



SINTEZA SA
Șos. Borsului no. 35
410605 ORADEA - ROMANIA



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VAT Reg.No.: RO 67329
Reg.No.at Commerce Register: J.05/197/1991

BANK: BANCA TRANSILVANIA ORADEA
IBAN EURO:RO61BTRL00504202N98396XX
IBAN RON: RO86BTRL00501202N98396XX
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THE BOARD OF DIRECTORS' REPORT

ON 31.12.2018

Yearly report according to: Law 297/2004 regarding the capital market
Law 24/2017 regarding the issuers of financial instruments and market operations
ASF Regulation NO. 5/2018

For the fiscal year: 2018
Report date: 31.12.2018
Trade company designation: S.C. Sinteza S.A. Oradea
Head office: Oradea. Sos. Borsului no. 35, Bihor county

Phone/Fax number: 0259.456.116 / 0259.462.224
Trade Register Office unique ID: 67329
Trade Register order no.: J/05/197/1991
Regulated market: Bucharest Stock Exchange
Subscribed/Paid-up share capital: 9.916.889 lei
Main characteristics of securities: Shares issued in dematerialised form

1. Analysis of the trade company's activity

1.1. Description of the trade company's basic activity

S.C."SINTEZA"- S.A. was established by Government Decision no. 1213/20.11.1990 from the "SINTEZA" Chemical Enterprise, it is registered in the Trade Register under no. J/05/197/1991, Tax ID no. RO 67329 and has the registered office in Șos. Borșului no. 35, Oradea, Bihor county.

During the year 2018 there have been no mergers or reorganisations of any kind.

1.1.1. General evaluation elements

In the year 2018 the company obtained the following indicators, according to the balance sheet:

1. Total incomes: **31.665.268 lei**, of which:
 - net turnover: 27.072.366 lei, of which the amount of 25.227.290 lei represents the export sales;
 - incomes from stocks variation: -423.968 lei;
 - incomes from the production of tangible assets: 1.374.809 lei;
 - incomes from the reevaluation of the tangible assets: 181.576 lei;
 - sales of shares: 3.022.689 lei;
 - other incomes: 45.717 lei;
 - financial incomes: 221.488 lei;
 - incomes from commissions: 141.594 lei;
 - incomes from delayed income tax: 28.997 lei;

2. Total expenses: **36.272.426 lei**, of which:
 - operating costs: 35.605.576 lei;
 - financial expenses: 644.724 lei;
 - expenses with the delayed profit tax: 22.126 lei;

3. Net operational result: **-4.607.158 lei**;

4. Liquidities at the end of the period: **65.477 lei equivalent**

1.1.2 Evaluation of the company's technical level

The company exploits the industrial platform from Sos. Borsului no. 35 and operates the installation of Benzoic Acid, installation of an advanced technical level, modernised at the end of the year, obtaining products meant mainly for the external market.

Following the investment works from the end of the year which materialised in processes of research, design, verification, acquisitions and executions of equipments, the rebuilding of the structural elements, the quality and capacity of the process for obtaining the benzoic acid was improved.

Currently the benzoic acid installation is functional, undergoing technological tests. The period of technological tests began in the month of December 2018 and takes place over a period of 6 months, period at the end of which all the technological parameters will be stabilised, the work instructions will be finalized and the staff will be instructed according to the new modifications.

The organic synthesis products manufactured are meant for the industrial chemical applications of high technical level, their use being in an ascending trend in the chemical industry.

At the same time the company continued in the year 2018 the activity of renting its available locations, obtaining incomes from rents.

The company intends the further development of the manufacturings at a high technical level.

The main products manufactured in the year 2018 and the incomes obtained from their sale, but also other incomes, compared to the previous year are:

Crt. no.	Products	2018		2017	
		lei	%	lei	%
1	Exploitation of the industrial platform	1,250,236	4.62	1,842,231	7.06
2	Organic synthesis manufacturings	25,822,130	95.38	24,262,733	92.94
	Total	27,072,366	100.00	26,104,964	100.00

1.1.3. Evaluation of the technical-material supply

The company acquires industrial technology from renowned companies in the field, both from inland and from abroad.

As for the acquisition of raw resources, materials, energy, the company acts freely on the competitive market.

1.1.4. Evaluation of the sale activity

S.C. Sinteza S.A. sells the products manufactured on markets such as Europe, Turkey, Russia and Asia.

The company sells on the free competitive market, without significant dependencies upon a customer or a group of customers.

The company uses in the sale both the direct sale and the sale through distributors.

1.1.5. Evaluation of the aspects related to the company's staff

In the year 2018 the average recorded number of staff members was 84 persons. The company made a number of 24 employments and 24 work contract terminations. From the total staff, 22 are with higher education studies. The degree of unionisation was 22,6 %.

Within the work relations there were no conflictual elements.

The company periodically organizes courses for professional training and intends the financing of some professional school classes of organic synthesis operators/ chemists.

1.1.6 Evaluation of the aspects related to the environmental impact

The company obtained all the authorisations and permits imposed by the legislation in the field. There is no major impact on the environment and there are no litigations related to the breach of the environmental protection legislation.

1.1.7 Evaluation of the research and development activity

The company has an organized own section meant for this activity, the expectations being oriented towards the implementation of new products and technologies.

1.1.8 Evaluation of the activity regarding the risk management

The company acts on the competitive market, being exposed from this point of view to normal risks. There is no major or significant exposure regarding prices or liquidity. The company implements the risk management system, the process covering the identification, analysis, management and monitoring of the risks to which it is exposed.

The price risk - there is a permanent monitoring of this risk considering the market on which the firm acts is a specialized one. In fact the company applies and will apply in the future policies for forming the sale price based on the raw material price (Minimum sale price = Acquisition price + margin). We specify that resorting to this form of price setting is a usual practice on the specific market on which the company acts.;

The credit risk – the company has undergoing and will resort in the future as well to resources drawn especially for the financing of the investment objectives. The resource cost is negotiated and generally sized in connection to the reference rates on the financial market so as to be sustainable for the contractual deadlines. One also takes into account the potential variations of the interest rates;

The liquidity risk – there is a permanent preoccupation for maintaining the liquidity at a level above one. On 31.12.2018 this indicator had the value of 0.99; The cash flow risk is monitored daily through prognoses of encashments and weekly and monthly payments. The company applies the policy of the trade credit in the relation with the traditional customers and correlates the encashments deadlines with the deadlines of the payments (suppliers, banks, budgets, salaries).

1.1.9 Elements of perspective regarding the trade company activity

The investments achieved at the end of the year 2018 at the benzoic acid line had as main objective the modernisation and extension of the capacity of the existing production line.

This modernisation determined the improvement of the quality of the obtained product.

The company has at the base of its strategy in the field of quality the satisfaction of the requirements and necessities of its customers and other concerned parties by offering on time quality products according to the requirements of the customers, regulation and environmental protection.

The increase of the product quality will determine the increase of the EU market share, market with higher profit margins, aspect which will be reflected in the operational profit of the company.

The increase in the operational profit is reflected also in the budget of incomes and expenses provisioned for the year 2019.

At the same time the company obtained again at the end of the year a supplementation of the credit line regarding the current activity, line which allows both the ensuring of a buffer stock, respectively a constant in the installation supply and the sustaining of the production capacity.

In the following period the company will act in the sense of reducing the financings held previously and will seek the generation of financial resources from the programme for surrendering non-core business assets which it owns.

In parallel, the company will run programmes which seek the creation of liquidities from rental or sale of some assets which are no longer affected by the basic activity.

1.1.10 Information regarding the internal control

Within SC Sinteza SA the ensuring of the internal control aims at the internal control and internal audit activities. In the field of internal control one followed the observance of the internal norms, of the decisions of the leading bodies and financing-accounting norms.

The internal audit is ensured by a contract for services with an independent office. The internal auditor evaluates by a systematic and methodical approach the processes of control and governing of the company and informs the general manager and managers on the significant aspects established by the audit report.

2 Tangible assets of the company

2.1 Placement and description

The company owns and manages the following assets:

a) Şos. Borşului no. 35 Platform - dedicated to the manufacture of Benzoic Acid

b) Şos. Clujului Platform no.159 and Donici str. no. 1 - meant for the rental or sale

c) Hostel for singles – functional

d) Sludge dump – closed for operation and undergoing closing

2.2 Potential problems related to the ownership right

The are no problems related to the ownership right.

3 The market of the securities issued by the company

The social capital of the company is 9.916.889 lei, divided in 66.112.590 shares with a nominal value of 0,15 lei/share. The shares are transacted on the Bucharest Stock Exchange, Standard category. On the date of 31.12.2018 the structure of the shareholding was the following:

F.I.I. BT Invest 1	51,8898 %
Tibor Tincău	28,1346 %
Other natural and legal persons	19,9756 %
Total :	100,0000 %

The company did not acquire own shares and did not issue bonds.

4 Leadership of the trade company

On 31.12.2018 the company's Board of Directors was formed of:

Radu Vasilescu	- chairman
Cosmin Vasile Turcu	- member
Claudiu Sorin Pasula	- member

and the company's executive leadership was formed of:

Cosmin Turcu	- general manager
Dinu Vancea	- sales manager
Corina Ilies	- financial manager

None of the above were involved in litigations or administrative procedures related to the capacity to fulfil their duties.

5 Declaration regarding the corporate governance

Sinteza SA, being a trade company the securities of which are transacted on the Bucharest Stock Exchange, is in the process of implementation of the Corporate Governance Regulation of B.V.B. A declaration on the stage of the compliance and its explanation is found in the annex to the present report.

Sinteza SA is a trade company managed in unitary system. The company's supreme leading body is the General Meeting of Shareholders, according to the stipulations of the articles of incorporation. The general meetings can be ordinary or extraordinary.

The Ordinary General Meeting of Shareholders is convened at least once a year at the most 5 months after the closure of the fiscal year. The main duties of the Ordinary General Meeting of the Shareholders are the ones stipulated in the Law of the trade companies.

The Extraordinary General Meeting of Shareholders is convened whenever it is needed in order to decide according to the law.

The convening of the General Meetings of Shareholders is done by the Board of Directors whenever it is needed or when the legislation of the trade companies demands it. The information regarding the date for holding the meeting, the place, the agenda and any other information necessary for the shareholders are made public by the meeting notices which are published in the Official Gazette and local press.

Each company share gives the right to one vote within the general meetings. The vote is exercised directly or through representation. The organization and way of carrying out the general meetings are stipulated in the company's articles of incorporation and observe the requirements of the trade companies' law.

The company is managed by a board of directors composed of 3 managers elected for a period of 4 years, re-eligible and revocable.

The majority of the members of the Board of Directors are non-executive and independent managers.

The Board of Directors meets whenever it is necessary, but at least once every three months, at the company head office.

The Board of Directors is convened by its chairman, or by his deputy.

In accordance with the stipulations of the articles of incorporation the Board of Directors has the following duties:

a.- it approves the organizational structure of the company and the number of jobs, as well as the normative for the establishment of the functional and production sections;

b.- it approves the rights and obligations of the company staff through the collective labour agreement, the regulation of organization and functioning and the internal regulation policy;

c.- it subjects yearly to the approval of the general meeting of shareholders, within 5 months after the closure of the fiscal year, the report regarding the company's activity, as well as the budget project for the running year;

d.- it approves the way of amortisation of the fixed assets located in the company's patrimony, their removal from the system and placement in conservation, as well as the downgrading and cassation of some material assets, other than the fixed assets;

e.- it decides the granting of sponsorships;

f.- it approves the company's management tactics and strategy;

g.- it proposes to the extraordinary general meeting of shareholders the issuance of bonds;

h.- it appoints the members of the steering committee, as appropriate;

i.- it approves firm measures regarding the prospective development of the company, of its production capacities, the introduction of the technical progress and the making of products at worldwide technical level;

j.- it resolves any other problems established by the general meeting of shareholders and by the valid legislation.

k.- it approves the acquirement, selling, exchange, the establishment under warranty of goods available in the company's patrimony, the contracting of financings for investments and working capital according to the decisions of the Extraordinary General Meeting of Shareholders.

The current company leadership is delegated through mandate by the General Manager, appointed by the Board of Directors for a period of 4 years.

The company applies the diversity policy regarding its leading and managing bodies.

The company will continuously improve the communication in the relationship with the shareholders and investors by complying to increasing requirements of the BVB Code. In this sense it proposes the reconfiguration of its own site and the development of a section dedicated to the relationship with the investors which would present relevant information for these.

