



SINTEZA SA
Șos. Borșului 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
SWIFT CODE: BTRL RO22XXX

HALF YEARLY REPORT **ACCORDING TO THE REGULATION ASF NO.5/2018** **REGARDING ISSUERS AND SECURITIES OPERATIONS**

Date of report:	30 JUNE 2019
Name of the company:	S.C. SINTEZA S.A
Headquarters:	410605 Oradea, Borșului, road 35
Phone:	40 259 456 116
Fax:	40 259 462 224
Tax Identification Code:	67329
Number of registration in the Commercial Register:	J/05/197/1991
Subscribed and paid capital:	9.916.888,50 RON
Regulated market where the issued securities are traded:	BUCHAREST STOCK EXCHANGE

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 2019 there have been no mergers or reorganisations of any kind.

1.1.1. General evaluation elements

In the year 2019 the company obtained the following indicators, according to the balance sheet:

1. Total incomes: **16.144.664** lei, of which:

- net turnover: 13.640.206 lei, of which the amount of 12.649.686 lei represents the export sales;
 - incomes from stocks variation: 2.115.183 lei;
 - incomes from the production of tangible assets: 98.560 lei;
 - other incomes: 8.679 lei;
 - financial incomes: 100.666 lei;
 - incomes from provisios: 181.370 lei;
2. Total expenses: **16.704.815 lei**, of which:
- operating costs: 16.303.667 lei;
 - financial expenses: 401.148 lei;
3. Net operational result: **-560.151 lei**;
4. Liquidities at the end of the period: **60.788 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 2019 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 2019 and the incomes obtained from their sale, but also other incomes, compared to the previous year are:

Crt. no.	Products	30 JUN 2019		30 JUN 2018	
		lei	%	lei	%
1	Exploitation of the industrial platform	627.817	4.60	806.546	6,20
2	Organic synthesis manufacturings	13.012.389	95.40	12.203.971	93,8
	Total	13.640.206	100.00	13.010.517	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 2019 the average recorded number of staff members was 81 persons. 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 undergone 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 30.06.2019 this indicator had the value of 1,00; 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.

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) Șos. Borșului no. 35 Platform - dedicated to the manufacture of Benzoic Acid
- b) Șos. 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 30.06.2019 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	- commercial director
Doina Ujupan	- financial manager

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

5 Audit

We note that the first half of 2019, financial statements were not subject to an audit report.

6 Financial and accounting statement

Individual Financial Statements 30.06.2019

Indicator	INDIVIDUAL	
	31-Dec-2018	30-Jun-2019
Tangible assets		
Freehold land and land improvements	15.220.540	15.220.540
Buildings	14.004.992	13.668.256
Technical installations and transport means	15.817.796	15.095.961
Furniture, office automation equipments	14.314	13.648
Tangible assets in progress	1.803.960	2.070.160
Advance payments for tangible assets	42.403	0
Total of tangible assets	46.904.005	46.068.565
Intangible assets		
Concessions, patents, licences, trademarks	245.294	224.072
Investment assets		
Shares owned at branch offices and other fixed securities	25.702	30.429
Rights to use the assets leased		83.886
Total of intangible assets	47.175.001	46.406.952
Current assets		
Stocks	3.157.570	4.381.281
Trade receivables and other receivables	4.606.097	4.316.039
Accrued expenses	353.542	618.202
Cash and cash equivalent	65.477	60.788
Assets classified as being held for sale	3.602.553	3.602.553
Total of current assets	11.785.239	12.978.863
Total of assets	58.960.240	59.385.815
Shareholders' equities		
Share capital	9.916.889	9.916.889
Share premiums		
Reserves	29.836.350	29.836.350
Result of the year	-4.607.158	-560.151
Result carried forward	5.076.161	469.003
Other elements of shareholders' equities	-540	-540
Minority interests		
Total of shareholders' equities	40.221.702	39.661.551
Long-term liabilities		
Long-term loans and other liabilities	2.480.551	2.378.384
Deferred income		
Provisions		
Deferred tax liabilities	4.328.381	4.328.381
Total of long-term liabilities	6.808.932	6.706.765
Current liabilities		
Short-term loans	4.845.857	5.754.328
Trading liabilities and other liabilities, including derivatives	6.819.922	7.138.324
Deferred income	82.595	124.847
Provisions	181.232	0
Liabilities classified as being held for sale		
Total of current liabilities	11.929.606	13.017.499
Total of liabilities	18.738.538	19.724.264
Total of shareholders' equities and liabilities	58.960.240	59.385.815

