITATEA COMERCIALA / COMMERCIAL ACTIVITY

Cea mai mare parte a cifrei de afaceri (96,45%) a fost realizata din vanzarea de nave fluviale, urmata de venituri din vanzare produse reziduale (1,89%), veniturile din reparatii nave si structuri plutitoare (1,44%), alte venituri (2,11%).



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The most important part of the turnover (96,45%) has been achieved from selling of inland vessels, followed by the income out of various metal constructions (1,89%), income from ship repair and floating structures (1,44%), other income (2,11%).

Se remarca o revenire, incepand cu 2014, a pietei constructiilor de nave, tendinta actuala fiind de consolidare, cu perspectiva cresterii pe zona navelor specializate.

Starting with 2014 a comeback of the shipbuilding market can be noticed, the current trend being consolidation, with a perspective of growth on the specialized vessel area.

Managementul a intiat incepand cu 2015 un program intens de promovare a societatii pe piata europeana a constructiilor de nave, participand direct la targurile specializate organizate in Olanda, promovand o structura organizatorica directionata catre analiza si promovare comerciala.

The management team has initiated starting with 2015 an intense programme of promoting the company on the European shipbuilding market by directly participating to specialized trade shows in the Netherlands, promoting an organizational structure orientated towards analysis and commercial approach.

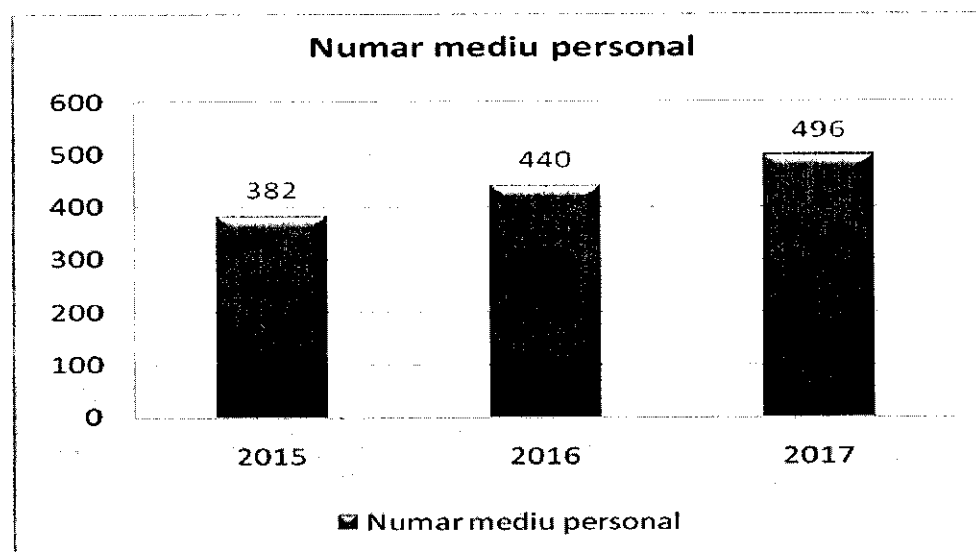
Pentru anii urmasori strategia comerciala a societatii se va pastra in directia promovarii agresive, pe de o parte a experientei acumulata in constructia de nave pentru transport gaze lichefiate (santierul a construit de-a lungul timpului 19 nave pentru transport gaze cu o valoare cumulata de circa 323.000.000 EUR), pe de alta parte a experientei castigate in realizarea navelor fluviale pentru transport marfuri si pasageri.

For the following years the company's commercial strategy will keep the trend of aggressive promoting, on one hand the existing experience in building gas carriers (the yard has built along time over 19 gas carriers having a total value of 323.000.000 eur) and on the other hand the gained experience in building inland cargo carriers and passangers.

V. RESURSE UMANE / HUMAN RESOURCES

Numarul mediu de angajati a evoluat in crestere de la 382 persoane in 2015, la 440 persoane in 2016 si 496 persoane in 2017, in concordanta cu dinamica portofoliului de contracte comerciale, dar pe fondul cresterii productivitatii muncii. Daca in anul 2016 productivitatea muncii, raportata la veniturile din exploatare, a fost de 124,83 mii.lei/salariat/an, in anul 2017 a ajuns la 147,30 mii.lei/salariat/an.

The average number of employees has grown from 382 persons in 2015 to 440 persons in 2016 and 496 persons in 2017, in accordance with the growth of the commercial contracts' portfolio, correlated with the increase in labor productivity. If in 2015 labor productivity reported to the operating income was 124.83 klei/employee/year, in 2017 it reached up to 124.83 klei/employee/year.