6. Financial and accounting statement

The statement of the **individual** financial position of Sinteza S.A. in 2018 as against 2017 is presented as follows:

Indicator	INDIVIDUAL	
	31-Dec-2017	31-Dec-2018
Tangible assets		
Freehold land and land improvements	13,971,880	15,220,540
Buildings	15,495,896	14,004,992
Technical installations and transport means	14,573,186	15,817,796
Furniture, office automation equipments	16,610	14,314
Tangible assets in progress	6,595,283	1,803,960
Advance payments for tangible assets	0	42,403
Total of tangible assets	50,652,855	46,904,005
Intangible assets	0	
Concessions, patents, licences, trademarks	553,146	245,294
Investment assets	0	
Shares owned at branch offices and other fixed securities	26,444	25,702
Total of intangible assets	51,232,445	47,175,001
Current assets		
Stocks	3,732,108	3,157,570
Trade receivables and other receivables	4,511,264	4,606,097
Accrued expenses	343,402	353,542
Cash and cash equivalent	251,264	65,477
Assets classified as being held for sale	4,164,340	3,602,553
Total of current assets	13,002,378	11,785,239
Total of assets	64,234,823	58,960,240
Shareholders' equities		
Share capital	9,916,889	9,916,889
Share premiums	0	
Reserves	30,622,043	29,836,350
Result of the year	-5,595,140	-4,607,158
Result carried forward	11,864,110	5,076,161
Other elements of shareholders' equities	-540	-540
Minority interests	0	
Total of shareholders' equities	46,807,362	40,221,702
Long-term liabilities	0	
Long-term loans and other liabilities	1,037,734	2,480,551
Deferred income	0	
Provisions	0	
Deferred tax liabilities	4,540,257	4,328,381
Total of long-term liabilities	5,577,991	6,808,932
Current liabilities	0	
Short-term loans	4,991,902	4,845,857
Trading liabilities and other liabilities, including derivatives	6,439,567	6,819,922
Deferred income	281,102	82,595
Provisions	136,899	181,232

Liabilities classified as being held for sale	0	
Total of current liabilities	11,849,470	11,929,606
Total of liabilities	17,427,461	18,738,538
Total of shareholders' equities and liabilities	64,234,823	58,960,240

As regards the accounting period for 2018, the parent company SINTEZA S.A. has drawn up consolidated financial statements, in this consolidation being included the trading company CHIMPROD S.A., with the following identification data:

Company name: S.C. Chimprod S.A.
Registered office: Oradea, 35 Șos. Borșului
Phone/fax no.: 0259 456 110
Tax code: (RO) 67345
No. at the Register of Companies: J05/1984/1992
Share capital: 90,000 lei

The shares of the company S.C. Chimprod S.A. are not transacted on the regulated securities market. The shareholding owned by S.C. Sinteza S.A. is of 99.765%, and the non-controlling interest shareholding is of 0.235%.

The company is administered by delegation by S.C. Sinteza S.A., having appointed a permanent representative to that effect.

The statement of the **consolidated** financial position in 2018 as against 2017 is presented as follows:

Indicator	CONSOLIDATED	
	31-Dec-2017	31-Dec-2018
Tangible assets		
Freehold land and land improvements	13,971,880	15,220,540
Buildings	15,495,896	14,004,992
Technical installations and transport means	14,702,368	15,771,206
Furniture, office automation equipments [...]	16,610	14,314
Tangible assets in progress	6,228,499	1,803,960
Advance payments for tangible assets	0	42,403
Total of tangible assets	50,415,253	46,857,415
Intangible assets	0	0
Concessions, patents, licences, trademarks	553,146	245,294
Investment assets	0	0
Shares owned at branch offices and other fixed securities	29,238	28,602
Total of intangible assets	50,997,637	47,131,311
Current assets		
Stocks	4,005,010	3,161,241
Trade receivables and other receivables	3,150,254	2,839,257
Accrued expenses	343,402	353,542
Cash and cash equivalent	252,048	68,222
Assets classified as being held for sale	4,164,340	3,605,944

Total of current assets	11,915,054	10,028,206
Total of assets	62,912,691	57,159,517
Shareholders' equities		
Share capital	9,916,889	9,916,889
Share premiums	0	0
Reserves	32,061,281	31,275,588
Result of the year	-6,015,232	-5,284,663
Result carried forward	9,514,485	2,673,334
Other elements of shareholders' equities	-540	-540
Minority interests	-2,270	-3,764
Total of shareholders' equities	45,474,613	38,576,844
Long-term liabilities		
Long-term loans and other liabilities	1,037,734	2,480,551
Deferred income	0	0
Provisions	0	0
Deferred tax liabilities	4,540,257	4,328,381
Total of long-term liabilities	5,577,991	6,808,932
Current liabilities		
Short-term loans	4,991,902	4,845,857
Trading liabilities and other liabilities, including derivatives	6,441,679	6,661,041
Deferred income	281,102	82,595
Provisions	145,404	184,248
Liabilities classified as being held for sale		0
Total of current liabilities	11,860,087	11,773,741
Total of liabilities	17,438,078	18,582,673
Total of shareholders' equities and liabilities	62,912,691	57,159,517

The financial statements for 2018 are drawn up in accordance with the provisions of the Ordonnance of the Ministry of Public Finances 881/2012, Ordonnance of the Ministry of Public Finances 2844/2016 and of the Ordonnance of the Ministry of Public Finances 10/2019 that are applicable to the trading companies whose securities are transacted on a regulated market.

The management of the company is not informed on the events that might put into question the future continuity of the exploitation, an assertion that is based on the fact that the operation line has been updated and it will entail the quantitative and qualitative increase in the production of benzoic acid, as well as the existence of contracts that will ensure the retail of the production.

**PRESIDENT OF THE BOARD OF DIRECTORS
RADU VASILESCU**

**The statement of compliance with the BSE Corporate Governance Code
as of 31 December 2018**

Governance Code of BSE	Compliance	Non-compliance or partial compliance	Reason for non-compliance
A. - RESPONSIBILITIES			
A.1. All companies should have internal regulation of the Board which includes terms of reference/ responsibilities for Board and key management functions of the company, applying, among others, the General Principles of this Section.		X	Terms of Reference / responsibilities of the Board and key management are contained only in constituent documents of the company, updated in 2012.
A.2. Provisions for the management of conflict of interest should be included in Board regulation. In any event, the members of the Board must notify the Board of any conflicts of interest that have arisen or may arise and refrain from participating in discussions (including by default, unless that failure would prevent the formation of quorum) and vote for the adoption of a decision on the matter giving rise to this conflict of interest.		X	Provisions on the management of conflict of interest will be included in the Council Regulation which will be developed by the Board
A.3. The Supervisory Board should have at least five members.		X	The current organizational structure and leadership of the SC Sinteza SA, contained in the foundation document, sets out a number of three members to the Board of Directors. Changing the number of members will be approved by the General Shareholders Meeting and updating foundation document.
A.4. The majority of the members of the Board of Directors should be non-executive. At least one member of the Board of Directors or Supervisory Board should be independent, in the case of Standard Tier companies. Not less than two non-executive members of the Board of Directors or Supervisory Board should be independent, in the case of Premium Tier Companies. Each member of the Board of Directors or	X		All three current members of the Board of Directors are non-executive. Two of the three members of the Board of Directors are independent.

<p>Supervisory Board, as the case may be, should submit a declaration that he/she is independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered independent in character and judgement in practice and according to the following criteria:</p> <p>A.4.1. Not to be the CEO/executive officer of the company or of a company controlled by it and not have been in such position for the previous 5 years;</p> <p>A.4.2. Not to be an employee of the company or of a company controlled by it and not have been in such position for the previous five (5) years;</p> <p>A.4.3. Not to receive and not have received additional remuneration or other advantages from the company or from a company controlled by it, apart from those corresponding to the quality of non-executive director;</p> <p>A.4.4. Is not or has not been an employee of, or has not or had not any contractual relationship, during the previous year, with a significant shareholder of the company, controlling more than 10% of voting rights or with a company controlled by it;</p> <p>A.4.5. Not to have and not have had during the previous year a business or professional relationship with the company or with a company controlled by it, either directly or as a customer, partner, shareholder, member of the Board/ Director, CEO/executive officer or employee of a company having such a relationship if, by its substantial character, this relationship could affect his/her objectivity;</p> <p>A.4.6. Not to be and not have been in the last three years the external or internal auditor or a partner or salaried associate of the current external financial or internal auditor of the company or a company controlled by it;</p> <p>A.4.7. Not to be a CEO/executive officer in another company where another CEO/executive officer of the company is a non-executive director;</p> <p>A.4.8. Not to have been a non-executive director of the company for more than twelve years;</p>			
<p>A.5. Alte angajamente și obligații profesionale relativ permanente ale unui membru al Consiliului, inclusiv poziții executive și neexecutive în Consiliul unor societăți și instituții non-profit, trebuie dezvăluite acționarilor și investitorilor potențiali înainte de nominalizare și în cursul mandatului său.</p>		X	<p>On the company's website or BSE, professional biographies of Board members are not published. This requirement will be met with reconfiguring the internet site of the Company.</p>

A.6. Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly, shares representing more than 5% of all voting rights.		X	There was no such information deemed necessary by the Council.
A.7. The company should appoint a Board secretary responsible for supporting the work of the Board.	X		There is a nominated person who held the post in the Council
A.8. The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.		X	Corporate Governance Statement is being Development and will include such policy
A.9. The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities.	X		The Board of Directors meets regularly once a month and whenever deemed necessary for the proper development of the company's activity
A.10 The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors or of the Supervisory Board.	X		The Board of Directors has a total of 3 members of which 2 are independent members
A.11. The Board of Premium Tier companies should set up a nomination committee formed of non-executives, which will lead the process for Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent.	X		This requirement does not apply SC Sinteza SA listed on the BSE Standard Category
B . RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM			
B.1 The Board should set up an audit committee, and at least one member should be an independent non-executive. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee should be independent.	X		In the council it works an audit committee which meets the requirements of independence and competence required by BSE Code
B.2 The audit committee should be chaired by an independent non-executive member.	X		
B.3. Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.		X	Annual Audit Report contains references to the Company's internal control system.
B.4. The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal		X	Internal audit assessment is made in the Annual Report of Board

control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of relevant reports to the Board.			
B.5. The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.	X		Evaluation of conflict of interest is made when deciding such transactions
B.6. The audit committee should evaluate the efficiency of the internal control system and risk management system.	X		There are references in the Annual Report of directors regarding this issue
B.7. The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.	X		Internal audit reports are made available annually to the audit committee
B.8. Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by cyclical (at least annual), or ad-hoc reports to be submitted to the Board afterwards	X		
B.9. No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties.	X		There are no such provisions in the foundation document or other internal regulations of the company
B.10. The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the audit committee.		X	It will consider the adoption by the Council of such a policy.,And including it in its corporate governance rules
B.11. The internal audits should be carried out by a separate structural division (internal audit department) within the company or by retaining an independent third-party entity.	X		The internal audit of the company is conducted by an independent third party entity based service contract
B.12. To ensure the fulfillment of the core functions of the internal audit department, it should report functionally to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer.	X		The internal auditor reports functionally to the Board and the administratively by the General Manager.
C. FAIR REWARDS AND MOTIVATION			
C.1. The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review. Remuneration policy should be formulated so as to allow shareholders understanding principles and arguments underlying the remuneration		X	According to the foundation document, the Board members remuneration is the prerogative of the General Meeting of Shareholders . After developing and approving the remuneration policy will be posted on the company website.

<p>of Board members and the CEO and the Executive Board in the dual system. It should describe how the management process and making decisions regarding remuneration, detailing the components of the remuneration of executive management (such as salary, annual bonus, long-term incentives linked to shareholder value, benefits in kind, pension and others) and describe purpose, principles and assumptions underlying each component (including the general performance criteria related to any form of variable remuneration). In addition, the remuneration policy should specify the length of the contract Executive Director and the period of notice stipulated in the contract, and any compensation for unjust dismissal.</p> <p>Any significant change occurred in the remuneration policy to be timely published on the website of the company.</p>			
D . BUILDING VALUE THROUGH INVESTORS' RELATIONS			
<p>D.1. The company should have an Investor Relations function - indicated, by person (s) responsible or an organizational unit, to the general public. In addition to information required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including:</p>		X	The requirement will be implemented after it is set up the website of the company.
<p>D.1.1. Principal corporate regulations: the articles of association, general shareholders' meeting procedures.</p>		X	The requirement will be implemented after it is set up the website of the company.
<p>D.1.2. Professional CVs of the members of its governing bodies, a Board member's other professional commitments, including executive and non-executive Board positions in companies and not-for-profit institutions;</p>		X	The requirement will be implemented after it is set up the website of the company.
<p>D.1.3. Current reports and periodic reports (quarterly, semi-annual and annual reports) including current reports with detailed information on compliance with this Code;</p>	X		These reports and information are published on the company website
<p>D.1.4. Information related to general meetings of shareholders: agenda and information materials; procedure for electing board members; arguments supporting nominations for election to the Council, together with their professional CVs; Shareholders with questions regarding the items on the agenda and responses from the company, including decisions adopted;</p>	X		This information is published on the company website
<p>D.1.5. Information on corporate events, such as the payment of dividends and other distributions to shareholders, or other events that</p>		X	The requirement will be implemented after it is set up the website of the company.

lead to the acquisition or limitation of rights of a shareholder, including the deadlines and principles for such operations. This information will be published within a period to allow investors to take investment decisions;			
D.1.6. The name and contact data of a person who should be able to provide knowledgeable information on request;		X	The requirement will be implemented after it is set up the website of the company.
D.1.7. Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semiannual, annual), auditor reports and annual reports.	X		This information is published on the company website
D.2. A company should have an annual cash distribution or dividend policy. The annual cash distribution or dividend policy principles should be published on the corporate website.		X	Payment of dividends is by resolution of the General Meeting of Shareholders according to the foundation document. Publication on the company's website the annual dividend distribution policy, will be made after the elaboration and approval by the company management .
D3. The company will adopt a policy regarding forecasts, whether they are made public or not. The forecast refers to findings quantified studies aimed at determining the overall impact of a number of factors relating to a future period (so-called hypotheses) by its nature, this project has a high level of uncertainty, actual results may differ significantly from forecasts initially presented. Policy regarding projections will determine the frequency and content of the period covered by the forecast. If published, the forecast can only be included in the annual, biannual or quarterly. Policy regarding projections will be published on the website of the company.		X	Publication on the company's website the annual forecasts, will be made after the elaboration and approval by the company management .
D.4. The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders.	X		Rules General Meeting of Shareholders will be mentioned every meeting notice published in accordance with legal requirements about 45 days before each meeting.
D.5. The external auditors should attend the shareholders' meetings when their reports are presented there.	X		
D.6. The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.	X		Annual Report Directors, presented the annual General Meeting of Shareholders with the financial statements, contain the Board evaluation of internal control systems management and significant risks.
D.7. Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board	X		SC Sinteza SA is open to the participation of specialists, consultants, experts or analysts at shareholders' meetings. A general set of rules and procedures in this regard will be submitted for discussion and approval of the Board

decides otherwise.			
D.8. The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on quarter-onquarter and year-on-year terms.	X		Starting to 2016, reports will be published both in Romanian and English
D.9. A company should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the company website at the time of the meetings/conference calls.	X		SC Sinteza SA organizes twice a year such meetings, according to the annual calendar submitted to BSE
D.10. If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company part of its business mission and development strategy, it should publish the policy guiding its activity in this area		X	A policy in this regard will be developed by the Council if will considered appropriate

S.C. Sinteza S.A.

