



SINTEZA S.A.
Șos. Borșului nr. 35
410605 ORADEA - ROMANIA



Tel: 0259 456 116
Tel: 0259 444 969
Fax: 0259 462 224
e-mail: sinteza@sinteza.ro
www.sinteza.ro

C.U.I.: R0 67329
Nr. înreg. ORC-Bihor: J.05/197/1991
Cont EXIM: RO48EXIM109000019389RO01
Banca : EXIM BANK ORADEA
Cont BTRL: RO86BTRL00501202N98396XX
Banca : Transilvania Oradea
Cont BRD: RO79BRDE050SV07449460500
Banca : BRD Oradea

BOARD REPORT

31.12.2017

Annual report as :

Law no. 297/2004 on the capital market ;

Law no. 24/2017 on issuers of Financial and financial instruments market operations

In accordance with the C.N.V.M. Regulation no. 1/2006

For the year:

2017

Date of the report:

31.12.2017

Company' name:

S.C. Sinteza S.A. Oradea

Headquarters:

Oradea, Borsului Road, No.35, Bihor County

Tel. No./fax:

0259.456.116 / 0259.462.224

VAT Reg. No.:

67329

Reg.No.at Commerce Register:

J/05/197/1991

Regulated market:

Bucharest Stock Exchange

Subscribed and paid capital:

9.916.889 lei

The main characteristics of

shares issued:

Shares issued in dematerialized form

1. Analysis of the company's activity

1.1. Description of the company's core business

S.C."SINTEZA"- S.A. was founded by H.G. no. 1213/20.11.1990, the chemical company "SINTEZA", it is registered to Commerce Register under no. J/05/197/1991, VAT no. RO 67329 and is headquartered in Oradea, 35 Borşului Road, Bihor county.

During 2017 there were no mergers or reorganizations of the company, of any kind.

1.1.1. Elements of general evaluation

In 2017 the company obtained the following indicators, according to the balance sheet:

1. Total revenues: **24.240.230** lei, of which:
 - net turnover: 26.104.964 lei, of which 23.572.670 lei represents export sales;
 - sales of assets: 79.271 lei;
 - revenue growth stocks: -2.347.590 lei;
 - financial revenue: 333.574 lei;
 - deferred tax revenues: 58.489 lei;
 - Income from provisions: 11.170 lei;
 - other revenue: 352 lei
2. Total expenses: **29.835.370** lei, of which:
 - operating expenses: 29.187.258 lei;
 - financial expenses: 648.112 lei.
3. Net operating result: **-5.595.140** lei;
4. Cash at end of period: 251.264 lei equivalent.

1.1.2 Evaluation of the technical level of the company

The company operates plants benzoic acid and salicylic acid, located in Oradea Borsului Road no. 35, a technically advanced systems and products that are obtained mainly for the external market.

Organic synthesis products manufactured are intended for applications highly technical industrial chemicals, their use is in an uptrend in the chemical industry.

At the same time, the company continued in 2017 its leasing activity of available locations, obtaining rental income .

The company plans further development of highly technical fabrications.
 The main products manufactured in 2017 and proceeds from their sale, compared to previous years are:

Crt. issue	Products	2017		2016	
		lei	%	lei	%
1	Operation industrial platform	1.842.231	7,06	1.742.824	6,54
2	Manufacture of organic synthesis products	24.262.733	92,94	24.904.770	93,46
	Total	26.104.964	100	26.647.594	100

1.1.3. Evaluation of the technical-material supply

The company acquires industrial engineering from a reputable company in the field, both in the country and abroad.

In terms of acquisition of raw materials, energy, the company operates freely competitive market, major suppliers.

1.1.4. Evaluation of sale

S.C. Sinteza S.A. sell products manufactured in markets such as being: Europe, Turkey, Russia, Africa, Asia .

The company sells free competitive market without significant reliance on a customer or group of customers.