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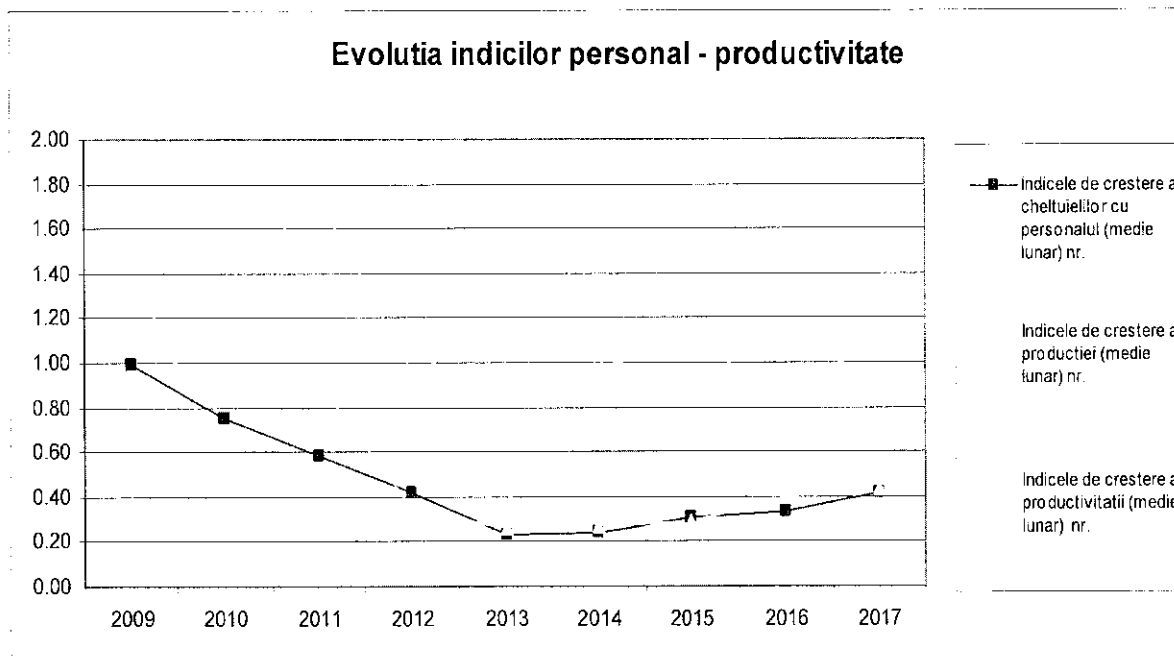


Salariatii societatii sunt organizati intr-un sindicat si au incheiat un contract colectiv de munca valabil pentru perioada 2016 -2017 inregistrat la Directia Muncii si Protectiei Sociale Mehedinti.

The company's employees are organizes in a trade union and have a valid collective labor contract for the period 2016-2017 registered at Mehecinti Directorate of Labor.

Evolutia indicilor productivitatii muncii pe intervalul 2009 -2017 este:

The evolution of labor productivity indicators for 2009-2017 is:



VI. ANALIZA SITUATIILOR FINANCIARE / FINANCIAL REPORTS ANALYSIS

1. SITUATIA ACTIVELOR IMOBILIZATE / FIX ASSETS REPORT

SC Severnav SA dispune de (lei) / Severnav's disposes of (lei):

Denumirea activului imobilizat / Fix asset's name	Valoare bruta / Gross value		Valoare contabila neta / Net accounting value	
	Sold la / Balance at 01.01.2017	Sold la / Balance at 31.12.2017	Sold la / Balance at 01.01.2017	Sold la / Balance at 31.12.2017
0	3	4	3	4
a) Imobilizari necorporale / Intangible assets				
Cheltuieli de constituire si dezvoltare, brevete, concesiuni, fond comercial / Setting-up and development expences, patents, concessions, commercial resources	-	-	-	-
Alte imobilizari necorporale / Intangible assets	469.971	469.971	0	0
Avansuri si imobilizari necorporale in curs / Advances and intangible assets in progress	-	-	-	-



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Total immobilizari necorporale / Total intangible assets	469.971	469.971	0	0
b) Immobilizari corporale / Tangible assets				
Terenuri si amenajari teren / Land and land development	60.066.211	60.066.211	60.066.211	60.066.211
Constructii / Buildings	28.883.109	28.889.313	26.790.854	24.855.644
Echipamente tehnologice si masini / Technological equipment and machinery	20.974.703	21.663.958	3.427.209	3.097.333
Alte immobilizari corporale / Other tangible assets	193.194	201.974	89.225	82.198
Imobilizari in curs / Assets in progress	0	358.898		
Avansuri pentru immobilizari corporale/ Advances	120.000	120.000	120.000	120.000
Total immobilizari corporale / Total tangible assets	110.237.217	111.300.354	90.493.499	88.580.284
c) Immobilizari financiare / Financial assets	18.572	23.476	18.572	23.476
Total / Total	110.725.760	111.793.801	90.512.071	88.603.760

Se observa ca societatea dispune de mijloacele fixe necesare realizarii activitatilor de baza – constructii de nave maritime si fluviale, din care:

- Terenuri in suprafata de 312.966,94 mp, si cu o valoare actualizata la piata de 60.066 mii.lei, reprezentand 67% din totalul activelor imobilizate nete;
- Constructii cu o valoare actualizata la piata de 24.856 mii.lei, reprezentand 28% din activul total imobilizat net;
- Echipamente tehnologice si masini cu o valoare neta de 3.097 mii.lei, reprezentand 4% din activul total imobilizat net.