Individual and consolidated financial statements
on the 31st of December 2018

Drawn up in accordance with the International Financial Reporting Standards
(IFRS) Adopted by the European Union

Content:

Financial statements

Statement of the individual and consolidated financial position

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Notes on the financial statements

Statement of the individual financial position
for the accounting period ended on the 31st of December 2018

Indicator	INDIVIDUAL	
	31-Dec-2017	31-Dec-2018
Tangible assets		
Freehold land and land improvements	13,971,880	15,220,540
Buildings	15,495,896	14,004,992
Technical installations and transport means	14,573,186	15,817,796
Furniture, office automation equipments	16,610	14,314
Tangible assets in progress	6,595,283	1,803,960
Advance payments for tangible assets	0	42,403
Total of tangible assets	50,652,855	46,904,005
Intangible assets	0	
Concessions, patents, licences, trademarks	553,146	245,294
Investment assets	0	
Shares owned at branch offices and other fixed securities	26,444	25,702
Total of intangible assets	51,232,445	47,175,001
Current assets		
Stocks	3,732,108	3,157,570
Trade receivables and other receivables	4,511,264	4,606,097
Accrued expenses	343,402	353,542
Cash and cash equivalent	251,264	65,477
Assets classified as being held for sale	4,164,340	3,602,553
Total of current assets	13,002,378	11,785,239
Total of assets	64,234,823	58,960,240
Shareholders' equities		
Share capital	9,916,889	9,916,889
Share premiums	0	
Reserves	30,622,043	29,836,350
Result of the year	-5,595,140	-4,607,158
Result carried forward	11,864,110	5,076,161
Other elements of shareholders' equities	-540	-540
Minority interests	0	
Total of shareholders' equities	46,807,362	40,221,702
Long-term liabilities	0	
Long-term loans and other liabilities	1,037,734	2,480,551
Deferred income	0	
Provisions	0	
Deferred tax liabilities	4,540,257	4,328,381
Total of long-term liabilities	5,577,991	6,808,932
Current liabilities	0	
Short-term loans	4,991,902	4,845,857
Trading liabilities and other liabilities, including derivatives	6,439,567	6,819,922

Deferred income	281,102	82,595
Provisions	136,899	181,232
Liabilities classified as being held for sale	0	
Total of current liabilities	11,849,470	11,929,606
Total of liabilities	17,427,461	18,738,538
Total of shareholders' equities and liabilities	64,234,823	58,960,240

Statement of the financial position

for the accounting period ended on the 31st of December 2018

Indicator	INDIVIDUAL	
	31-Dec-2017	31-Dec-2018
Tangible assets		
Freehold land and land improvements	13,971,880	15,220,540
Buildings	15,495,896	14,004,992
Technical installations and transport means	14,702,368	15,771,206
Furniture, office automation equipments [...]	16,610	14,314
Tangible assets in progress	6,228,499	1,803,960
Advance payments for tangible assets	0	42,403
Total of tangible assets	50,415,253	46,857,415
Intangible assets	0	0
Concessions, patents, licences, trademarks	553,146	245,294
Investment assets	0	0
Shares owned at branch offices and other fixed securities	29,238	28,602
Total of intangible assets	50,997,637	47,131,311
Current assets		
Stocks	4,005,010	3,161,241
Trade receivables and other receivables	3,150,254	2,839,257
Accrued expenses	343,402	353,542
Cash and cash equivalent	252,048	68,222
Assets classified as being held for sale	4,164,340	3,605,944
Total of current assets	11,915,054	10,028,206
Total of assets	62,912,691	57,159,517
Shareholders' equities		
Share capital	9,916,889	9,916,889
Share premiums	0	0
Reserves	32,061,281	31,275,588
Result of the year	-6,015,232	-5,284,663
Result carried forward	9,514,485	2,673,334
Other elements of shareholders' equities	-540	-540
Minority interests	-2,270	-3,764
Total of shareholders' equities	45,474,613	38,576,844
Long-term liabilities		
Long-term loans and other liabilities	1,037,734	2,480,551

Deferred income	0	0
Provisions	0	0
Deferred tax liabilities	4,540,257	4,328,381
Total of long-term liabilities	5,577,991	6,808,932
Current liabilities		
Short-term loans	4,991,902	4,845,857
Trading liabilities and other liabilities, including derivatives	6,441,679	6,661,041
Deferred income	281,102	82,595
Provisions	145,404	184,248
Liabilities classified as being held for sale		0
Total of current liabilities	11,860,087	11,773,741
Total of liabilities	17,438,078	18,582,673
Total of shareholders' equities and liabilities	62,912,691	57,159,517

Statement of the individual overall result
on the 31st of December 2018

Indicator	INDIVIDUAL	
	31.12.2017	31.12.2018
Continuous activities		
Income	26,104,964	27,072,366
Other income	0	1,743,696
Changes in inventories	-2,347,590	-423,968
Total of operating income	23,757,374	28,392,094
Expenses related to inventories	15,955,743	18,140,144
Expenses related to utilities	2,922,975	3,080,129
Expenses with the employees' benefits	3,706,124	4,325,977
Amortization and depreciation of fixed assets	2,214,003	2,388,645
Gains (-)/losses from the assignation of fixed assets (+)	9,451	-834,277
Value adjustment of current assets	142,405	1,102,182
Adjustments related to provisions	231,957	181,232
Other expenses	3,913,807	4,198,855
Total of operating expenses	29,096,465	32,582,887
Result of the Operating Activities	-5,339,091	-4,190,793
Financial income	333,574	221,488
Financial expenses	648,112	644,724
Net financial result	-314,538	-423,236
Result before the taxation	-5,653,629	-4,614,029
Expense with the current income tax		
Expenses with the deferred income tax	0	22,126
Deferred income tax-related income	58,489	28,997
Result of the Continuous Activities	-5,595,140	-4,607,158
Minority interests		
Total of the overall result afferent to the period	-5,595,140	-4,607,158

Statement of the consolidated overall result
on the 31st of December 2018

Indicator	CONSOLIDATED	
	31.12.2017	31.12.2018
Continuous activities		
Income	25,565,888	26,773,860
Other income	0	1,743,957
Changes in inventories	-2,347,590	-423,968
Total of operating income	23,218,298	28,093,849
Expenses related to inventories	16,045,525	18,411,779
Expenses related to utilities	2,922,975	3,080,129
Expenses with the employees' benefits	4,214,117	4,618,705
Amortization and depreciation of fixed assets	2,232,457	2,400,948
Gains (-)/losses from the assignation of fixed assets (+)	9,451	-834,277
Value adjustment of current assets	142,405	1,187,005
Adjustments related to provisions	240,462	184,248
Other expenses	3,170,089	3,913,368
Total of operating expenses	28,977,481	32,961,905
Result of the Operating Activities	-5,759,183	-4,868,056
Financial income	333,574	221,488
Financial expenses	648,112	644,724
Net financial result	-314,538	-423,236
Result before the taxation	-6,073,721	-5,291,292
Expense with the current income tax		0
Expenses with the deferred income tax	0	23,862
Deferred income tax-related income	58,489	28,997
Result of the Continuous Activities	-6,015,232	-5,286,157
Minority interests		1,494
Total of the overall result afferent to the period	-6,015,232	-5,284,663

Statement of the modifications in the individual shareholders' equities
on the 31st of December 2018

Modification resources of the shareholders' equities	Share capital	Share premiums	Issued capital instruments	Other shareholders' equities	Cumulated value of other elements of the overall result	Result carried forward	Revaluation reserves	Other reserves	(-) Own shares	Profit or loss (-) attributable to the holders of shareholders' equities in the parent company	(-) Interim dividends	Minority interests		Total
												Cumulated value of other elements of the overall result	Other elements	
0	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Opening balance (before the restatement)														
Effect of errors' correction														
Effect of the modification in the accounting policies														
Opening balance (current period)	9,916,889				-5,595,140	11,864,109	26,518,210	4,103,834	540					46,807,362
Ordinary bonds issue														
Preference shares issue														
Issue of other capital instruments														
Exercise or expiry of other issued capital instruments														
Conversion of liabilities in shareholders' equities														
Capital reduction														
Dividends														
Purchase of own shares														
Sale or annulment of own shares														
Reclassification of financial instruments from shareholders' equities into liabilities														
Transfer between the components of the shareholders' equities					5,595,140	-5,595,140	-2,306,670							-2,306,670
Increases or (-) decreases of the shareholders' equities derived from the combined activities														
Shares-based payments														
Other increases or (-) decreases of the shareholders' equities						-1,192,808	1,520,976							328,168
Total overall result for the period					-4,607,158									-4,607,158
Closing balance (current period)	9,916,889				-4,607,158	5,076,161	25,732,516	4,103,834	540					40,221,702

**Statement of the modifications in the consolidated shareholders' equities
on the 31st of December 2018**

Modification resources of the shareholders' equities	Share capital	Share premiums	Issued capital instruments	Other shareholders' equities	Cumulated value of other elements of the overall result	Result carried forward	Revaluation reserves	Other reserves	(-) Own shares	Profit or loss (-) attributable to the holders of shareholders' equities in the parent company	(-) Interim dividends	Minority interests		Total
												Cumulated Other value of other elements of the overall result		
0	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Opening balance (before the restatement)														
Effect of errors' correction														
Effect of the modification in the accounting policies														
Opening balance (current period)	9,920,639				-6,015,232	9,514,485	26,554,145	5,507,136	-540			-2,270		45,474,613
Ordinary bonds issue														
Preference shares issue														
Issue of other capital instruments														
Exercise or expiry of other issued capital instruments														
Conversion of liabilities in shareholders' equities														
Capital reduction														
Dividends														
Purchase of own shares														
Sale or annulment of own shares														
Reclassification of financial instruments from shareholders' equities into liabilities														
Transfer between the components of the shareholders' equities					5,648,467	-5,648,467	-2,306,670							-2,306,670
Increases or (-) decreases of the shareholders' equities derived from the combined activities														
Shares-based payments														
Other increases or (-) decreases of the shareholders' equities					366,766	-1,192,684	1,520,976							695058
Total overall result for the period					-5,284,663							-1,494		-5,286,157
Closing balance (current period)	9,916,889				-5,284,662	2,673,334	25,768,451	5,507,136	-540			-3,764		38,576,844

Individual cash flow statement
on 31st December 2018

Cash flow statement

	31.12.2017	- lei - 31.12.2018
Cash flows from operating activity		
Receipts from sales to customers	25.526.058	28.047.739
Other receipts (including net VAT refunds)	703.634	566.833
Payments to suppliers	23.201.332	24.396.957
Payments of net wages	2.078.641	2.299.636
Payments to budgets	4.902.631	496.646
Other payments	2.161.371	3.372.966
Net cash from operating activities	-6.114.283	-1.951.633
Cash flows from investments activities		
Payments for acquisition of fixed assets	1.879.133	2.005.662
Receipts from sales of tangible fixed assets	4.575.885	2.792.814
Interest received	1.200	36
Net cash from investment activities	2.697.952	787.188
Net cash from financing activities		
Proceeds from loans	14.825.925	21.421.326
Interest paid and loan refunds	10.448.815	20.442.669
Dividends paid	3.811.012	0
Net cash from financing activities	566.098	978.658
Net increase/(decrease) of cash	-2.850.233	-185.787
Cash and cash equivalent at the beginning of the period of time	3.101.497	251.264
Cash and cash equivalent at the end of the period of time	251264	65.477

Consolidated cash flow statement
on 31st December 2018

Cash flow statement

	- lei -	
	31.12.2017	31.12.2018
Cash flows from the operating activity		
Receipts from sales to customers	26.845.874	28.324.431
Other receipts (including net VAT refunds)	703.634	566.833
Payments to suppliers	23.929.177	24.481.058
Payments of net wages	2.470.713	2.484.088
Payments to budgets	5.095.290	497.980
Other payments	2.175.306	3.453.776
Net cash from operating activities	-6.120.978	-2.025.638
Cash flows from investment activities		
Payments for acquisition of fixed assets	1.879.133	2.005.662
Receipts from sales of tangible fixed assets	4.575.885	2.792.814
Interest received	1.200	36
Net cash from investments activities	2.697.952	787.188
Net cash from financing activities		
Proceeds from loans	14.825.925	21.421.326
Interest paid and loan refunds	10.448.815	20.366.703
Dividends paid	3.811.012	0
Net cash from financing activities	566.098	1.054.623
Net increase/(decrease) of cash	-2.856.928	-183.826
Cash and cash equivalent at the beginning of the period of time	3.108.976	252.048
Cash and cash equivalent at the end of the period of time	252.048	68.222

Notes related to the financial statements

1. Reporting entity

The parent company SC Sinteza S.A. has its registered office in Oradea, 35 Borsului street, registered with the Trade Register under no. J/05/197/1991. It is a joint stock company, operating in Romania pursuant to the provisions laid down under Companies Law no. 31/1990.