The company uses in both direct sales as well as sales through distributors.

1.1.5. Assessment on the company's staff

In 2017 the average number of staff was 87 people. The company made a total of 14 employment and 19 termination of contracts. Of the total staff, 19 are university graduates. The unionisation was 34%.

In employment relationships were not conflicting elements.

The company regularly organizes training courses and plans financing of vocational school classes leading organic synthesis chemists.

1.1.6 Assessment on environmental impact

The company obtained all the authorizations and permits required by legislation. No major impact on the environment and there is litigation related to violation of environmental protection legislation.

1.1.7 Evaluation of Research and Development

The company has organized its own compartment for this activity, the expectations being oriented implementation of new products and technologies. In the next financial years is expected commissioning of new capacities in the field of organic synthesis, focusing on benzoic acid and its derivatives.

1.1.8 Evaluation of risk management

The company operates a free competitive market, being exposed to the normal risks this view. No major or significant exposure to the prices or liquidity. The company implements risk management system, covering the identification, analysis, management and monitoring of risks it is exposed.

Price risk - there is a permanent monitoring of this risk considering the market in which the company is specialized. The company apply and apply in the future, policy sales price depending on the price of raw materials (minimum sale price = raw material purchase price + margin). We mention that resort to this form of pricing is a common practice on the specific market in which the company operates;

Credit risk - the company has ongoing and will use the funds raised in the future, especially for financing investment objectives. The cost is negotiated and resources in general dimensioned about baseline rates in the financial market so as to be sustainable in terms of the contract. They are taken into account potential changes in interest rates;

Liquidity risk - there is a constant concern for maintaining the level higher than one immediate liquidity. In 2017 this index was 1.10;

Cash flow risk is monitored daily, weekly and monthly by forecasts of receipts and payments. The company applied to commercial credit policy in relation to traditional customers and correlates with maturity deadlines for cashing payments (suppliers, banks, budgets, salaries).

1.1.9 Elemente de perspectiva privind activitatea societatii comerciale

In the next period, the company continues development of production capacities of the products of organic synthesis. The company will work to reduce funding previously owned and seek to generate financial resources for investment activity on disposal of non core business assets it holds. In this way, the main priority will be the second manufacturing benzoic acid plant, that Sinteza SA will realize from its own resources and attracted.

In parallel, the company will develop programs that aim at creating liquidity in renting or selling of assets which are no longer affected core business.

1.1.10 Information on internal control

In the Sinteza SA internal control activities aimed at internal control and internal audit. In the area of internal control was specific for the company pursued regulatory compliance, compliance with internal rules, the decisions of the leadership and financial rules - accounting.

Internal audit is performed by a service contract with an independent company. The internal auditor assesses through a systematic and methodical approach control and governance processes of the company and to inform the

General Manager and administrators significant issues identified by the audit report.

2 Tangible assets of the company

2.1 Location and description

The company owns and manages the following assets:

a) Industrial platform: 35 Borşului Road - dedicated to the development Industrial Park and manufactured benzoic acid, salicylic acid and fine organic synthesis products.

b) Industrial platform: 21 Borşului Road- will be outsourced by sale in the year 2018

c) Industrial platform: 159 Clujului Road and Donici - for decommissioning and for rent or sale

d) Residential real estate – rented

e) Dump slam – operating dark and program closure

2.2 Potential problems related to ownership

There are no ownership issues.

3 Market securities issued by the company

The share capital of the company is 9,916,889 lei, divided into 66,112,590 shares with a nominal value of 0.15 lei / share. The shares are traded on the Bucharest Stock Exchange, Standard category . On 31.12.2017 the shareholder structure was as follows:

F.I.I. BT Invest 1	51,8898 %
Mr.Tibor Tincău	28,1346 %
Other individuals and companies	19,9756 %
Total :	100,0000 %

In the last year (2017) General Meeting of Shareholders decided to distribute dividends in the amount of 4,499,623 lei.