One can notice that the company disposes of the necessary fixed assets for its main activity – building of maritime and inland vessels, out of which:

- A land area of 312.966,94 sqm, having an actual market value of 60.066 klei, representing 67% of the total net assets;
- Buildings having an actual market value of 24.856 klei, representing 28% of the total net assets;
- Technological equipment and machinery having a gross value of 3.097 klei, representing 4% of the total net assets.

Severnav SA a folosit in anul 2017 pentru investitii 1.162.803 lei, din care pentru investitii noi 694.762 lei si modernizari 468.041 lei.

During 2017 the company has invested in working equipment and in modernizing of some buildings, their cumulated value being of 1.162.803 lei, from which new investments 694.762 lei and modernization 468.041 lei.

2. SITUATIA ACTIVEI CIRCULANTE / CURRENT ASSETS REPORT

a) *Situatia stocurilor la 31.12.2017 a fost urmatoarea (lei) / At 31.12.2017 the Stocks' situation was as follows:*

Denumire / Name	2016	2017
Materii prime si materiale consumabile / Raw materials and consumables	12.232.546	13.447.109
Productie in curs de executie / Production in progress	9.935.002	17.705.893
Produse finite si marfuri / Finished goods and merchandise	0	0
Avansuri/ Advances	1.809.260	1.897.453
TOTAL / TOTAL	23.976.808	33.050.455



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Stocurile de materii si materiale au reprezentat 41% din totalul activelor circulante inregistrate la 31.12.2017.

The stocks of raw materials and consumables have represented 41% of the current assets registered at 31.12.2017.

Productia in curs de executie in valoare de 17.706 mii.lei se refera la navele aflate in executie, cu termene de livrare in anul 2018.

Production in progress, in vale of 17.706 klei, refers to vessels launched in production, but with the delivery term in 2018.

Avansul stocurilor 1.897 mii.lei se refera la avansurile achitate pentru achizitia metalului pentru constructia de nave.

b) Situatia inventarierii / Inventory Report

Organizarea si efectuarea inventarierii s-a realizat potrivit Legii Contabilitatii nr.82/1991, a OMFP nr. 2861/2009 privind inventarierea si in baza deciziei nr. 300/03.11.2017 emisa de catre directorul general al societatii.

The planning and development of the inventory process have been made according to the Accounting Law no. 82/1991, to OMFP no. 2861/2009 regarding inventory and on the basis of decision no. 300/03.11.2017 issued by the general director of the company.

Au fost inventariate in baza acestei decizii toate elementele de natura activelor, datoriilor si capitalurilor proprii.

According to this decision, all assets, liabilities and own capital have been inventoried.

Rezultatele inventarierii au fost inregistrate in situatiile financiare anuale.

The inventory results have been registered in the annual financial situations.

c) Situatia creantelor / Receivables report

Valoarea creantelor nete inregistrate de societate la 31.12.2017 au fost de 4.356 mii.lei, dintre care / The value of the company's net receivables at 31.12.2017 was of 4.356 klei, out of which:

	Creante / Receivables	Sold la / Balance at 31.12.2016	Sold la / Balance at 31.12.2017
1	Creante comerciale-cu entitatile afiliate / alte parti legate / Commercial receivables – including affiliated entities / other involved parties	0	0
2	Creante comerciale – terti / Commercial receivables – third parties	1.543.701	3.971.429
	Total creante comerciale / Total commercial receivables	1.543.701	3.971.429
3	Provizioane creante comerciale/ Commercial receivable provisions	(51.670)	(43.020)
4	Creante comerciale, net / Net commercial receivables	1.492.031	3.928.409
5	Alte creante / Other receivables	1.316.877	512.775
6	Provizioane alte creante / Other receivables provisions	(84.883)	(85.331)
7	Alte creante, net / Net other receivables	1.231.994	427.444
8	Total creante comerciale si alte creante / Total other commercial receivables and other receivables	2.724.025	4.355.853

Soldul creantelor catre terti la decembrie 2017 contine in cea mai mare parte avansurile incasate pentru constructia navelor care au termen de livrare anul 2018.



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The balance of receivables to third parties in December 2017 mostly consists of advances received for the construction of ships to be delivered in 2018.