Consolidated Statement of Financial position 30.06.2019

Indicator	CONSOLIDATED	
	31-Dec-2018	30-Jun-2019
Tangible assets		
Freehold land and land improvements	15.220.540	15.220.540
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The financial statements at 30.06.2019 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**

SINTEZA S.A.

Individual and consolidated financial statements

30 June 2019

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

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Consolidated Statement of Financial position 30.06.2019

Indicator	CONSOLIDATED	
	31-Dec-2018	30-Jun-2019
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Rights to use the assets leased		83.886
Total of intangible assets	47.175.001	46.406.952
Current assets		
Stocks	3.157.570	4.381.281
Trade receivables and other receivables	4.606.097	4.316.039
Accrued expenses	353.542	618.202
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Assets classified as being held for sale	3.602.553	3.602.553
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Total of assets	58.960.240	59.385.815
Shareholders' equities		
Share capital	9.916.889	9.916.889
Share premiums		
Reserves	29.836.350	29.836.350
Result of the year	-4.607.158	-560.151
Result carried forward	5.076.161	469.003
Other elements of shareholders' equities	-540	-540
Minority interests		
Total of shareholders' equities	40.221.702	39.661.551
Long-term liabilities		
Long-term loans and other liabilities	2.480.551	2.378.384
Deferred income		
Provisions		
Deferred tax liabilities	4.328.381	4.328.381
Total of long-term liabilities	6.808.932	6.706.765
Current liabilities		
Short-term loans	4.845.857	5.754.328
Trading liabilities and other liabilities, including derivatives	6.819.922	7.138.324
Deferred income	82.595	124.847
Provisions	181.232	0
Liabilities classified as being held for sale		
Total of current liabilities	11.929.606	13.017.499
Total of liabilities	18.738.538	19.724.264
Total of shareholders' equities and liabilities	58.960.240	59.385.815

Statement of the individual overall result 30.06.2019

Indicator	INDIVIDUAL	
	30-Jun-2018	30-Jun-2019
Continuous activities		
Income	13.010.517	13.640.206
Other income	3.208.611	288.609
Changes in inventories	-1.129.040	2.115.183
Total of operating income	15.090.088	16.043.998
Expenses related to inventories	7.426.459	9.600.811
Expenses related to utilities	1.601.625	1.649.516
Expenses with the employees' benefits	2.021.999	2.312.340
Amortization and depreciation of fixed assets	1.161.225	1.083.072
Gains (-)/losses from the assignment of fixed assets (+)	1.699.820	50.122
Value adjustment of current assets		
Adjustments related to provisions		
Other expenses	1.720.839	1.607.806
Total of operating expenses	15.631.967	16.303.667
Result of the Operating Activities	-541.879	-259.669
Financial income	111.354	100.666
Financial expenses	357.098	401.148
Net financial result	-245.744	-300.482
Result before the taxation	-787.623	-560.151
Expense with the current income tax		
Expenses with the deferred income tax	21.904	0
Deferred income tax-related income		
Result of the Continuous Activities	-809.527	-560.151
Minority interests		
Total of the overall result afferent to the period	-809.527	-560.151

Statement of the consolidated overall result 30.06.2019

Indicator	CONSOLIDATED	
	30-Jun-2018	30-Jun-2019
Continuous activities		
Income	12.748.766	13.640.206
Other income	3.217.116	291.625
Changes in inventories	-1.129.040	2.115.183
Total of operating income	14.836.842	16.047.014
Expenses related to inventories	7.436.487	9.600.811
Expenses related to utilities	1.601.625	1.649.516
Expenses with the employees' benefits	2.259.457	2.341.235
Amortization and depreciation of fixed assets	1.170.452	1.083.072
Gains (-)/losses from the assignment of fixed assets (+)	1.699.820	50.122
Value adjustment of current assets	86.559	0
Adjustments related to provisions		
Other expenses	1.472.547	1.610.528
Total of operating expenses	15.726.947	16.335.284
Result of the Operating Activities	-890.105	-288.270
Financial income	111.354	100.666
Financial expenses	357.098	401.148
Net financial result	-245.744	-300.482
Result before the taxation	-1.135.849	-588.752
Expense with the current income tax		
Expenses with the deferred income tax	21.904	0
Deferred income tax-related income		
Result of the Continuous Activities	-1.157.753	-588.752
Minority interests	709	67
Total of the overall result afferent to the period	-1.157.044	-588.685