The primary scope of the Company is the production and marketing of organic basic chemicals – NACE Code 2014.

The shares of the company are listed on Bucharest Stock Exchange, Standard category, code STZ.

The parent company, on 31st December 2018, is owned by the following shareholders:

Crit. No.	Name	Percentage held (%)
1	F.I.I. BT Invest 1 managed by BT Asset Management SA	51.8898
2	Tincau Tibor	28.1346
3	Other shareholders	19.9756
	Total	100.0000

Closed-End Fund (F.I.I.) BT Invest 1 acquired the majority stake of 51.89% in May 2016 from Chempark Invest SRL by a secondary market transaction, notifying the Financial Supervisory Authority (ASF) and the Bucharest Stock Exchange (BVB).

Records of shares and shareholders are kept according to the law by S.C. Depozitarul Central S.A. Bucharest.

Entity attached for consolidation

As regards the financial year 2018, company **S.C. CHIMPROD S.A.** was also included for purpose of consolidation, with the following identification data:

Name of company: S.C. Chimprod S.A.
Registered office: Oradea, 35 Borsului street
Phone/Fax no.: 0259 456 110
Taxpayer identification no. (RO) 67345
Trade Register no. J/05/1984/1992
Share capital: Lei 90,000

The shares of company S.C. Chimprod S.A. are not traded on the regulated market of securities.

The company is managed by a power of attorney by S.C. Sinteza S.A., its permanent representative being Mrs. Coman Dana.

The shareholding of S.C. Sinteza S.A. is of 99.765% and the non-controlling interest holding is of 0.235%.

SC Chimprod S.A. suspended its activity with the Trade Register during the time span: 24th September 2018 – 23rd September 2021.

Approval date of financial statements publication

The Company's financial communication schedule is approved by the executive bodies of the Company in compliance with the statutory provisions and it is made public by being posted on its own website.

2. Basis of preparation

Declaration of conformity

The individual and consolidated financial statements of the Group are drafted in compliance with the International Financial Reporting Standards (IFRS). Starting with the financial year 2012, the Company and the Group are obliged to implement the International Financial Reporting Standards (IFRS).

Basis of consolidation

The consolidated financial statements include the financial statements of the parent company, S.C. Sinteza S.A. and those of the company attached for consolidation (subsidiary company), S.C. Chimprod S.A. as an entity controlled by the parent company.

Submission of financial statements

The individual and consolidated financial statements are submitted pursuant to the IAS 1 requirements "Submission of financial statements", based on liquidity indicated by the Statement on financial position and based on the nature of income and expenditure set out under Statement of comprehensive income.

Reporting and functional currency

The functional currency chosen is the Romanian leu. The individual and consolidated financial statements are submitted in lei.

Basis of evaluation

The individual and consolidated financial statements were drafted based on the historical cost, except the assets – tangible fixed assets – which are measured at fair value, every two years.

The accounting policies were unfaithfully applied during the periods of time indicated by these financial statements.

The principle of continuity of activities was observed.

Use of estimates and assessments

The drafting and submission of the individual and consolidated financial statements in compliance with the International Financial Reporting Standards (IFRS) imply the use of certain estimates, assessments and assumptions which affect the implementation of the accounting policies and of the amounts reported. The estimates, the assessments and the assumptions are based on an historical experience. The results of these estimates constitute the basis of the assessments on the book values that cannot be obtained from other sources. When certain elements of the annual financial statement cannot be accurately evaluated, they are estimated.

The estimates are based on the latest credible information possessed.

The original estimate may suffer modifications when the basic circumstances of the estimate changed or as a result of new information or of a better experience.

Any change of the accounting estimates shall be prospectively ascertained by including it in the outcome:

2. Of the period of time when the change occurs, if it affects only the respective time span; or

3. Of the period when the change occurs and of the future period of time, if the change affects them too.

The Group uses estimates to determine:

- Doubtful clients and regulations for impairment of the related receivables;
- Value of the risk provisions and expenditure to establish at the end of the financial year for disputes, for decommissioning the tangible fixed assets, for restructuring, for pensions and similar entitlements, for taxes.
- Lifetime of the depreciated assets for which, when re-evaluated, a fair value and a new time span of economic use are established.

The assessments and the assumptions are periodically reviewed by the Company and they are acknowledged during the periods of time when the estimates are reviewed.

3. Significant accounting policies

The parent company and the subsidiary organize and manage the financial accounting, in compliance with the Accounting Law no. 82/1991 republished, with its subsequent amendments and supplementations.

The financial accounting provides the chronological and systematic registration, the information processing, publication and storage on the financial position, the financial performance and other data regarding the activity carried out.

The accounting policies were established so that they ensure the supply, by means of the annual financial statements, of certain information which need to be intelligible, relevant to meet the users' needs when taking decisions, credible so that they accurately represent the assets, the debts, the financial position and profit or the loss of the company, that they do not contain significant errors, they are not biased, to be precise, complete in all important aspects, comparable so that they users may compare the company's financial statements over time, in order to identify the trends of the financial position and its performance and to compare the financial statements with those of the other companies in order to evaluate the financial position and the performance.

The accounting policies were unfailingly applied as regards all periods referred by the individual financial statements.

The individual financial statements are drafted based on the assumption that the Company shall proceed with its activity in the predictable future.

Transactions in foreign currency

Operations in foreign currencies are recorded in lei, according to the exchange rate posted on the date of the settlement of transactions.

At the end of each month, the liabilities in foreign currency are valued according to the exchange rate of the exchange market, posted by the National Bank of Romania on the last banking day of the month concerned. The exchange differences are ascertained in the accounts recorded under the income or expenditure resulted from foreign exchange differences, if applicable.

The exchange differences resulting during the settlement of the liabilities in foreign currency, based on rates different from those based on which they were originally recorded during the month or to those based on which they are recorded in the accounts should be ascertained in the month when they result, as income or expenditure from exchange differences.

The value differences resulting during the settlement of liabilities calculated in lei, according to an exchange rate different from that based on which they were originally recorded during the month or based on those which are recorded in the accounts should be ascertained in the month when they result, under other financial revenues and expenditure.

Financial instruments

The parent company and the subsidiary own as non-derivative financial assets: trade receivables, cash and cash equivalents.

The receivables include:

- trade receivables, which are amounts owed by customers for goods sold or services provided in the ordinary course of business;
- trade bill receivable, trade acceptance, third party instruments;
- amounts owed by directors, shareholders, employees and affiliates.

The receivables are outlined on accrual basis, pursuant to the legal or contractual provisions.

The trade bills receivable may be expected receivable before maturity.

At the end of each month, receivables in foreign currency are valued according to the exchange rate of the exchange market, published by the National Bank of Romania on the last banking day of the month concerned. The exchange differences are specified in the accounts under the income or expenditure from exchange differences, if applicable.

At the end of each month, receivables in lei, which are settled based on a foreign exchange, are valued according to the exchange rate of the exchange market, published by the National Bank of Romania on the last banking day of the month concerned. In this case, the differences are indicated in the accounts under other financial revenues or other financial expenditure, as appropriate.

The exchange differences resulting during the settlement of receivables in foreign currency according to rates different from those based on which they were originally recorded during the month or based on those which are recorded in the accounts should be pointed out in the month when they occur as income or expenditure from exchange differences.

The value differences resulting during the settlement of receivables in lei, according to an exchange rate different from the one based on which they were originally recorded during the month or based on those they were recorded in the accounts should be indicated in the month when they occur under other financial revenues or expenditure.

The balances with banks include:

- Amounts receivable (cheques and trade bill lodged to the banks)
- Availabilities in lei and in foreign currency
- Cheques issued by the company
- Short-term bank credits
- Interests for availabilities and loans granted by banks in current accounts.

The interests payable and receivable, for the ongoing financial year are recorded under financial expenditure or financial revenues, as appropriate.

The transactions for the sale and purchase of foreign currency, including those carried out under contracts with a settlement date, are entered in the accounts based on the rate used by commercial bank organizing the auction using foreign currency; they determine exchange differences related to the exchange rate of the National Bank of Romania.

The foreign currency deposits are evaluated monthly based on the rate of the National Bank of Romania for the last business day of the month.

The payment of the foreign currency deposits shall be made using the exchange rate of the National Bank of Romania posted on the payment date.

The exchange differences between the exchange rate of the date of establishment or the rate based on which they are entered into books and the rate of the National Bank of Romania on the payment date of the bank deposits are recorded under revenues or expenditure from exchange differences, if applicable.

Tangible fixed assets

The tangible fixed assets are assets which:

- are owned by a company in order to be used for the manufacture of goods or supply of services, for rental to third parties or for administrative purposes; and
- are used over a period longer than one year.

Tangible fixed assets include:

- land and buildings;
- technical installations and machines;
- machinery and furniture;
- real estate investments;
- advances payments granted to suppliers of tangible fixed assets;
- tangible fixed assets in progress;
- investment property under construction;
- tangible assets for mineral resource use and evaluation.

The tangible fixed assets are initially measured at cost. This is the cost of acquisition or production cost, depending on the way the tangible fixed asset became the company's property.

The trade discounts granted by the supplier and specified on the purchase invoice adjusts by decreasing the purchase cost of the tangible fixed assets.

The production cost of the assets includes direct costs related to production such as direct materials, energy consumption for technological purposes, the costs of salaries, statutory contributions and other related expenses, directly resulting from the construction of the tangible fixed asset, costs of site preparation, initial delivery and handling costs, installation and assembly costs, testing costs for the proper functioning of the asset, professional fees and fees paid in connection with the asset, the cost of product design and implied by the steps undertaken to obtain the necessary permits;

The subsequent expenditure for a tangible asset is entered:

- as expenditure during the period they were incurred if it is construed as damages or if the purpose of those expenses is to ensure a continuous use of the fixed asset preserving the initial technical parameters; or
- as a component of the asset, as subsequent expenses, if the conditions to be construed as investments for fixed assets are satisfied.

The tangible assets are listed by the balance sheet at their fair value.

The tangible assets are revalued every 2 years.

As regards the years when no revaluation is performed, the tangible assets are listed by the annual financial statements at the value indicated by the last revaluation less the accumulated depreciation and the adjustments for an impairment loss.

The depreciation of the tangible fixed assets is calculated starting with the month following the putting into service and till the full recovery of their input value.

The lands are not subject to depreciation.

The economic life is the time span when an asset is expected to be available for use.

The economic lives established by the company for the main types of fixed assets which are part of its assets are those set by the chemical industry.

The depreciation is entered in the books pursuant to the lifetime and to the depreciation method initially set. In respect of the depreciation of the tangible fixed assets, the Company uses straight-line depreciation, by uniformly including the operating costs of fixed amounts, set commensurate with the number of years of their economic life, for the following types of assets:

- construction;
- technical installations and machines;
- machinery and furniture

The lifetime originally set shall be revised (by decrease or increase) whenever the conditions of use initially estimated are changed, when a tangible asset is subject to ageing, when a shelf-life is implied or a technical state is noted, state which permits a use longer than the one initially estimated.

As a result of the re-estimation of the life originally established, the depreciation expenditure shall be recalculated for the remaining period of use.

Intangible assets

The intangible assets include:

- development costs;
- concessions, patents, licenses, trademarks, rights and similar assets and other intangible assets;
- goodwill;
- advance payments for intangible assets;
- intangible assets for mineral resource exploitation and evaluation

An intangible asset should be acknowledged if and only if:

- it is estimated that the future economic benefits attributable to the asset shall be obtained by the company; and
- the cost of the asset may be accurately established.