In structura altor creante sunt incluse, in principal: TVA de recuperat de la bugetul statului 324.540 lei (solicitat si aprobat la compensare cu obligatiile catre stat), TVA neexigibila 46.059 lei, debitori diversi, etc. In cazul debitorilor cu recuperare incerta au fost constituite provizioane in suma de 85.331 lei.

Other receivables include mainly: VAT to be recovered from the state budget 324.540 lei (asked and agreed to be compensated with state payables), VAT under settlement 46.059 lei, sundry debtors, etc. For the debtors with a questionable collection provisions of 85.331 lei have been registered.

3. SITUATIA DATORIILOR SOCIETATII / COMPANY'S DEBT REPORT

La data de 31.12.2017 societatea a inregistrat datorii dupa cum urmeaza (lei) / On 31.12.2017 the company has registered the following debts (lei):

	Datorii / Debts	Sold la / Balance at 31.12.2016	Sold la / Balance at 31.12.2017	Termen de exigibilitate pentru soldul de la / Maturity of the balance at 31.12.2017	
				Sub 1 an / Under 1 year	Peste 1 an / Over 1 year
1	Imprumuturi din emisiunea de obligatiuni / Debenture loans	0	0	0	0
2	Sume datorate institutiilor de credit / Amounts owed to credit institutions	20.395.723	22.693.325	22.693.325	0
3	Avansuri incasate in contul comenzilor / Advances cashd for orders	6.972.148	11.148.535	11.148.535	0
4	Datorii comerciale - furnizori entitati afiliate si alte parti legate / Commercial debts – suppliers, affiliated entities and other connected parties	0	0	0	0
5	Datorii comerciale - furnizori terti / Commercial debts – third party suppliers	4.711.364	1.849.333	1.849.333	0
6	Efecte de comert de platit / Commercial effects to be paid	0	0	0	0
7	Sume datorate entitatilor afiliate / Amounts owed to related parties	0	0	0	0
8	Datorii fata de bugetul statului / Debts to the state budget	1.694.925	1.065.127	1.065.127	0
9	Alte datorii / Other debts	1.273.611	1.390.573	1.034.211	356.362
11	Total / Total	35.047.771	38.146.893	37.790.531	356.362

- 59% sunt credite curente catre banci. Din acestea 739 mii lei reprezinta o linie de credit pentru activitatea curenta si 21.954 mii. lei sunt credite angajate pentru productie, in cadrul contractelor comerciale incheiate;
59% are current banks loans. Out of these 739 klei are current activity credit line and 21.954 klei are production loans, contracted for the signed commercial contracts;
- 29% sunt creante curente incasate sub forma de avansuri de la clienti (clienti creditor), inregistrate tranzitoriu in datorii pana la livrarea navelor;
29% are current receivables cashd as advances from clients (crediting clients), temporary registered in debts until the delivery of the ships;
- 5% sunt datorii fata de furnizori;
5% are debts to suppliers;
- 3% sunt datorii curente fata de bugetul statului;



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3% are current debts towards the state budget;

e) 4% sunt alte datorii curente (salarii personal, retineri salariale, etc).

4% are current debts (salaries, wage withholdings, etc).

In functie de termenul de exigibilitate datoriile sunt in proportie de 99% pana la 1 an si 1% peste 1 an. / According to their maturity, the debts are 99% under 1 year and 1% over 1 year.

Pe acest interval de timp evolutia datoriilor a fost subordonata nevoii de sustinere a productiei societatii.

During this whole period of time the debt evolution has been determined by the need to support the production.

Toate datoriile societatii sunt strict corelate cu productia si vanzarea acestora, fiecare datorie si scadenta avand identificate sursa de plata.