Statement of the modifications in the individual shareholders' equities

30.06.2019

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				-4607158	5076161	25732516	4103834	-540					40221702
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					4607158	-4607158								
Increases or (-) decreases of the shareholders' equities derived from the combined activities														
Shares-based payments														
Other increases or (-) decreases of the shareholders' equities														-560161
Total overall result for the period					-560161									
Closing balance (current period)	9,916,889				-560161	469003	25732516	4103834	-540					39661541

Statement of the modifications in the consolidated shareholders' equity
30.06.2019

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
	1	2	3	4	5	6	7	8	9	10	11	12	13	
Opening balance (before the restatement)														
Effect of errors' correction														
Effect of the modification in the accounting policies														
Opening balance (current period)	9916889				5284662	5076161	25768451	5507136	-540			-3764		38576844
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														
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Purchase of own shares														
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Reclassification of financial instruments from shareholders' equities into liabilities														
Transfer between the components of the shareholders' equities					5284663	-5284663								
Increases or (-) decreases of the shareholders' equities derived from the combined activities														
Shares-based payments														
Other increases or (-) decreases of the shareholders' equities						43200								43200
Total overall result for the period					-588685							-68		-588753
Closing balance (current period)	9,916,889				-588685	-2568129	25768451	5507136	-540			-3832		38031291

Individual cash flow statement
30.06.2019

Cash flow statement

	30.06.2018	30.06.2019
Cash flows from operating activity		
Receipts from sales to customers	12.887.917	13.711.840
Other receipts (including net VAT refunds)	342.919	1712763
Payments to suppliers	11.894.291	12.273.396
Payments of net wages	1.092.597	1.210.794
Payments to budgets	262.829	317787
Other payments	1.570.714	1.532.999
Net cash from operating activities	-1.589.595	89.627
Cash flows from investments activities		
Payments for acquisition of fixed assets	324.619	725.332
Receipts from sales of tangible fixed assets	2.792.814	0
Interest received		
Net cash from investment activities	2.468.195	-725.332
Net cash from financing activities		
Proceeds from loans	7.031.626	8.850.838
Interest paid and loan refunds	8.029.887	8.219.822
Dividends paid		
Net cash from financing activities	-998.261	631.016
Net increase/(decrease) of cash	-119.661	-4.689
Cash and cash equivalent at the beginning of the period of time	251.150	65.477
Cash and cash equivalent at the end of the period of time	131.489	60.788

Consolidated cash flow statement
30.06.2019

Cash flow statement

	30.06.2018	30.06.2019
Cash flows from operating activity		
Receipts from sales to customers	13.049.101	13.739.475
Other receipts (including net VAT refunds)	342.919	1728781
Payments to suppliers	11.911.191	12.273.638
Payments of net wages	1.224.546	1.233.374
Payments to budgets	264.084	317787
Other payments	1.577.024	1.538.423
Net cash from operating activities	-1.584.825	105.034
Cash flows from investments activities		
Payments for acquisition of fixed assets	324.619	725.332
Receipts from sales of tangible fixed assets	2.792.814	0
Interest received		
Net cash from investment activities	2.468.195	-725.332
Net cash from financing activities		
Proceeds from loans	7.031.626	8.850.838
Interest paid and loan refunds	8.029.887	8.219.822
Dividends paid		
Net cash from financing activities	-998.261	631.016
Net increase/(decrease) of cash	-114.891	10.718
Cash and cash equivalent at the beginning of the period of time	251.934	68.222
Cash and cash equivalent at the end of the period of time	137.043	78.940

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 unfailingly 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:

- Of the period of time when the change occurs, if it affects only the respective time span; or
- 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 restructuration, 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 01.01.2019	15.220.540	14.004.992	15.832.110	1.803.960	42.403	46.904.005
Increases	0	0	0	266.200	7.616	273.816
Decreases	0	0	0	0	50.019	50.019
Balance on 30.06.2019	15.220.540	14.004.992	15.832.110	2.070.160	0	47.127.802
<i>Depreciation and write-downs</i>						
Balance on 01.01.2019	0	0	0	0	0	0
Increases	0	336.736	722.501	0	0	1.059.237
Decreases	0	0	0	0	0	0
Balance on 30.06.2019	0	336.736	722.501	0	0	1.059.237
<i>Net value</i>						
Balance on 01.01.2019	15.220.540	14.004.992	15.832.110	1.803.960	42.403	46.904.005
Balance on 30.06.2019	15.220.540	13.668.256	15.109.609	2.070.160	0	46.068.565

Report at group level:

	Lands	Buildings	Equipment and other	Tangible assets in progress	Advance tangible assets	Total
<i>Value appraised</i>						
Balance on 01.01.2019	15.220.540	14.004.992	15.832.110	2.070.160		47.127.802
Increases						
Decreases						
Balance on 30.06.2019	15.220.54	14.004.992	15.832.110	2.070.160		47.127.802
<i>Depreciation and write-downs</i>						
Balance on 01.01.2019	0	0	0	0		0
Increases	0	336.736	722.501	0		1.059.237
Decreases	0	0	0	0		0
Balance on 30.06.2019	0	336.736	722.501	0		1.059.237
<i>Net value</i>						
Balance on 01.01.2019	15.220.540	14.004.992	15.932.110	2.070.160	0	47.127.802
Balance on 30.06.20189	15.220.540	13.668.256	15.109.609	2.070.160	0	46.068.565

According to the International Financial Reporting Standard 16, Leasing Contracts, the value of 83,886 lei was recorded Rights to use the assets leased. 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.

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 30.06.2019	387.449
Depreciation	163.377
Net value on 30.06.2019	224.072

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 172.203, impaired up to the market share on 30.06.2019.
3. holding of lei 1,000 at the Employers' Organization in the Chemical and Petrochemical Areas of Bucharest

Gross value on 30.06.2019	1.438853
Adjustments for impairment recorded	1.408.424
Net value on 30.06.2019	30.429

8. Stocks

The parent company's individual report:

	31.12.2018	30.06.2019
Raw materials and other materials	1.000.047	991.680
Finished products	1.448.052	3.526.845
Partly-finished products	835.012	870.653
Merchandise	23.044	23.029
Packages	70.419	61.512
Raw materials to be supplied	883.178	9.744
Total	4.259.752	5.483.463
Adjustments for write-down of stocks	1.102.182	1.102.182
Total	3.157.570	4.831.281

The report at group level:

	31.12.2018	30.06.2019
Raw materials and other materials	1.003.718	995.351
Finished products	1.448.052	3.526.845
Partly-finished products	835.012	870.653
Merchandise	23.044	23.029
Packages	70.419	61.512
Raw materials to be supplied	883.178	9.744
Total	4.263.423	5.487.134
Adjustments for write-down of stocks	1.102.182	1.102.182
Total	3.161.241	4.384.952

9. Trade receivables

Parent company's individual report:

	31.12.2018	30.06.2019
Clients	2.665.888	2.976.750
Doubtful clients and clients subject to disputes	235.388	235.249
Suppliers-debtors	20.794	9.337
Clients-invoices to be drafted	0	0
Advance payments granted	0	0
Adjustments for impairment of receivables	-235.388	-235.249
Total	2.686.682	2.986.087
Other receivables	1.919.415	1.329.952
Total	4.606.097	4.316.039

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

At group level, the report is:

	31.12.2018	30.06.2019
Clients	885.593	885.593
Doubtful clients and clients subject to disputes	320.210	320.210
Suppliers-debtors	20.794	20.794
Clients-invoices to be drafted	0	0
Advance payments granted	0	0
Adjustments for impairment of receivables	-320.210	-320.210
Total	906.387	1.205.792
Other receivables	1.932.870	1.337.652
Total	2.839.257	2.543.444

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 2019, 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 235.249 lei.