The Company has not acquired its own shares and has not issued bonds.

4 Management company

On 31.12.2017 Board of the company consisted of:

Claudiu Sorin Pasula	- chairman of the Board
Radu Vasilescu	- member of the Board
Cosmin Vasile Turcu	- member of the Board

and executive management of the company was made up of :

Căţalin Mariaş	- General Manager
Dinu Vancea	- Sales Manager
Viorel Florut Vese	- Financial Manager

None of the above were not involved in litigation or administrative procedures related to the ability to perform their duties.

5. Declaration on corporate governance

Sinteza SA, the company whose securities are traded on the Bucharest Stock Exchange (B.V.B) is in the process of implementing the Regulation of Corporate Governance of B.V.B. A statement of compliance status and its explanation is found in the appendix to this report.

Sinteza SA is a company managed in an integrated system. The highest leadership of the company is the General Meeting of Shareholders, in according with the Founding Document. General meetings can be ordinary and extraordinary (AGOA and AGEA).

The General Meeting of Shareholders shall be convened at least once per year within 5 months from the closing of the financial year. The main responsibilities of AGOA are stipulated in the Company Law.

Extraordinary General Meeting of Shareholders shall meet whenever need to decide according to the law.

Convening General Meetings of Shareholders shall be made by the Board of Directors whenever needed or when the companies legislation requires. Information on the date of the meeting, place, agenda and other information necessary for shareholders convening notices are made public through the Official Gazette and shall be published in the local press.

Each share of the Company entitles to one vote at general meetings. The vote is exercised directly or through representation. Organizing and conducting general meetings are stipulated in the in Founding Document of the company and meet the requirements of the Company Law.

The Company is managed by a Board of Directors consisting of 3 directors elected for a term of 4 years, re-elected and revocable.

Most board members are non-executive and independent.

The Board of Directors meets whenever necessary, but at least once every three months at the headquarters.

The Management Board shall be convened by its Chairman, or his deputy.

In accordance with the Founding Document, the Board shall:

a.- approve the company's organizational structure and number of posts and establishing normative functional departments and production;

b.- approve the rights and obligations by collective labor agreement rules of organization and functioning and the rules of procedure;

c.- forward annually to the general meeting of shareholders within 5 months of the financial year, the report on the company's business, balance sheet and profit and loss account for the previous year and the draft budget for the current year;

d.-approve the depreciation of fixed assets owned by the company, decommissioning and shift in their conservation and declassification and disposal of material assets other than fixed assets;

e.- decide to grant sponsorships;

f.- approved management tactics and strategy of the company;

g.- extraordinary general meeting of shareholders proposed bond issuance;

h.- appoint the members of the steering committee, as appropriate.

i.- approve firm action concerning the future development of the company, its production capacity, introducing technical progress and technical manufacturing products at world level;

j.- resolve any other issues determined by the general meeting of shareholders and the law.

k.- approve the acquisition, transfer, exchange, constituting the guarantee of goods owned by the company, contracting finance for investment and working capital as AGEA resolutions.

The current management of the Company is delegated by mandate by the Director General appointed by the Board of Directors for a period of 4 years.

The Company applies the diversity policy in terms of its management.

The company will continuously improve communication in relationships with shareholders and investors by complying with the growing number of BVB Code requirements. In this respect, it proposes reconfiguring its site and develop a website dedicated to the relationship with investors to present information relevant to them.