4. SITUATIA CONTULUI DE PROFIT / PROFIT AND LOSS ACCOUNT REPORT

	Denumirea indicatorilor / Name of the indicators	Exercitiul financiar / Financial year		
		2016	2017	2017/2016(%)
1	VENITURI DIN EXPLOATARE / OPERATING INCOME	56.346.659	73.064.348	130%
2	CHELTUIELI DE EXPLOATARE, din care / OPERATING EXPENCES, out of which:	54.127.041	63.395.386	118%
	a) Cheltuieli cu materiile prime, materialele consumabile si alte material / Raw materials, consumables and other materials expenses	28.201.515	31.231.994	111%
	b) Cheltuieli externe (cu energie și apă) / External expenses (with electricity and water)	1.031.191	1.100.513	107%
	c) Cheltuieli privind mărfurile / Merchandise expenses	335	3.892	1.162%
	d) Cheltuieli cu personalul / Personnel expences	16.939.208	21.962.632	130%
	e) Ajustări de valoare privind imobilizările corporale și necorporale / Adjusted value regarding tangible and intangible assets	1.313.614	1.758.137	134%
	f) Ajustări de valoare privind activele circulante / Adjusted value regarding current assets	402.278	(508.202)	
	g) Cheltuieli privind prestațiile externe / External services expenses	5.132.087	7.043.422	137%
	h) Cheltuieli cu alte impozite, taxe și vărsăminte asimilate / Expenses regarding other income taxes, taxes and related payments	605.889	736.239	122%
	i) Alte cheltuieli / Other expenses	724.526	836.607	116%
	j) Ajustări privind provizioanele / Adjusted value regarding provisions	(316.512)	(901.979)	
3	PROFIT DIN EXPLOATARE / OPERATING PROFIT	2.219.618	9.668.962	436%
4	VENITURI FINANCIARE / FINANCIAL INCOME	661.388	735.403	111%
5	CHELTUIELI FINANCIARE / FINANCIAL EXPENSES	1.722.139	2.525.009	147%
6	PIERDERE FINANCIARA / FINANCIAL LOSS	1.060.752	1.789.606	169%
7	Impozitul pe profit / Income tax	354.527	1.118.365	316%
8	PROFIT NET / NET PROFIT	804.339	6.760.991	841%

Activitatile economico-financiare in anul 2017 au revenit pe un trend crescator, pe fondul revenirii comenzilor pentru constructia de nave. Anticipam ca aceste trend se va mentine pe termen mediu.



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Venituri totale din exploatare realizate in anul 2017 in valoare de 73.064 mii.lei au crescut cu 30% fata de cele realizate in anul 2016. In aceeaasi perioada cheltuielile din exploatare au fost in suma de 63.395 mii.lei, in crestere cu 18% fata de cele ale anului 2016. Veniturile din exploatare au relationat astfel cu cheltuielile:

- cheltuielile cu materiile prime, materiale consumabile si alte materiale au crescut cu 11%, de la 28.202 mii.lei la 31.232 mii.lei;
- cheltuielile cu energia au crescut cu 7%, de la 1.031 mii.lei la 1.101 mii.lei;
- cheltuielile cu personalul au crescut cu 30%, de la 16.939 mii.lei la 21.963 mii.lei, urmare a angajarii de personal pentru acoperirea cresterii de productie (numarul mediu de personal a crescut in 2017 fata de 2016 cu 56 persoane);
- cheltuielile cu prestatiile externe au crescut de la 5.132 mii lei in anul 2016 la 7.043 mii lei anul 2017;
- alte cheltuieli au crescut cu 22% de la 725 mii lei in 2016 la 837 mii lei in 2017.
- **Total operating income** have increased in 2017 by 30% compared to 2016, up to 73.064 klei. For the same period of time, operating expenses have increased by 18% compared to 2016, up to 63.395 klei. Operating income have interacted with expenses in the following manner:
- Expenses with raw materials, consumables and other materials have increased by 11%, from 28.202 klei to 31.232 klei,
- Electricity expenses have increased by 7%, from 1.031 klei to 1.101 klei;
- Personnel expenses have increased by 30%, from 16.939 klei to 21.963 klei, due to hiring of new personnel for managing the production growth (the average number of personnel has grown in 2017 by 56 employees compared to 2016);
- External services expenses from 5.132 klei to 7.043 klei.;
- Other expenses have increased with 22%, from 725 klei in 2016 to 837 klei in 2017.

Veniturile financiare, in cea mai mare parte formate din diferente favorabile de curs valutar, au crescut cu 74 mii.lei in anul 2017 fata de anul 2016, de la 662 mii.lei la 735 mii.lei, cauzat pe de o parte de evolutia cursului de schimb eur/ron, si pe de alta parte de specificul productiei cu ciclu lung de fabricatie, finantata partial cu avansuri de la clienti.

Financial income, mostly due to positive foreign exchange rate differences, have decreased by 74 klei in 2017 compared to 2016, from 662 klei to 735 klei, caused on one hand by the eur/ron exchange rate evolution and on the other hand by the specificity of long term production, partially financed by advances from clients.

Cheltuielile financiare in suma de 2.525 mii.lei au crescut cu 803 mii.lei fata de cele din anul 2016. In 2017 acestea au inclus cheltuieli cu diferente de curs valutar 1.525 mii.lei si 1000 mii.lei cheltuieli cu dobanzile bancare.

Financial expenses, in the amount of 2.525 klei have decreased by 803 klei compared to 2016. In 2017 they included exchange rate expences in value of 1.525 klei and 1.000 klei expenses with banking interests.

Consiliul de administratie propune spre aprobare AGA repartizarea profitului net astfel:

- 346.194 lei rezerva legala;
- 421.859 lei rezerve din profitul reinvestit;
- 5.992.938 lei pentru alte rezerve.