10. Cash and cash equivalents

Parent company's individual report:

	31.12.2018	30.06.2019
Current bank accounts	58.718	33.633
Cash on hand	4.637	26.093
Other values	2.122	1.062
Total	65.477	60.788

Report at group level:

	31.12.2018	30.06.2019
Current bank accounts	61.457	51.687
Cash on hand	4.643	26.191
Other values	2.122	1.062
Total	68.222	78.940

11. Other receivables

Parent company's individual report:

	31.12.2018	30.06.2019
Suspense account	1.751	199.898
Other staff-related receivables	0	0
Other receivables related to state budget (VAT to be recovered)	1.917.664	1.130.054
Total	1.919.415	1.329.952

Report at group level:

	31.12.2018	30.06.2019
Suspense account	1.751	199.898
Other staff-related receivables	13.455	
Other receivables related to state budget (VAT to be recovered)	1.917.664	1.137.754
Deferred income tax		
Total	1.932.870	1.337.652

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

12. Assets classified as held for sale

Parent company's individual report:

	31.12.2018	30.06.2019
Gross value of assets classified as held for sale	4.150.012	3.602.553
Adjustments of assets classified as held for sale	547.459	0
Net value	3.602.553	3.602.553

Report at group level:

	31.12.2018	30.06.2019
Gross value of assets classified as held for sale	4.153.403	3.602.553
Adjustments of assets classified as held for sale	547.459	
Net value	3.605.944	3.602.553

13. Share capital and share premiums

Parent company's shareholding structure (percentage)

	31.12.2018	30.06.2019
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 2019.

Subsidiary company's shareholding structure (percentage):

	31.12.2018	30.06.2019
SC Sinteza SA	99.765	99.765
Other shareholders	0.235	0.235
Total	100	100

In 2019, 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:

31.12.2018**30.06.2019**

Commercial suppliers	4.768.760	5.258.359
Suppliers for investments	833.398	211.252
Suppliers - collaborators	19.500	19.500
Debts to the state budget	211.804	503.446
Debts to employees	176.037	145.225
Current income tax	0	
Other payables	810.423	1.067.581
Total	6.819.922	7.205.363

The table below sets out a maturity-based classification of individual liabilities on 30.06.2019:

	TOTAL DEBT	LESS THAN 1 YEAR	1-5 YEARS	OVER 5 YEARS
Commercial suppliers	5.258.359	5.258.359		
Suppliers for investments	211.252	211.252		
Suppliers - collaborators	19.500	19.500		
Debts to the state budget	503.446	503.446		
Debts to employees	145.225	145.225		
Current income tax				
Other payables	1.067.581	1.000.542	67.039	
Total	7.205.363	7.138.324	67.039	

Report at group level:

31.12.2018**30.06.2019**

Commercial suppliers	4.607.977	5.137.780
Suppliers for investments	833.398	211.252
Suppliers - collaborators	19.500	19.500
Debts to the state budget	211.158	505.092
Debts to employees	178.585	146.546
Current income tax	0	
Other payables	810.423	1.067.581
Total	6.661.041	7.087.751

The table below sets out a maturity-based classification of consolidated liabilities on 30.06.2019:

	TOTAL DEBT	LESS 1 YEAR	1-5 YEARS	OVER 5 YEARS
Commercial suppliers	5.137.780	5.137.780		
Suppliers for investments	211.252	211.252		
Suppliers - collaborators	19.500	19.500		
Debts to the state budget	505.092	505.092		
Debts to employees	146.546	146.546		
Current income tax				
Other payables	1.067.581	1.000.542	67.039	
Total	7.087.751	7.020.712	67.039	

15. Loans

Parent company's individual report:

	31.12.2018	30.06.2019
Amounts owed to credit institutions	7.326.408	8.065.673
Total	7.326.408	8.065.673

The table below displays a maturity-based classification of loans on 30.06.2019

	TOTAL DEBT	LES THAN 1 YEAR	1-5 YEARS	OVER 5 YEARS
Amounts owed to credit institutions	8.065.673	5.754.328	2.311.345	
Total	8.065.673	5.754.328	2.311.345	