An intangible asset is initially entered under the production or purchase cost, depending on the way it became part of the company assets.

The development costs are entered under their cost of production.

The production cost of the fixed assets resulting from the development phase includes the direct costs associated with the production as direct materials, energy consumption for technological purposes, the costs of salaries, statutory

contributions to testing costs of the correct operation of the asset, the professional fees and fees paid in connection with the asset, the cost covered for the necessary permits.

The development costs which are deemed as intangible assets, development costs are depreciated during validity period of the contract or during the duration of use, where appropriate.

Financial assets

The financial assets include:

- shares held in subsidiaries;
- loans granted to entities part of the group;
- shares in associates and jointly controlled entities;
- loans granted to associated and jointly controlled entities;
- other fixed assets;
- other loans.

The financial assets are specified under the acquisition value when becoming part of the company assets.

The changes of fair value are specified under the profit and loss account.

Items of stocks

The entry into books of the stock is performed on the date of the transfer of risks and benefits.

When they become the company's property, the stocks are evaluated and entered in the books under the entry value, which is set as follows:

- based on the cost of acquisition - for purchased stocks;
- based on the pre-established production cost - for stocks produced within the company;
- the value of the contribution, set based on an evaluation - for stocks representing the company capital;
- at fair value - for stocks obtained free of charge or found to be extra when inventorying.

The discounts granted by the supplier and specified on the purchase invoice reduces the acquisition cost of the goods.

The standard cost method is used to establish the production cost, taking into account the normal levels of materials and the supplies, the labor, the efficiency and the production capacity.

The normal levels of material consumption shall be reviewed within 12 months.

The inventory outflow of stocks is evaluated and recorded by applying the FIFO method, namely the inventory items which were purchased or produced first shall be those that are consumed and sold first. The items remaining in stock at the end of the time interval are those who were purchased or produced most recently.

On the date when drafting the balance sheet, the stocks are evaluated at the lowest value between the cost and the net realizable value.

The net realizable value is the selling price estimated during the ordinary course of business, less the estimated completion costs and the costs necessary to the sale.

When the company decides to change the use of a tangible asset, namely that it will be sold, at the time when taking the decision to change its purpose, the transfer of the asset shall be entered into books from the category of tangible assets into the one of the stocks held for sale.

Revenues

The revenues are increases of economic benefits, occurred during the financial year, which generated an increase in equity in forms different than those which render the new contributions of the company's new owners.

The revenues category includes both the amounts received or receivable in its own name and the gains from any other source.

The revenues are classified as follows:

- Operating revenues;
- Financial revenues;

The revenues are indicated on an accrual basis.

The revenues from sales of goods are recorded when the goods are delivered to the buyers, when they are delivered based on the invoice or in other circumstances provided by the contract, which confirm the transfer of ownership over such goods to customers.

The revenues from sale of goods are acknowledged when the following conditions are met:

- the significant risks and benefits arising from the ownership of the goods have been transferred to the buyer;
- the company no longer manages the goods as it would have done it normally, if ownership over them and no longer actually controls them;
- the revenues may be reliably evaluated;
- it is likely that the company enjoys the economic benefits associated with the transaction; and
- the transaction costs can be reliably assessed.

The revenues from supply of services are entered in the accounts as they are performed, in connection with the stage of work completion.

The stage of work completion shall be determined based on the completion reports attached to the invoices, on the acceptance protocol or other documents attesting the work development and the acceptance of services rendered.

The interest revenues are periodically ascertained, as they are generated.

The revenues from royalties and rents are ascertained pursuant to the maturities of the contract.

The revenues from dividends are ascertained when the shareholder's right to collect them is established.

The revenues from the reduction or cancellation of provisions, from the adjustments made for depreciation or impairment are entered if it turns out they are no longer necessary, if the risk occurs or the expenditure becomes chargeable.

The revenues are assessed at the value determined by the agreement between the seller and buyer, taking into account the amount of any trade discounts granted.

The revenues received before the date of the balance sheet for the subsequent financial year are listed under revenues in advance.

Expenses

The expenses of the parent company and of the subsidiary represent the amounts paid or payable for:

- consumption of stocks;
- works executed and services provided in the benefit of the company;
- expenditure on staff;
- execution of certain statutory or contractual obligations;
- provisions;
- depreciations;
- adjustments for depreciation or loss in value.

The accounts for the expenditure are kept based on the types of expenses, as follows:

- operating expenses;
- financial expenses.

The synthetic accounts of expenditure containing multiple items with different tax deductibility turn into analytical accounts, so that each analytical account show its specific content.

Liabilities

The liabilities are pointed out in the books in relation to third parties.

The accounts of suppliers and of the other liabilities are kept on categories, as well as on each natural and legal person.

The personnel entitlements are entered in books specifying the contributions withheld.

The payable income tax should be ascertained as debt related to the amount unpaid.

The deferred tax is the amount of the income tax payable in the future. The debts concerning the deferred tax constitute of the amounts of income tax payable in future accounting periods of time, as regards the taxable temporary differences. It is calculated based on tax rates that are expected to be applicable to temporary differences, when they are resumed, pursuant to the legislation in force on the reporting date.

The deferred tax assets are the amounts of the income tax recoverable in future accounting periods of time.

The deferred tax assets and liabilities are compensated only if there is a legal right to offset the current liabilities and debts with the tax.

Provisions

A provision shall be entered in the accounts when:

- the company has a current obligation generated by a previous event;
- it is likely that an outflow of resources shall be required to settle the obligation; and
- a reliable estimate of the value of the obligation may be performed.

The provisions are not recognized for future operating losses.

The provisions are reviewed on the date when the individual financial statements are drafted and adjusted to reflect the current best estimate.

If no outflow of resources is likely in order to settle an obligation, the provision is invalidated by being resumed under revenues.

Commercial and financial discounts

The trade discounts granted by the supplier and indicated by the purchase invoice adjusts decreasing the purchase cost of the goods.

The trade discounts granted to customers adjusts in order to reduce the amount of revenues related to the transaction.

Contingent assets and liabilities

The contingent assets and liabilities are specified by the explanatory notes if it is likely to have inflows of economic benefits.

They are annually evaluated to determine if an outflow of resources including economic benefits has become likely and it is necessary to ascertain a liability or a provision in the financial statements for the period when the change occurred.

Events following the drafting of financial statements

The events following the balance sheet date are those favorable or unfavorable events that occur between the balance sheet date and the date when the publication of the annual financial statements is authorized. They are submitted in notes when they are deemed significant.

New standards and interpretations

New interpretations, amendment or standards have been issued, which did not come into force as regards the financial year of 2018 or which were not adopted.

They have not been applied when drafting the financial statements of 2018.

The Company does not expect that these new standards, amendments or interpretations affect significantly its individual financial statements.

4. Determination of fair values

The disclosure requirements of the information set out by the financial statements, as well as some of the Company's accounting policies determine the need for their disclosure.

The Company assessed the fair value of property items on the date when it adopted the IFRS and it submitted the financial statements of prior periods at fair value.

The Company uses, as much as possible, observable market information when valuing the assets or the liabilities at fair value. The hierarchy of the fair value classifies the entry data for the valuation techniques used to measure the fair value on three levels, as follows:

- Level 1: (unadjusted) quoted price on the active markets for identical assets or liabilities that the entity may access on the valuation date;
- Level 2: entry data, different than the quoted prices referred by level 1, which are observable for assets or liabilities, either directly or indirectly;
- Level 3: non-observable entry data for assets or liabilities.

If the entry data for the measurements of the fair value of an asset or of a liability may be classified on several levels of the fair value hierarchy, the measurement based on fair value is entirely classified as entry data with the lowest level of uncertainty which is significant for the whole measurement.

Measurement techniques and entry data used to perform measurements IFRS 13.91(1)

The appraiser used in its report on appraisal of buildings and lands:

Market data selected by the appraiser: analysis of real estate market:

- Specific real estate market
- Analysis of the offer existing on the market
- Analysis of demand
- Market balance

b. Information supplied by the proprietor: Documents on the history of fixed assets, repair works performed, degree of use. Presentation of classification level of measurements at fair value in the fair value hierarchy IFRS 13.93 (b)

Based on the entry data used by the valuation technique, the fair value of the buildings and lands on 31st December 2018 was classified at level 3 of the fair value hierarchy, the valuation being performed based on the non-observable data on the active market of lands and real estates.

5. Tangible assets

The parent company's individual statement is the following:

	Lands	Buildings	Equipment and other	Tangible assets in progress	Advance tangible assets	Total
<i>Value appraised</i>						
Balance on 1st January 2018	13.971.880	17.878.518	22.173.366	6.595.283	0	60.619.047
Increases	1.729.380	513.767	3.692.892	2.662.774	186.492	8.785.305
Decreases	480.720	4.387.293	10.034.148	7.454.097	144.089	22.500.347
Balance on 31st December 2018	15.220.540	14.004.992	15.832.110	1.803.960	42.403	46.904.005
<i>Depreciation and write-downs</i>						
Balance on 1st January 2018	0	2.382.622	7.583.570	0	0	9.966.192
Increases	0	309.943	2.022.287	0	0	2.332.230
Decreases	0	2.692.565	9.605.857	0	0	12.298.422
Balance on 31st December 2018	0	0	0	0	0	0
<i>Net value</i>						
Balance on 1st January 2018	13.971.880	15.495.896	14.589.796	6.595.283	0	50.652.855
Balance on 31st December 2018	15.220.540	14.004.992	15.832.110	1.803.960	42.403	46.904.005

Report at group level:

	Lands	Buildings	Equipment and other	Tangible assets in progress	Advance tangible assets	Total
<i>Value appraised</i>						
Balance on 1st January 2018	13.971.88	17.878.518	22.394.366	6.228.499	0	60.473.719
Increases	1.729.380	513.767	3.692.892	2.662.774	186.492	8.785.305
Decreases	480.720	4.387.293	10.302.194	7.087.313	144.089	22.401.609

Balance on 31st December 2018	15.220.54	14.004.992	15.785.520	1.803.960	42.403	46.857.415
<i>Depreciation and write-downs</i>						
Balance on 1st January 2018	0	2.382.622	7.675.845	0		10.058.467
Increases	0	309.943	2.034.590	0		2.344.533
Decreases	0	2.692.565	9.710.435	0		12.403.000
Balance on 31st December 2018	0	0	0	0		0
<i>Net value</i>						
Balance on 1st January 2018	13.971.88	15.495.896	14.718.977	6.228.499	0	50.415.252
Balance on 31st Dec 2018	15.220.540	14.004.992	15.785.520	1.803.960	42.403	46.857.415

The tangible assets of the company include the assets allocated to the production. A part of these assets is mortgaged or pledged to guarantee the bank loans.

The tangible assets in progress represent the investments to be completed for the increase of the production capacities.

The depreciation method used by the company for all types of depreciable assets is the linear method.

The service life established when putting into service of the assets were set within the limits provided by the internal regulations as regards the classification of the fixed means and they were not modified in 2018.

The Company, to the end of closing the financial year of 2018, proceeded to the revaluation of the tangible fixed assets and the following revaluation differences were found:

- Registration of surplus based on revaluation lei 1,880,994
- Registration of decrease based on revaluation lei 565,022
- Registration of expenditure based on revaluation lei 220,595
- Registration of proceeds based on revaluation lei 181,576

6. Intangible assets

It is highlighted in this group of assets which constitute the company's assets the value of the licenses paid to the European regulatory authorities operating in the field of manufacture and sale of chemicals amounting to lei 321,854, depreciable during the use period planned for the manufacturing equipment, as well as licenses for the computer programs amounting to lei 65,595.

Gross value on 31.12.2018	387,449
Depreciation	142,155
Net value on 31.12.2018	245,294

7. Financial assets

The parent company holds:

1. holding of 99.765% within the subsidiary company S.C. Chimprod S.A. Oradea. The accounting value of the shareholding is of lei 1,265,650, entirely impaired value
2. holding of 0.0999% within SSIF BRK Financial Group SA, located in Cluj-Napoca, accounting value 170,108, impaired up to the market share on 31st December 2018.

3. holding of lei 1,000 at the Employers' Organization in the Chemical and Petrochemical Areas of Bucharest

Gross value on 31.12.2018	1.436.758
Adjustments for impairment recorded	1.411.056
Net value on 31.12.2018	25.702

8. Stocks

The parent company's individual report:

	31.12.2017	31.12.2018
Raw materials and other materials	764.133	1.000.047
Finished products	2.060.900	1.448.052
Partly-finished products	834.552	835.012
Merchandise	23.051	23.044
Packages	49.472	70.419
Raw materials to be supplied		883.178
Total	3.732.108	4.259.752
Adjustments for write-down of stocks		1.102.182
Total	3.732.108	3.157.570

The report at group level:

	31.12.2017	31.12.2018
Raw materials and other materials	1.036.397	1.003.718
Finished products	2.060.900	1.448.052
Partly-finished products	834.552	835.012
Merchandise	23.051	23.044
Packages	50.110	70.419
Raw materials to be supplied		883.178
Total	4.005.010	4.263.423

Adjustments for write-down of stocks		1.102.182
Total	4.005.010	3.161.241

9. Trade receivables

Parent company's individual report:
Parent company's individual report:

	31.12.2017	31.12.2018
Clients	3.515.094	2.665.888
Doubtful clients and clients subject to disputes	0	235.388
Suppliers-debtors	12.376	20.794
Clients-invoices to be drafted	0	0
Advance payments granted	0	0
Adjustments for impairment of receivables	-236.776	-235.388
Total	3.290.694	2.686.682
Other receivables	1.220.570	1.919.415
Total	4.511.264	4.606.097

The individual trade receivables have a maturity of less than one year.