The Board of Directors submits to the approval of the General Shareholders' Meeting the following distribution of net profit:

- 346.194 lei for legal reserve;
- 421.859 for reserves of reinvested earnings
- 5.992.938 lei for other reserves



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5. SITUATIA CAPITALURILOR / CAPITAL REPORT

	INDICATORI / INDICATORS	31.12.2016	31.12.2017
1	TOTAL CAPITALURI, din care / TOTAL CAPITALS, out of which:	84.216.636	92.176.919
2	Capital social subscris si varsat / Subscribed and paid share capital	12.603.865	12.603.865
3	Rezerve din reevaluare / Reevaluation reserves	79.081.112	77.081.454
4	Rezerve legale / Legal reserves	1.219.294	1.565.488
5	Alte rezerve / Other reserves	6.288.767	6.288.767
6	Rezultat reportat – pierdere din anii anteriori / Retained earnings – loss from previous years	(24.726.193)	(23.921.855)
7	Rezultat reportat – corectare erori contabile / Retained earning – accounting errors correction	(658.303)	1.808.961
8	Rezultatul reportat – rezerve din reevaluare / Retained earnings – reevaluation reserves	9.603.756	10.335.442
9	Profit curent / Current profit	804.339	6.760.991

Capitalurile proprii au crescut fata de perioada precedenta cu 7.960 mii.lei, de la 84.217 mii.lei la 92.177 mii.lei.

Own capital have increased by 7.960 klei compared to the previous period, from 84.217 klei to 92.177 klei.

Rezultatul reportat include in cea mai mare parte pierderile inregistrate in perioada 2007-2008, nerecuperate pana la 31.12.2017:

- Pierdere provenita din exercitiul financiar 2007: 5.972.707 lei.

- Pierdere provenita din exercitiul financiar 2008: 17.949.148 lei.

Retained earnings mostly includes the losses registered during 2007-2008 and unrecovered until 31.12.2017:

- Loss generated during 2007 financial year: 5.972.707 lei

- Loss generated during 2008 financial year: 17.949.148 lei.

6. PRINCIPALII INDICATORI ECONOMICO FINANCIARI / MAIN ECONOMIC-FINANCIAL INDICATORS

	An / Year 2016	An / Year 2017
1. Indicatori de lichiditate / Liquidity indicators		
Indicatorul lichiditatii curente / Quick ratio indicator	0.88	1.11
Indicatorul lichiditatii imediate / Immediately liquidity indicator	0.70	0.23
2. Indicatori de risc / Risk indicators		
Indicatorul gradului de indatorare / Indebtedness ratio	25%	42%
3. Indicatori de activitate / Activity indicators		
Viteza de rotatie a debitelor clienti / Clients turnover ratio	29	15
Viteza de rotatie a creditelor furnizor / Suppliers turnover ratio	38	18
Viteza de rotatie a activelor imobilizate / Fix assets turnover ratio	0.54	0.73
Viteza de rotatie a activelor totale / Assets turnover ratio	0.41	0.50



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Lichiditatea curenta s-a imbunatatit, inregistrand o crestere de 23%, de la 0,88 la 1,11, activele curente evoluand peste ritmul indatorarii, sustinute de o mai buna productivitate a muncii si costuri de operare mai scazute.

Quick ratio has improved, registering a 23% increase from 0.88 to 1.11, current assets backed by a higher labor productivity and lower operating costs have evolved above the indebtedness ratio.

Lichiditatea imediata a inregistrat o scadere, mare, de la 0.70 la 0.23, conjuncturala, determinata de productia in curs de executie stocata la sfarsitul anului 2017, cu livrare in anul 2018.

Immediately liquidity has registered a high decrease, temporarily, determined by the work in progress on stock at the end of 2016 and delivered in 2017.

Gradul de indatorarea a crescut, de la 25% in 2016 la 42% in 2017, urmare a cresterii soldului avasurilor incasate in anul 2017 pentru navele in curs de executie ce au termene de livrare in anul 2018 si datoriilor catre banci necesare executiei unei productii suplimentare.

VII. GUVERNATA CORPORATIVA / THE CORPORATE MANAGEMENT

VII.1. Prevederi generale / VII.1. General Provisions

(1)Sistemul de guvernanta corporativă al SEVERNAV SA cuprinde ansamblul regulilor prevăzute de Actul constitutiv, și de celelalte reglementări interne, prin care se reglementează conducerea și controlul activității SEVERNAV SA.

(1) The corporate governance system of SEVERNAV SA includes the set of rules set out in the Articles of Incorporation and other internal regulations regulating the management and control of the SEVERNAV SA activity.