Report at group level:

	31.12.2018	30.06.2019
Amounts owed to credit institutions	7.326.408	8.065.673
Total	7.326.408	8.065.673

The table below displays a maturity-based classification of loans on 30.06.2019

	TOTAL DEBT	LES THAN 1 YEAR	1-5 YEARS	OVER 5 YEARS
Amounts owed to credit institutions	8.065.673	5.754.328	2.311.345	
Total	8.065.673	5.574.328	2.311.45	

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 30.06.2019 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 137.432,59, 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 53.473,40, 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 173.507,40, 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 467.532,46, interest 3%, maturity 30th September 2025
- credit line current account EURO 871.433,92 + unused EURO 178.566,08, 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 EURO 530.000.

16. Provisions

They were not constituted provisions for risks and expenses

17. Revenues in advance

In 2019, the company specified in the statement of revenues received in advance from clients under the account for future deliveries. The account balance on 30.06.2019 amounting to lei 124.847 highlights the amounts collected from clients for the goods that shall be delivered and services in advance.

18.The turnover

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

	30.06.2018	30.06.2019
Incomes from the sale of finished products	12.203.971	13.012.389
Incomes from sale of goods	0	
Incomes from locations and rents	626.832	399.063
Incomes from rendering of services	179.608	194.014
Incomes from waste products	106	34.740
Total	13.010.517	13.640.206

At group level, the situation is:

	30.06.2018	30.06.2019
Incomes from the sale of finished products	12.203.971	13.012.389
Incomes from sale of goods	0	
Incomes from locations and rents	356.832	399.063
Incomes from rendering of services	187.857	194.014
Other incomes (invoices, waste products)	106	34.740
Total	12.748.766	13.640.206

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 2019, these can be divided in two areas as follows:

- sales on foreign market in the amount of 12.649.685 lei
- sales on domestic market in the amount of 990.521 lei

19. Expenses with raw materials and consumables

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

	30.06.2018	30.06.2019
Raw materials	7.054.398	9.127.259
Auxiliary materials	73.911	90.691
Combustible	67.314	23.292
Spare parts	8.157	101.678
Labor protection and other materials	12.170	13.863
Total	7.215.370	9.356.783

At group level, the situation is:

	30.06.2018	30.06.2019
Raw materials	7.054.398	9.127.259
Auxiliary materials	81.792	90.691
Combustible	67.314	23.292
Spare parts	8.157	101.678
Labor protection and other materials	13.955	13.863
Total	7.225.616	9.356.783

20. Other expenses

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

	30.06.2018	30.06.2019
Packing	196.434	233.819
Material inventory objects	9.750	9.487
Other non-stored materials	4.325	722
Total	210.509	244.028

At group level, the situation is:

	30.06.2018	30.06.2019
Packing	196.434	233.819
Material inventory objects	9.750	9.487
Other non-stored materials	4.687	722
Total	504,696	244.028

21. Expenses with the employees

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

	30.06.2018	30.06.2019
Salaries	1.961.467	2.243.291
Social insurance and social protection	60.532	69.049
Total	2.021.999	2.312.340

At group level, the situation is:

	30.06.2018	30.06.2019
Salaries	2.192.383	2.270.366
Social insurance and social protection	67.074	70.869
Total	2.259.457	2.341.235

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 2019, all the expenses with the administrators' allowances were of 215.388 lei.

22. Expenses regarding external services

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

	30.06.2018	30.06.2019
Other expenses with services performed by third parties		
Maintenance and repairs	328.461	61.732
Post and telecomm.	12.565	17.247
Advertisement and publicity	0	0
Transport	305.380	261.035
Banking services	79.735	90.962
Trips and delegations	18.354	24.258
Protocol	3.425	60
Collaborators	193.392	215.388
Rents	99.418	77.397
Fees	30.187	46.310
Insurance premiums	11.186	12.616
Other expenses with services performed by third parties	254.803	363.185
Total	1.336.906	1.170.070

At group level, the situation is:

30.06.2018**30.06.2019**

Other expenses with services performed by third parties		
Maintenance and repairs	76.593	61.732
Post and telecomm.	12.653	17.321
Advertisement and publicity	0	0
Transport	305.380	261.035
Banking services	80.390	91.135
Trips and delegations	18.354	24.258
Protocol	3.425	60
Collaborators	193.392	215.388
Rents	99.433	77.397
Fees	30.187	46.310
Insurance premiums	11.186	12.616
Other expenses with services performed by third parties	257.621	365.659
Total	1.088.614	1.172.791

23. Incomes and financial expenses

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

	30.06.2018	30.06.2019
Incomes from interests	36	0
Incomes from exchange rate differences	108.081	98.886
Other financial incomes	3.240	1.780
Total	111.354	100.666
Expenses from interests	126.870	135.377
Expenses from exchange rate differences	219.570	261.054
Other financial expenses	10.658	4.717
Total	357.098	401.148

At group level, the situation is:

	30.06.2018	30.06.2019
Incomes from interests	36	0
Incomes from exchange rate differences	108.081	98.886
Other financial incomes	3.240	1.780
Total	111.357	100.666
Expenses from interests	126.870	135.377
Expenses from exchange rate differences	219.570	261.054
Other financial expenses	10.658	4.717
Total	357.098	401.148

24. Current and deferred income tax

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

In the financial year the company has recorded an accounting loss in the amount of 560.151 lei and cumulative tax loss 6.080.317 lei, from which 726.621 lei current tax loss.

Reconciliation accounting and tax loss 30.06.2019

Total incomes	16.144.664
Total expenses	16.704.815
Profit/loss net	-560.151
Non-taxable incomes	181.371
Non-deductible expenses	14.901
Current financial loss	-726.621
Financial loss from previous years	-5.353.696
Total financial loss	-6.080.317

	30.06.2018	30.06.2019
<i>Current income tax</i>		
Expenses with current income tax	0	0
<i>Deferred income tax</i>		
Deferred income tax	4.363.028	4.328.381

At group level, the situation is:

	30.06.2018	30.06.2019
<i>Current income tax</i>		
Expenses with current income tax	0	0
<i>Deferred income tax</i>		
Deferred income tax	4.363.028	4.328.381

25. Earnings per share

SINTEZA SA realized at the end of 30.06.2019 a net accounting loss of 560.151 lei. 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 30.06.2019.

26. Affiliated parties

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

On 30.06.2019, the members of the Board of Directors are:

Radu Vasilescu – Chairman of the Board

Claudiu Sorin Pasula – member

Cosmin Vasile Turcu – member

On 30.06.2019, executive management consists of:

General Manager - Cosmin Vasile Turcu
Commercial Director – Dinu Vancea
Financial Manager – Doina Ujupan

During the year 2019 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 2019 there were no transactions between the parent company and the subsidiary.

28. Other liabilities

The parent company and the affiliated company do not record other commitments as of 30.06.2019.

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 EURO 530.000.

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 Comesco 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 Flavioia 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)	Court of Appeal Oradea	Claims	Appellant SINTEZA SA Respondent NOVI CONSULT SRL and other parties
75013/3/2011	Bucuresti ICCJ	Patent of invention	Recurrent SINTEZA SA Respondent Rotaru Constantin through heirs

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 at 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 at 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:

30.06.2019	LEI	EURO (LEI EQUIV.)	USD (LEI EQUIV.)
Financial assets			
Trade receivables and other receivables	3.383.281	932.758	0
Cash and cash equivalents	53.391	4.320	3.077
Total	3.436.672	937.078	3.077
Financial liabilities			
Loans		8.065.673	0
Commercial debts and other debts	4.309.083	2.896.280	0
Total	4.309.083	10.961.953	0

At the group level the situation is as follows:

30.06.2019	LEI	EURO (LEI EQUIV.)	USD (LEI EQUIV.)
Financial assets			
Trade receivables and other receivables	1.610.686	932.758	0
Cash and cash equivalents	71.543	4.320	3.077
Total	1.682.229	937.078	3.077
Financial liabilities			
Loans		8.065.673	0
Commercial debts and other debts	4.191.471	2.896.280	0
Total	4.191.471	10.961.953	0

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

We have prepared the financial statements at 06/30/2019, the:

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 the half report at 06/30/2019 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