At group level, the report is:

	31.12.2017	31.12.2018
Clients	2.055.645	885.593
Doubtful clients and clients subject to disputes	63.889	320.210
Suppliers-debtors	12.376	20.794
Clients-invoices to be drafted	0	0
Advance payments granted	0	0
Adjustments for impairment of receivables	-236.776	-320.210
Total	1.895.134	906.387
Other receivables	1.220.570	1.932.870
Total	3.150.254	2.839.257

The consolidated trade receivables have a maturity of less than one year.

The company's commercial relations continued to be formalized by commercial agreements or firm orders in 2018, the clients being the traditional ones over this year too. Over 90% of products manufactured were delivered abroad, to beneficiaries in the Members States of the European Union or non-EU states.

There definitely exists a certain dependence of the company of the EU Community market where the company delivers about 80% of the production exported.

The Company made specific adjustments for the impairment of the overdue receivables of over 365 days amounting to lei 235.388 lei.

10. Cash and cash equivalents

Parent company's individual report:

	31.12.2017	31.12.2018
Current bank accounts	245.534	58.718
Cash on hand	5.616	4.637
Other values	114	2.122
Total	251.264	65.477

Report at group level:

	31.12.2017	31.12.2018
Current bank accounts	246.232	61.457
Cash on hand	5.702	4.643
Other values	114	2.122
Total	252.048	68.222

11. Other receivables

Parent company's individual report:

	31.12.2017	31.12.2018
Suspense account	486.624	1.751
Other staff-related receivables	0	0
Other receivables related to state budget (VAT to be recovered)	733.946	1.917.664
Total	1.220.570	1.919.415

Report at group level:

	31.12.2017	31.12.2018
Suspense account	486.624	1.751
Other staff-related receivables	0	13.455
Other receivables related to state budget (VAT to be recovered)	733.946	1.917.664
Deferred income tax		
Total	1.220.570	1.932.870

All these receivables have a maturity of a less of one year.

12. Assets classified as held for sale

Parent company's individual report:

	31.12.2017	31.12.2018
Gross value of assets classified as held for sale	4.164.340	4.150.012
Adjustments of assets classified as held for sale	0	547.459
Net value	4.164.340	3.602.553

Report at group level:

	31.12.2017	31.12.2018
Gross value of assets classified as held for sale	4.164.340	4.153.403
Adjustments of assets classified as held for sale	0	547.459
Net value	4.164.340	3.605.944

13. Share capital and share premiums

Parent company's shareholding structure (percentage)

	31.12.2017	31.12.2018
F.I.I. BT Invest 1	51.8898	51.8898
Tincau Tibor	28.1346	28.1346
Other shareholders	19.9756	19.9756
Total	100	100

No changes in the shareholding structure of Sinteza SA occurred in 2018.

Subsidiary company's shareholding structure (percentage):

	31.12.2017	31.12.2018
SC Sinteza SA	99.765	99.765
Other shareholders	0.235	0.235
Total	100	100

With regard to the change of the parent company's reserve structure, the decrease of value from lei 30,622,044 to lei 29,836,350 is caused by the following changes:

- the registration in the result reported of the surplus found by the revaluation performed, consisting of the amount of lei (-) 2,306,670, reserve resulted from revaluation of the fixed means sold
- reversing the amounts recorded under deferred income tax amounting to (+) lei 242,920
- liability of deferred tax (-) lei 37,915
- entry of surplus found by the revaluation performed (+) lei 1,880,993
- entry of decrease from revaluation (-) 565,022

Loss of the financial year – lei 4,607,158 shall be covered using the outcome reported.

In 2018, the company continued to manage the capital considering all its components as defined by the Romanian legislation. There were no cases of exclusion of quantitative or consideration as a part of its own equity instruments of other the balance sheet items besides those covered by the domestic legislation.

14. Commercial debts and other payables

Parent company's individual report:

	31.12.2017	31.12.2018
Commercial suppliers	4.712.526	4.768.760
Suppliers for investments	590.836	833.398
Suppliers - collaborators	11.211	19.500
Debts to the state budget	170.676	211.804
Debts to employees	121.701	176.037
Current income tax	0	
Other payables	832.616	810.423
Total	6.439.566	6.819.922

The table below sets out a maturity-based classification of individual liabilities on 31st December 2018:

	TOTAL DEBT	LESS THAN 1 YEAR	1-5 YEARS	OVER 5 YEARS
Commercial suppliers	4.768.760	4.768.760		0
Suppliers for investments	833.398	833.398		0
Suppliers - collaborators	19.500	19.500		0
Debts to the state budget	211.804	211.804		0
Debts to employees	176.037	176.037		0
Current income tax				0
Other payables	810.423	810.423		0
Total	6.819.922	6.819.922	0	0

Report at group level:

	31.12.2017	31.12.2018
Commercial suppliers	4.627.309	4.607.977
Suppliers for investments	590.836	833.398
Suppliers - collaborators	11.211	19.500
Debts to the state budget	220.897	211.158
Debts to employees	133.763	178.585
Current income tax	0	
Other payables	832.616	810.423
Total	6.441.679	6.661.041

The table below sets out a maturity-based classification of consolidated liabilities on 31st December 2018:

	TOTAL DEBT	LESS 1 YEAR	1-5 YEARS	OVER 5 YEARS
Commercial suppliers	4.607.977	4.607.977		0
Suppliers for investments	833.398	833.398		0
Suppliers - collaborators	19.500	19.500		0
Debts to the state budget	211.158	211.158		0
Debts to employees	178.585	178.585		0
Current income tax				0
Other payables	810.423	810.423		0
Total	6.661.041	6.661.041	0	0

15. Loans

Parent company's individual report:

	31.12.2017	31.12.2018
Amounts owed to credit institutions	6,029,637	7,326,408
Total	6,029,637	7,326,408

The table below displays a maturity-based classification of loans on 31st December 2018:

	TOTAL DEBT	LES THAN 1 YEAR	1-5 YEARS	OVER 5 YEARS
Amounts owed to credit institutions	7.326.408,00	4.845.857,00	2.480.551,00	0,00
Total	7.326.408,00	4.845.857,00	2.480.551,00	0,00

Report at group level:

	31.12.2017	31.12.2018
Amounts owed to credit institutions	6,029,637	7,326,408
Total	6,029,637	7,326,408

The table below displays a maturity-based classification of loans on 31st December 2018:

	TOTAL DEBT	LES THAN 1 YEAR	1-5 YEARS	OVER 5 YEARS
Amounts owed to credit institutions	7.326.408,00	4.845.857,00	2.480.551,00	0,00
Total	7.326.408,00	4.845.857,00	2.480.551,00	0,00

As regards the loans taken by the Company, it continued to implement the policy of using funds for the financing of the company's working capital and of the investments.

The bank loans in progress at the end of 2018 are contracted only at the level of parent company, SC Sinteza SA, and they are the following:

- long-term loan for the extension and upgrade of the manufacturing facilities of benzoic acid, guaranteed by the mortgage on land and buildings located in Oradea, 35 Sos. Borsului street and with pledge on current credit balance of the company's accounts opened with the financing bank and the assignment of the insurance policy on the property pledged as collateral, amount of EURO 149,922.59, interest 4,077%, maturity: 21st May 2020
- investment credit for supporting its current activity, guaranteed by the mortgage on land and buildings located in Oradea, 35 Sos. Borsului street and with pledge on current credit balance of the company's accounts opened with the financing bank and the assignment of the insurance policy on the property pledged as collateral, amount of EURO 58,333.40, interest 4.077%, maturity: 10th May 2020
- medium-term loan for working capital, guaranteed by the mortgage on land and buildings located in Oradea, 159 Clujului street, as well as with pledge on current credit balance of the company's accounts opened with the financing bank and the assignment of the insurance policy on the property pledged as collateral, amount EURO 211,415.62, interest 4,150%, maturity 1st August 2021

- investment credit for the extension and upgrade of the manufacturing facilities of benzoic acid, guaranteed by the mortgage on land and buildings located in Oradea, 35 Sos. Borsului, as well as the pledge on current credit balance of the company's accounts opened with the financing bank and the assignment of the insurance policy on the property pledged as collateral, amount of EURO 360,029 + unused EURO 119,971, interest 3%, maturity 30th September 2025
- credit line current account EURO 791,175.18 + unused EURO 258,824.82, interest 3%, maturity 15th August 2019

Besides the loans contracted, the company has other financial commitments related to its current activity and investment, namely a letter of bank guarantee in favor of the main supplier of raw material (toluene) amounting to USD 600,000.

16. Provisions

Provisions for risks and expenses have been set up as follows:

- provisions for days of leave not taken amounting to lei 181,232 for SC SINTEZA SA
- provisions for days of leave not taken amounting to lei 3,016 for SC CHIMPROD SA

17. Revenues in advance

In 2018, the company specified in the statement of revenues received in advance from clients under the account for future deliveries. The account balance on 31st December 2018 amounting to lei 82,595.34 highlights the amounts collected from clients for the goods that shall be delivered and services in advance.

8. The turnover

The turnover of the financial year 2018 is as follows:

The individual situation at the level of parent company is as follows:

	31.12.2017	31.12.2018
Incomes from the sale of finished products	24,262,733	25,822,130
Incomes from sale of goods	0	
Incomes from locations and rents	1,498,782	1,002,087
Incomes from rendering of services	246,721	215,240
Incomes from waste products	96,718	32,909
Total	26,104,954	27,072,366

At group level, the situation is:

	31.12.2017	31.12.2018
Incomes from the sale of finished products	24,262,733	25,822,130
Incomes from sale of goods	0	
Incomes from locations and rents	958,792	687,087
Incomes from rendering of services	247,645	231,734
Other incomes (invoices, waste products)	96,718	32,909
Total	25,565,888	26,773,860

A reportable segment is a component of an entity that engages in business activities from which it can obtain incomes and from which it can incur expenses, whose results are periodically examined and for which distinct financial information is available.

The company did not organize components which should engage separately in business activities, income elements originating from other activity than that of industrial production having an incidental character.

The main share of the activity is represented by the industrial production activity, whose result is examined periodically by the main operational decision-making factor.

Regarding the sales of the company in 2018, these can be divided in two areas as follows:

- sales on foreign market in the amount of 25.227.290 lei
- sales on domestic market in the amount of 1.845.076 lei

19. Expenses with raw materials and consumables

The individual situation at the level of parent company is as follows:

	31.12.2017	31.12.2018
Raw materials	15.197.985	16.197.985
Auxiliary materials	217.840	162.141
Combustible	58.800	119.163
Spare parts	23.658	1.187.341

Labor protection and other materials	23.451	27.355
Other expenses	434.589	446.159
Total	15.955.743	18.140.144

At group level, the situation is:

	31.12.2017	31.12.2018
Raw materials	15.197.359	16.197.985
Auxiliary materials	233.150	171.965
Combustible	58.842	119.205
Spare parts	24.359	1.187.341
Labor protection and other materials	27.072	29.289
Other expenses	504.696	705.994
Total	16.045.525	18.411.779

20. Other expenses

The individual situation at the level of parent company is as follows:

	31.12.2017	31.12.2018
Packing	405,358	401,523
Material inventory objects	26,006	37,893
Other non-stored materials	3,225	6,743
Total	434,589	446,159

At group level, the situation is:

	31.12.2017	31.12.2018
Packing	405,358	401,523
Material inventory objects	95,165	297,233
Other non-stored materials	4,173	7,238
Total	504,696	705,994

21. Expenses with the employees

The individual situation at the level of parent company is as follows:

	31.12.2017	31.12.2018
Salaries	2,835,839	4,197,666
Social insurance and social protection	870,285	128,311
Total	3,706,124	4,325,977

At group level, the situation is:

	31.12.2017	31.12.2018
Salaries	3,227,911	4,482,472
Social insurance and social protection	986,206	136,233
Total	4,214,117	4,618,705

The employees of the company are rewarded with a negotiated salary according to provisions of individual labor contracts with full range of social benefits provided by the Romanian legislation. At company level there is no collective labor contract and therefore no additional benefits are awarded on short term, long term, post-employment benefits or share-based payment. The key management personnel in company's leadership benefits of the same salary rights as the rest of the employees without existing any additional rights or benefits.

The members of the Board of Directors are rewarded with a fixed monthly allowance, established by the General Meeting of the Shareholders. During year 2018, all the expenses with the administrators' allowances were of 408.780 lei.