(2)Sistemul de guvernanta corporativă al SEVERNAV SA are în vedere realizarea următoarelor obiective generale:

- Respectarea drepturilor si intereselor legitime ale acționarilor;
- Tratamentul echitabil, egal și corect al acționarilor;
- Respectarea drepturilor și intereselor legitime ale deținătorilor de interese;
- Definirea de roluri, competențe și responsabilități clare pentru Consiliul de Administrație și conducerea executivă;
- Integritatea, comportamentul etic și competența profesională a echipei de management și a salariaților SEVERNAV SA;
- Transparența activității și prezentarea corectă a rezultatelor și perspectivei viitoare ale SEVERNAV SA;
- Dezvoltarea durabilă a SEVERNAV SA.
- Implementarea și aplicarea Codului de Guvernanta Corporativa al Bursei de Valori Bucuresti

(2) The corporate governance system of SEVERNAV SA aims at achieving the following general objectives:

- Respecting the rights and legitimate interests of shareholders;
- fair, equal and fair treatment of shareholders;
- Respecting the legitimate rights and interests of interest holders;
- Defining clear roles, skills and responsibilities for the Board of Directors and executive management;
- Integrity, ethical behavior and professional competence of the management team and employees of SEVERNAV SA;
- Transparency of activity and correct presentation of future results and prospects of SEVERNAV SA;
- Sustainable development of SEVERNAV SA.
- Implementation and application of the Corporate Governance Code of the Bucharest Stock Exchange

VII.2. Conducerea companiei / VII.2. Company leadership

1. Adunarea Generala a Actionarilor poate fi Ordinara sau Extraordinara. Competentele si conditiile de intrunire ale adunarilor generale sunt prezentate in Actul Constitutiv al Severnav SA, in cuprinsul Capitolului V, articolele 12 – 22.



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Ultima actualizare a Actului Constitutiv a fost realizata in decursul anului 2017 si a intrat in vigoare la data de 25.04.2017. Actul Constitutiv al Severnav SA poate fi consultat public pe site-ul companiei (www.severnav.ro)

1. The General Meeting of Shareholders may be Ordinary or Extraordinary. The powers and conditions for the meeting of the general meetings are presented in the Articles of Incorporation of Severnav SA, in the contents of Chapter V, Articles 12-22.

The last update of the Constitutive Act was made in 2017 and entered into force on 25.04.2017. The Articles of Incorporation of Severnav SA can be consulted publicly on the company's website (www.severnav.ro)

Competentele generale ale adunarilor generale sunt cele stipulate de Legea nr.31/1990 a Societatilor Comerciale. Competentele si limitele specifice agreate de actionarii Severnav SA sunt reprezentate de acordul AGEA pentru aprobarea de plafoane de creditare mai mari de 10 mil EUR si de un necesar de 2/3 din drepturile de vot prezente si reprezentate la AGEA pentru schimbarea obiectului principal de activitate, modificarea valorii capitalului social, schimbarea formei juridice, fuziunea, divizarea sau lichidarea voluntara a companiei.

The general powers of the general meetings are those stipulated by the Law no. 31/1990 of the Commercial Companies. The specific competencies and limits agreed by the shareholders of Severnav SA are represented by the AGEA approval for the approval of credit ceilings exceeding EUR 10 million and by a 2/3 of the voting rights present and represented at the EGMS for the change of the main object of activity, changing the value of the share capital, changing the legal form, merging, dividing or voluntarily liquidating the company.

2. Consiliul de Administratie al Severnav SA este format dintr-un numar de 5 membri, 4 membri neexecutivi iar Presedintele CA detine si functia de Director General. Membri CA sunt alesi pe o durata a mandatului de 4 ani.

Atributiile CA sunt cuprinse in Actul Constitutiv la Capitolul VI, art. 24-28.

In decursul exercitiului financiar 2017, Consiliul de Administratie al Severnav SA s-a intrunit intr-un numar de 9 sedinte.

2. The Board of Directors of Severnav SA consists of 5 members. 4 non-executive members and the President of the Board of Directors holds the position of General Manager. Members of the CA are elected for a term of office of 4 years.

The powers of CA are contained in the Articles of Incorporation at Chapter VI, art. 24-28.

During the financial year 2017, the Board of Directors of Severnav SA met in a number of 9 sessions.

VII.3. Codul de Guvernanta Corporativa al BVB / VII.3. The Corporate Governance Code of the BVB

Severnav SA a aderat la Codul de Guvernanta Corporativa al BVB in anul 2016. Codul reprezinta un set de reguli recomandate companiilor emitente ale caror actiuni se tranzactioneaza pe piata AeRO a BVB, guvernate de principiul "Aplici sau Explici", care obliga compania la a da explicatii atunci cand considera ca o regula nu este oportuna sau necesara.

Severnav SA adhered to the Corporate Governance Code of the BVB in 2016. The code represents a set of rules recommended to issuers whose shares are traded on the AeRO market of the BSE, governed by the "Apply or Explain" principle, which obliges the company to give explanations when he considers that a rule is not appropriate or necessary.