22. Expenses regarding external services

The individual situation at the level of parent company is as follows:

	31.12.2017	31.12.2018
Other expenses with services performed by third parties		
Maintenance and repairs	810,690	435,958
Post and telecommunications	30,164	23,623
Advertisement and publicity	0	1,629
Transport	873,463	588,426

Banking services	127,647	150,036
Trips and delegations	32,060	24,880
Protocol	6,445	10,952
Collaborators	216,192	408,780
Rents	205,876	206,333
Fees	68,752	78,747
Insurance premiums	24,088	18,675
Other expenses with services performed by third parties	599,289	520,724
Total	2,994,666	2,468,763

At group level, the situation is:

	31.12.2017	31.12.2018
Other expenses with services performed by third parties		
Maintenance and repairs	185,190	142,238
Post and telecommunications	30,164	23,806
Advertisement and publicity	0	1,629
Transport	873,463	588,426
Banking services	129,301	151,100
Trips and delegations	32,120	24,880
Protocol	6,445	10,952
Collaborators	216,192	408,780
Rents	206,337	206,483
Fees	68,752	78,747
Insurance premiums	24,088	18,675
Other expenses with services performed by third parties	466,919	527,560
Total	2,238,971	2,183,276

23. Incomes and financial expenses

The individual situation at the level of parent company is as follows:

	31.12.2017	31.12.2018
Incomes from interests	1,200	36
Incomes from exchange rate differences	283,369	217,815
Other financial incomes	49,005	3,637
Total	333,574	221,488
Expenses from interests	245,905	230,026
Expenses from exchange rate differences	404,047	399,920
Other financial expenses	-1, 840	14,778
Total	648,112	644,724

At group level, the situation is:

	31.12.2017	31.12.2018
Incomes from interests	1,200	36
Incomes from exchange rate differences	283,369	217,815
Other financial incomes	49,005	3,637
Total	333,574	221,488
Expenses from interests	245,905	230,026
Expenses from exchange rate differences	404,047	399,920
Other financial expenses	-1, 840	14,778
Total	648,112	644,724

24. Current and deferred income tax

The individual situation at the level of parent company is as follows:

In the financial year ended on the 31.12.2018 the company has recorded an accounting loss in the amount of 4.607.158 lei and cumulative tax loss 5.353.696 lei, from which 610.395 lei current tax loss.

Reconciliation accounting and tax loss

Total incomes	31.665.268
Total expenses	36.272.426
Profit/loss net	-4.607.158
Elements similar to incomes from revaluation reserves	1.574.871
Non-taxable incomes	138.287
Non-deductible expenses	2.560.179
-expenses with the current+deferred income tax	59.572
-penalties to the Romanian authorities	625
-protocol	10.952
-provisions and adjustments	1.830.873
-other non-deductible expenses	658.157
Current financial loss	-610.395
Financial loss from previous years	-4.743.301
Total financial loss	-5.353.696

31.12.2017

31.12.2018

<i>Current income tax</i>		
Expenses with current income tax	0	0
<i>Deferred income tax</i>		
Deferred income tax	4,540,257	4,328,381

At group level, the situation is:

31.12.2017

31.12.2018

<i>Current income tax</i>		
Expenses with current income tax	0	0
<i>Deferred income tax</i>		
Deferred income tax	4,540,257	4,363,082

25. Earnings per share

SC SINTEZA SA realized at the end of year 2018 a net accounting loss of 4.606.097lei. There is no intention to distribute funds towards the shareholders in the form of dividends, from the reserves established in the previous years.

In the shareholding structure there are no registered shareholders with distribution rights of some dividends in other parts odds.

No free or preferential shares are distributed in respect of the allocation of dividends.

In a reasonable period of time, there are no intentions of diluting shares through a preferential distribution. This leads to a result of equality between earnings per share basic and the diluted one, as above.

The company has in the dividend payment account amounts representing dividends approved for distribution and not issued until the end of 2018.

26. Affiliated parties

Affiliated parties are considered persons on the Board of Directors and directors (executive management) of parent company:

On 31.12.2018, the members of the Board of Directors are:

Radu Vasilescu – Chairman of the Board
Claudiu Sorin Pasula – member
Cosmin Vasile Turcu – member

On 31.12.2018, executive management consists of:

General Manager - Cosmin Vasile Turcu
Sales Manager – Dinu Vancea
Financial Manager – Corina Ilies

During the year 2018 there were no transactions between the company and the persons in the management of the company.

27. Transactions between the parent company and subsidiary

In terms of transactions between the parent company and its subsidiary, they were of a commercial nature, resulting in rental space for this activity and sale / purchase of maintenance works and investments as follows:

- Sales of the parent company to the subsidiary: - 315.000 lei
- Purchases from the subsidiary of the parent company: - 462.042 lei

Revenues from sales of SC Sinteza SA in relation to affiliated company SC Chimprod SA come from the monthly equivalent rent for space used inside the industrial platform, according to the lease contract between the parties.

The purchases of SC Sinteza SA from affiliated company SC Chimprod SA are embodied in the provision of services which the latter carries monthly in the maintenance of the production units and administrative spaces, as well as investment works.

28. Other liabilities

The parent company and the affiliated company do not record other commitments as of 31.12.2018.

29. Assets and contingent liabilities

In addition to the contracted loans, the company has other financial commitments related to current and investment activity, namely a bank guarantee letter in favor of the principal supplier of raw material (toluene) worth USD 600,000.

SC SINTEZA SA is a party to litigation in the following cases:

File number	Court	The subject of the file	Parties in trial and the procedural quality
4895/111/2014	Bihor Tribunal	The insolvency procedure BANKRUPTCY	Creditor SINTEZA SA Debtor Basa Indimex SRL
2679/111/2012	Bihor Tribunal	The insolvency procedure BANKRUPTCY	Creditor SINTEZA SA Debtor Dinflor Instal SRL
4279/108/2014	Arad Tribunal	The insolvency procedure BANKRUPTCY	Creditor SINTEZA SA Debtor Comeso Color SA
1087/111/2018(Old file 2744/111/2010)	Bihor Tribunal	The insolvency procedure BANKRUPTCY	Creditor SINTEZA SA Debtor Construct Mod SRL
484/111/2010	Bihor Tribunal	The insolvency procedure BANKRUPTCY	Creditor SINTEZA SA Debtor Flavoiia SRL
22419/3/2009	Bucuresti Tribunal	The insolvency procedure BANKRUPTCY	Creditor SINTEZA SA Debtor Energo Mineral Bucuresti
1242/1371/2007	Specialized Court of Mures	The insolvency procedure BANKRUPTCY	Creditor SINTEZA SA Debtor Romvelo Ludus SA
16873/118/2010	Constanta Tribunal	The insolvency procedure	Creditor SINTEZA SA Debtor Solanum Com Prod SRL C-ta
6473/111/2013	Bihor Tribunal	The insolvency procedure BANKRUPTCY	Creditor SINTEZA SA Debtor SC Electrocentrale Oradea SA
5610/3/2017 (old file 2174/111/2016)	Bihor Tribunal	Claims	Complainant SINTEZA SA Defendant NOVI CONSULT SRL and other parties

The value of the contingent assets can not be estimated at the balance sheet date.

30. Events after the financial statements

There were no events subsequent to the date of the financial statements.

31. Standards and new interpretations

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

- IFRS 9 "Financial Instruments"- adopted by EU on 22 november 2016 (applicable for annual periods beginning on or after 1 January 2018) ;
- IFRS 15 " Revenue from contracts with customers " and amendments to IFRS 15 "Effective date of IFRS 15" adopted by EU on 22 november 2016 (applicable for annual periods beginning on or after 1 January 2018);
- Amendments to IFRS 2 "Share based payment" - Classification and measurement of share-based payment transactions - adopted by EU on 27 february 2018 (applicable for annual periods beginning on or after 1 January 2018);
- Amendments to IFRS 4 "Insurance contracts" - Application of IFRS 9 "Financial Instruments" together with IFRS 4 "Insurance contracts" adopted by EU on 3 november 2017 (applicable for annual periods beginning on or after 1 January 2018 or at the application for the first time of IFRS 9 "Financial Instruments");
- Amendments to IFRS 15 " Revenue from contracts with customers " - Clarifications to IFRS 15 " Revenue from contracts with customers" - adopted by EU on 31 october 2017 (applicable for annual periods beginning on or after 1 January 2018);
- Amendments to IAS 40 "Real estate investments" - Transfers of real estate investments - adopted by EU on 14 March 2018 (applicable for annual periods beginning on or after 1 January 2018);
- Amendments to IFRS 1 and IAS 28 due to "IFRS improvements (period 2014-2016)" which results from the annual project of IFRS improvement (IFRS 1, IFRS 12 and IAS 28) with the main aim to eliminate inconsistencies and clarify certain formulations - adopted by EU on 7 February 2018 (Amendments to IFRS 1 and IAS 28 will apply for annual periods beginning on or after 1 January 2018);
- IFRIC 22 "Foreign currency transactions and overtures" - adopted by EU on 28 March 2018 (applicable for annual periods beginning on or after 1 January 2018);

From the application of new standards IFRS 15 " Revenue from contracts with customers " and IFRS 9 "Financial Instruments" beginning on 1 January 2018, it didn't result any impact on the company.

Standards and amendments to the existing standards issued by IASB and approved by EU, but which have not yet entered into force.

At the date of approval of these individual financial statements, the following new standards and amendments to standards issued by IASB and approved by EU are not yet in force:

- IFRS 16 “Leasing Contracts” - adopted by EU on 31 October 2017 (applicable for annual periods beginning on or after 1 January 2019);
- Amendments to IFRS 9 “Financial Instruments” - Payment characteristics in advance by negative compensation - adopted by EU on 22 March 2018 (applicable for annual periods beginning on or after 1 January 2019);
- IFRIC 23 “Uncertainty about Income Tax Treatment” - adopted by EU on 23 October 2018 (applicable for annual periods beginning on or after 1 January 2019);

The Company expects that the adoption of these standards and amendments to existing standards will not have a material impact on the Company's financial statements during the initial period of application.

New standards and amendments to the existing standards issued by IASB, but which haven't been yet adopted by EU

- IFRS 14 “Postponement accounts for regulated activities“ (applicable for annual periods beginning on or after 1 January 2016) – The European Commission has decided not to issue the process of approval for this interim standard and to wait for the final standard;
- IFRS 17 “Insurance Contracts” (applicable for annual periods beginning on or after 1 January 2021);
- Amendments to IFRS 3 “Business Combinations” - Definition of a business (applicable for the business combinations whose acquisition date is beginning with or after the first annual reporting period beginning with or after 1 January 2020 and asset acquisitions that take place beginning with or after that period);
- 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 associates or joint ventures and subsequent amendments (date of entry into force has been postponed for an indefinite period, until the project on research regarding the equivalence method will be completed);
- Amendments to IAS 1 “Presentation of financial situations” and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” - Definition of materiality (applicable for annual periods beginning on or after 1 January 2020);
- Amendments to IAS 19 “Employee Benefits” Modification, reduction and settlement of the plan (applicable for annual periods beginning on or after 1 January 2019);
- Amendments to IAS 28 “Investments in Associated Entities and Joint Ventures” - Long-term interests in associates and joint ventures (applicable for annual periods beginning on or after 1 January 2019);
- Amendments to various standards due to “Improvements to IFRS (Cycle 2015-2017)” resulting from the IFRS 3 (IFRS 11, IAS 12 and IAS 23) Annual Improvements Project, with the primary aim of eliminating inconsistencies and clarifying certain formulations (applicable for annual periods beginning on or after 1 January 2019);
- Amendments to References to the Conceptual Framework of IFRS (applicable for annual periods beginning on or after 1 January 2020);

32. Financial Risk Management

The Group is exposed to credit risk, liquidity risk and market risk

In order to limit the exposure is being developed risk management policy, so as to ensure the identification and analysis of risks, establishing appropriate limits and controls, and monitoring compliance limits set.

Policies and risk management systems will be revised regularly to adapt to changes occurring in business and market conditions.

The parent company aims to develop an orderly and constructive control environment so that due to standards of training, employees understand their roles and obligations.

Credit risk is the risk that the group may incur a financial loss as a result of non-fulfillment of contractual obligations by a customer. The parent company has established as credit policy the analysis of each new individual client before offering standard payment and delivery terms.

However, concrete conditions of a specific market (chemicals based on a market with specialized suppliers and customers) sometimes requires grant facilities in terms of collection.

The same characteristic of the market requires the company to not require collateral for its receivables.

However, after analyzing individual customers sometimes they are requested payment in advance or upon delivery (extra markets).

Liquidity risk is the risk of the Company or of the Subsidiary to overcome difficulties in meeting its financial obligations or associated with financial, which are settled in cash or cash equivalents.

Addressing parent company in liquidity management is to ensure sufficient liquidity to pay obligations due under normal conditions.

In this regard, the Company shall ensure it has sufficient cash to meet operational needs.

Market risk is the risk that variation in market prices, foreign exchange rate, interest rate and price of equity instruments, to affect the Company's income or the value of financial instruments held.

The objective of market risk management is to manage and control exposure within acceptable parameters.

The parent company is exposed to currency risk due to sales, acquisitions and borrowing in a currency other than the functional.

Exposure is presented below:

Individual situation at the parent company level is presented as follows:

31.12.2018	LEI	EURO (LEI EQUIV.)	USD (LEI EQUIV.)
Financial assets			
Trade receivables and other receivables	3,854,319	751,778	0
Cash and cash equivalents	53,282	5,590	6,605
Total	3,907,601	757,368	6,605

Financial liabilities			
Loans		7,326,408	0
Commercial debts and other debts	4,098,229	345,004	2,376,689
Total	4,098,229	7,671,412	2,376,689

At the group level the situation is as follows:

31.12.2018	LEI	EURO (LEI EQUIV.)	USD (LEI EQUIV.)
Financial assets			
Trade receivables and other receivables	2,087,479	751,778	0
Cash and cash equivalents	56,027	5,590	6,605
Total	2,143,506	757,368	6,605

Financial liabilities			
Loans		7,326,408	0
Commercial debts and other debts	3,939,348	345,004	2,376,689
Total	3,939,348	7,671,412	2,376,689

Tax risk targeting aspects in certain transactions to be perceived differently by the tax authorities in comparison to treatment Company. This lies in the adoption of EU fiscal regulations from 1 January 2007 to Romania, given that the interpretation of texts and practical implementation procedures may vary.

Also, the Government of Romania authorized the operation of a large number of agencies and bodies responsible for carrying out various checks on the companies operating in Romania. The work of these agencies and bodies not only covers tax issues but also issues relating to regulations and procedures in other areas (safety and health at work, civil protection, security and fire protection etc).

It is possible that the Company will be subject to checks as issuing new regulations.

GENERAL MANAGER

COSMIN TURCU

FINANCIAL MANAGER

DOINA UJUPAN

DECLARATION
In accordance with art. 30 of law no. 82/1991

They have been prepared annual financial statements for 31.12.2018:

Legal entity:	S.C. Sinteza S.A.
County:	05-Bihor
Address:	Oradea, Borsului Road, 35
Trade Register number:	J/05/197/1991
Ownership:	34-Stock company
Activity:	2014- manufacture of other basic organic chemicals
VAT Reg. No.:	67329

Financial situation type:	According to the Order 881/2012, Order 2844/2016, Order 10/2019 regarding the application of the Accounting Regulations in compliance with the International Financial Reporting Standards (IFRS) applicable to companies whose securities are admitted to trading on a regulated market.
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Mr.Radu Vasilescu, Chairman of the Board of Directors of the Company, assumes responsibility for drawing annual financial statements at 31.12.2018 and confirms that, to his knowledge, this was drafted according to the applicable accounting standards, it offers a fair and accurate picture of assets, liabilities, equity, income and expenses, and that the Board Report includes a correct analysis of the development and performance of the company as well as a description of the principal risks and uncertainties specific to the activity.

CHAIRMAN OF THE BOARD OF DIRECTORS

RADU VASILESCU

ACF Confident SRL
Str. Dimitrie Cantemir 24-26
410519 Oradea, Romania
CAFR (Chamber of Financial Auditors of Romania) License no. 777/2007

INDEPENDENT AUDITOR'S REPORT

Attn.: Stockholders of **SINTEZA SA**

Audited financial statements report

Opinion

We have audited the consolidated and individual financial statements of **SINTEZA SA** and the **subsidiary** thereof (the “**Group**”), registered office: Oradea, Soseaua Borsului nr. 35, company tax identification number: 67329, which include the individual and consolidated statement of the financial position as on December 31st 2018, the individual and consolidated statement of comprehensive income, the consolidated and individual statement of own equity changes and the consolidated and individual statements of cash flows pertaining to the tax year having ended on said date, as well as the notes on the financial statements including a summary of the relevant accounting policies.

The consolidated financial statements as on December 31st 2018 are as follows:

Total own equity:	RON 38.576.844
Net loss of the tax year:	RON (5.284.663)

1. In our opinion, the consolidated and individual financial statements enclosed hereto provide an accurate image on the Group's financial position as on December 31st 2018, as well as on the consolidated and individual financial performance and the consolidated and individual cash flows relating to the tax year having ended on said date, pursuant to the Decree of the Minister of Public Finance no. 2844/2016 on the approval of accounting regulations in compliance with the International Financial Reporting Standards.

Grounds for the audit opinion

1. We carried out our audit procedures in compliance with the International Standards on Auditing (“IAS”), EU Regulations no. 537 of the European Parliament and the Council (hereinafter the “Regulations”) and Act no. 162/2017.

Our responsibilities under such standards are described in detail in the “*Auditor's responsibilities within the financial statements auditing*” section in our report. We act

independently from the Company, as per the Code of Ethics for Accounting Professionals issued by the Board for Accountants (IESBA Code) in accordance with the ethical requirements deemed relevant for the financial statements auditing in Romania, including the Regulations and the Act, and we have duly met our ethical responsibilities pursuant to such requirements and the IESBA Code. We hereby believe that the auditing evidence in our possession is sufficient and adequate in order to substantiate our opinion in the matter.

Key auditing issues

1. The key auditing issues are the issues that were construed, based on our professional reasoning, as being the most relevant for the financial statements auditing of the current period. Such issues were approached within the context of financial statements auditing as a whole and throughout the elaboration of our opinion on same and we do not submit a separate opinion on such issues.

For each key issue below we submitted a description of the way our auditing procedure approached such issue within the given context.

Stock availability and assessment at the net achievable value

The stocks are relevant for our auditing since they may influence both the financial position and the comprehensive income. The risk exists for the stocks not to be entered at the minimum level between the cost and the achievable value due to the inadequate enforcement of the adjustment policy.

Our auditing procedures included:

- Participation to the stock inventory procedure
- Assessment of company's accounting policies on stocks and the compliance thereof with the IAS requirements, part 2: "Stocks"
- Analysis of management's estimates on stock depreciation adjustment
- Testing of internal inspections and the performance of sample-based detail testing to the purpose of checking the correct registration of transactions
- Analytical procedure

As a result to the auditing work, we did not identify any unadjusted errors.

Business activity continuity

Note 2 to the financial statements indicates to the compliance, by the company, with the business activity continuity principle upon the elaboration of financial statements.

The presumption within the assessment of the company's capacity to carry on its business activity lies on the cash flows to be generated for the periods to come in the operational activity, as an effect of the investments in the product manufacturing line as well as of the sale of assets remained unused in the basic activity.

Our auditing procedures included:

- Discussions with the company management and analysis of the company's activity to the purpose of identifying prospective events or conditions that are likely to generate significant doubts in reference to the Company's capacity to continue its activity
- Analysis of financial information as foreseen for the tax year of 2019
- Confirmation by the banks of the availabilities mentioned in the financial statements, of the terms and proper nature of the loan facilities.

Following the auditing procedures, we did not identify any significant uncertainties that would be likely to question the Company's capacity to continue its activities.

Further information – Managing Directors' consolidated report

2. The managing directors are in charge with the elaboration and the submission of further information. Such other information includes the Managing Directors' Consolidated Report but it does not include the consolidated financial statements and the auditing report on same.

Our opinion on the consolidated financial statements does not cover such information as well and, except when explicitly stated in our report, we do not express any reassuring conclusion on same.

In reference to our auditing on the consolidated financial statements for the tax year ending December 31st 2018, our responsibility is to read that information and, to such end, evaluate if such information is significantly inconsistent with the financial statements or the knowledge that became our possession throughout the auditing, or if it seems to be significantly altered.

In reference to the Managing Directors' Consolidated Report, we read and hereby report whether same had been drafted in terms of all relevant aspects, in compliance with the Decree of the Minister of Public Finance no. 2844/2016, paragraphs 26 to 28;

Based exclusively on the activities that must be carried out throughout the financial statements auditing, in our opinion:

- a) The information stated on the Managing Directors' consolidated report for the tax year the financial statements had been elaborated on, is in consistence with the consolidated financial statements in terms of all relevant aspects
- b) The managing directors' consolidated report was drafted, in terms of all relevant aspects, in compliance with the Decree of the Minister of Finance no. 2844/2016, paragraphs 26 to 28.

Furthermore, to the best of our knowledge and understanding of the Group and the environment thereof, as acquired throughout the consolidated financial statements

auditing for the tax year ending December 31st 2018, we are required to report if we have identified significant misrepresentations in the Managing directors' consolidated report. We do not have anything to report on the matter.

The responsibilities of the management staff and the persons in charge with consolidated financial statements governance

3. The management is liable for the elaboration of the financial statements that must provide an accurate image under the Decree of the Minister of Finance no. 2844/2016 on the approval of accounting regulations in compliance with the International Financial Reporting Standards, and for the internal inspection/control the management deems necessary so as to allow for the drafting of consolidated financial statements without significant misrepresentations that are likely to be caused by either fraud or error.
4. During the individual and consolidated financial statements elaboration, the management is liable for the evaluation of the Group's capacity to continue its activity, for the submission, if applicable, of the aspects relating to the continuation of the activity and for the use of accounting subject to activity continuity principle, except when the management either intends to liquidate the Group or cease operations, or the management has no other realistic alternative except besides these.
5. The persons in charge with the governance are liable for the supervision of the Group's financial reporting process.

Auditor's responsibilities during the financial statements auditing

6. We aim at obtaining reasonable assurance on the extent to which the consolidated financial statements, in their entirety, are free of significant misrepresentations due to fraud, error, as well as at issuing an auditing report to include our opinion. The reasonable assurance is a high-level assurance, nevertheless it is not a guarantee to the fact that an audit to be carried out under the ISA shall always detect a significant misrepresentation, should same exist. Misrepresentations may be caused by either fraud or error, and are construed as significant if one may reasonably foresee that they are likely to individually or cumulatively influence the user's business decisions to be made under such financial statements.

As part of an auditing procedure pursuant to the ISA, we hereby act on professional reasoning and maintain professional skepticism throughout the auditing. Moreover:

- We identify and assess the risks of consolidated financial statements significant misrepresentation due to fraud or error, we instruct and perform auditing

procedures as an answer to said risks and obtain sufficient and proper auditing evidence so as to supply grounds for our opinion. The risk of non-detection of such significant misrepresentation due to fraud or error is higher than the risk of non-detection of a significant misrepresentation due to error, because the fraud may imply secret arrangements, forgery, voluntary omissions, false statements and avoidance of internal inspection.

- We understand the internal inspection to be relevant for auditing, to the purpose of instructing auditing procedures in line with the circumstances, yet without aiming at stating an opinion on the efficiency of the Group's internal control.
 - We assess the level of adequacy of the accounting policies in use and the reasonable nature of the accounting forecasts and of the related submission made by the management
 - We state a conclusion in reference to the level of adequacy of the use by the management of the activity continuity –based accounting and hereby determine, based on the auditing evidence in our possession, whether a significant uncertainty exists as to the events or conditions that are likely to cause significant doubt on the Group's capacity to continue the activity. Should our conclusion state to the fact that a significant uncertainty does exist, we must draw the attention in the auditing report on the submissions pertaining to the financial statements or, if such submissions are inadequate, modify our opinion. Our conclusions are based on the auditing evidence obtained by the auditing report's date. Nevertheless, future events or conditions may cause the Group to not carry out the activity subject to the activity continuity principle.
 - We evaluate the submission, the structure and the contents of the consolidated financial statements, including the submission of information and the extent to which the financial statements reflect the transactions and the events substantiating them in a way resulting in an accurate presentation.
7. We notify the persons in charge with the governance, amongst other issues, on the planned scope and the auditing programming in time, as well as the main auditing findings, including any deficiencies of the internal inspection/control that we identify throughout auditing.
 8. We further submit with the persons in charge with governance, a statement on our compliance with the ethical requirements on independence, and communicate all information and other aspects that may be reasonably construed as affecting our independence and, where so applicable, the related measures.
 9. Of all the aspects that we notified to the persons in charge with governance, we determine those aspects that had a higher relevance within the financial statements auditing for the current time and, therefore, are the key auditing aspects. We describe such aspects in our auditing report, except when the legislation or the regulations prevent the public submission of such an aspect or when, due to extremely rare circumstances, we believe that an aspect should not be communicated in our report because it is reasonably foreseen that the benefits of the public interest could be exceeded by the negative consequences of such communication.

Report on further legal and regulatory provisions

10. We were appointed by the General Assembly of Stockholders on the 26th of March 2018 to perform the auditing of the financial statements of SINTEZA SA and the subsidiary thereof, for the tax year ending December 31st 2018. The total uninterrupted term of our commitment is 2 years, thus covering the tax year starting with 2017.

We hereby confirm that:

- Throughout our auditing procedure, we maintained an independent position before the audited legal entity
- We have not provided, for Sinteza SA and the subsidiaries thereof, any forbidden non-audit services within the meaning of article 5, paragraph (1) in the EU Regulations no. 537/2014.

Consistency with the additional report addressed to the Auditing Board

Our auditing opinion on the consolidated and individual financial statements, stated herein, is in compliance with the additional report addressed to the Company's Auditing Board, which we issued on the same date as this report.

On behalf of
ACF Confident SRL
Oradea, str. Dimitrie Cantemir 24-26

Registered with the Chamber of Financial Auditors of Romania
under no 777/2007

Urs Parasca- Partner
Registered with the Chamber of Financial Auditors of Romania
under no. 1207/2001

Oradea, March 19th 2019