Din cuprinsul prevederilor Sectiunii A – Raspunsabilitati ale Consiliului de Administratie si B – Sistemul de Control Intern, Severnav SA indeplineste toate cerintele Codului.

From the provisions of Section A - Responsibilities of the Administration Council and B - Internal Control System, Severnav SA fulfills all the requirements of the Code.

Referitor la Sectiunea C, Severnav SA nu a publicat remuneratia membrilor CA si a Directorului General, avand in vedere ca acestea sunt stabilite de Adunarea Generala Ordinara a Actionarilor iar eventualele bonificatii financiare sunt aprobate in acelas for.



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Concerning Section C, Severnav SA did not publish the remuneration of the CA members and the General Manager, given that they are established by the Ordinary General Meeting of Shareholders and any financial bonuses are approved in the same forum.

Privitor la Sectiunea D a Codului de Guvernanta Corporativa al BVB, societatea nu a publicat materiale privitoare la informarea continua in limba engleza avand in vedere ca nu a fost determinat un interes al investitorilor straini in legatura cu actiunile societatii. Societatea detine insa un site de internet in limba engleza. Website-ul societatii contine prevederile cuprinse la punctele D.1.1. - D.1.7 ale codului.

Regarding Section D of the Corporate Governance Code of the BVB, the company did not publish materials on continuous information in English as no interest of foreign investors in the company's shares was determined. The company owns an English website. The company website contains the provisions of paragraphs D.1.1. - D.1.7 of the code.

Adunarea Generala nu a implementat o politica de dividende, deoarece Societatea nu a definitivat procesul de rstructurare si reinnoire a capacitatilor de productie. Eventuala acordare de dividende va fi propusa de Consiliul de Administratie si aprobata de AGOA, inasa nu este vizata in acest moment eleaborarea unei politici specifice.

The General Assembly did not implement a dividend policy because the Company did not complete the process of building and renewing its production capacities. The eventual allocation of dividends will be proposed by the Board of Directors and approved by the OGAS, but it is not intended at this time to develop a specific policy.

In legatura cu politica de prognoze precizata la punctul D.3 al Codului, Severnav SA nu a elaborat o astfel de politica, dificil de realizat in contextul specificului activitatii de constructie de nave de tonaj mediu, in care constructia unui reper se intinde pe o durata de timp de mai multe luni sau ani.

In relation to the forecasting policy specified in point D.3 of the Code, Severnav SA did not elaborate such a policy, which is difficult to achieve in the context of the specific activity of building medium-sized ships, where the construction of a landmark is a long- for several months or years.

Severnav SA respecta prevederile punctului D.4 al Codului si face eforturi in a atrage cat mai multi actionari la sedintele Adunarilor Generale.

Severnav SA observes the provisions of point D.4 of the Code and strives to attract as many shareholders as possible to the meetings of the General Assemblies.

Societatea nu vizeaza in acest moment publicarea de materiale in limba engleza si intalniri cu analistii financiari, deoarece nu a fost identificat pana in acest moment un interes semnificativ al investitorilor straini sau al celor instititionali privind achizitiile de instrumente financiare ale companiei.

The company is not currently targeting the publication of English materials and meetings with financial analysts, as no significant interest of foreign or institutional investors in the acquisition of financial instruments has been identified so far.

VIII. MODIFICARI SURVENITE IN SOCIETATE / COMPANY MODIFICATIONS

In data de 01.03.2017 s-a transferat un numar de 1.464.388 actiuni (reprezentand 29,0464% din capitalul social), din contul firmei International Railway Service SA in contul Societatii Nationale de Transport Feroviar Marfa "CFR MARFA".

On 1 March 2017, a number of 1,464,388 shares (representing 29.0464% of the share capital) were transferred from the account of the International Railway Service SA to the account of the CFR MARFA National Railway Company.

Bilantul contabil si contul de profit si pierdere, au fost intocmite pe baza Balantei de verificare la 31 decembrie 2017, iar registrele si jurnalele obligatorii sunt operate la zi.

The balance sheet and the profit and loss account have been completed on the basis of the 31st December 2017 trial balance and the compulsorily registers and journals are operated to the current day.



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Evidenta contabila a societatii se tine in conformitate cu:

- Legea Contabilitatii 82/1991 (republicata).
- Reglementarile contabile conforme cu Directiva a IV-a a Comunitatii Economice Europene si Standardele Internationale de Contabilitate.
- Ordinul Ministerului de Finante 1802/2014 privind aprobarea reglementarilor contabile conforme cu directivele europene.

The Company's accounting evidence is kept according to:

- Accounting Law 82/1991 (republished).
- Accounting regulations complying with the 4th Directive of the Economic European Community and International Accounting Standards.
- The Ministry of Finance Order 1802/2014 concerning the approval of accounting regulations comping with the European directives.

Presedinte Consiliul de Administratie,

Tirlea Victor