6. Statement of financial accounting

Individual statement of financial position Sinteza SA in 2017 compared to 2016 is as follows:

Indicator	(RON)	(RON)
	31.12.2016	31.12.2017
Tangible assets		
Land an land design	13.971.880	13.971.880
Building	15.951.950	15.495.896
Technical installations and means of transport	16.237.119	14.573.186
Furniture, office equipment	18.837	16.610
Tangible assets under construction	5.527.632	6.595.283
Advance payment for tangible assets	0	0
Intangible assets		
Development expenses	0	0
Concessions, patents, licenses, trademarks, similar rights and assets and other intangible assets	610.506	553.146
Financial assets		
Shares in subsidiaries and other long term investments	110.332	26.444
Total Tangible and Intangible assets	52.428.256	51.232.445
Current assets		
Stocks	6.183.475	3.732.108
Trade receivables and other receivables	11.773.419	4.511.264
Expenses in advance	434.940	343.402
Cash and cash equivalents	3.101.497	251.264
Assets classified as held for sale	4.164.340	4.164.340
Total Current assets	25.657.671	13.002.378
Total Assets	78.085.927	64.234.823
Equity		
Capital	9.916.889	9.916.889
Share premium	0	0
Reserves	55.531.330	30.622.043
Result for the year	2.760.412	-5.595.140
Earnings	-2.737.739	11.864.110
Other components of equity	-1.352.345	-540
Total Equity	64.118.547	46.807.362
Long term liabilities		
Long term loans and other liabilities	3.780.741	1.037.734
Advance recorded revenue	0	0
Provisions	0	0
Deferred tax liabilities	0	4.540.257

Total Long Term Liabilities	3.780.741	5.577.991
Current liabilities		
Short term loans	220.644	4.991.902
Trade payables and other liabilities, including derivatives	9.948.886	6.439.567
Advance recorded revenue	17.109	281.102
Provisions	0	136.899
Liabilities classified as held for sale	0	0
Total Current Liabilities	10.186.639	11.849.470
Total Liabilities	13.967.380	17.427.461
Total Equity and Liabilities	78.085.927	64.234.823

For fiscal year 2017, the parent company Sinteza SA has prepared consolidated financial statements, included in the consolidation of the company CHIMPROD S.A., with the following identification data:

Company Name: SC CHIMPROD S.A.
Headquarters: Oradea, No.35 sos.Borsului
Phone number / fax: 0259 456 110
Fiscal registration code: RO 67345
Register Register of Commerce: J 05/1984/1992
Share capital: 90.000 Lei

Company shares CHIMPROD S.A. they are not traded on the regulated market of securities. Stake of SC Sinteza S.A. is 99,765 % and the stake of non-controlling interest is 0,235%.

The company is managed by money by SC Sinteza S.A., having appointed a permanent representative in this regard.

Consolidated statement of financial position in 2017 compared to 2016 is as follows:

Indicator	(RON)	(RON)
	31.12.2016	31.12.2017
Tangible assets		
Land an land design	13.971.880	13.971.880
Building	15.951.950	15.495.896
Technical installations and means of transport	16.384.756	14.702.368
Furniture, office equipment	18.837	16.610
Tangible assets under construction	4.621.871	6.228.499
Advance payment for tangible assets	0	0
Intangible assets		
Development expenses	0	0
Concessions, patents, licenses, trademarks, similar rights and assets and other intangible assets	610.506	553.146
Financial assets		
Shares in subsidiaries and other long term investments	26.981	29.238
Total Tangible and Intangible assets	51.586.781	50.997.637
Current assets		
Stocks	6.457.159	4.005.010
Trade receivables and other receivables	10.365.708	3.150.254
Expenses in advance	434.940	343.402
Cash and cash equivalents	3.108.976	252.048
Assets classified as held for sale	4.164.340	4.164.340
Total Current assets	24.531.123	11.915.054
Total Assets	76.117.904	62.912.691
Equity		

Capital	9.920.639	9.916.889
Share premium	0	0
Reserves	56.875.357	32.061.281
Result for the year	1.887.468	-6.015.232
Earnings	-5.182.899	9.514.485
Other components of equity	-1.354.061	-540
Minority interest	0	-2.270
Total Equity	62.146.504	45.474.613
Long term liabilities		
Long term loans and other liabilities	3.780.741	1.037.734
Advance recorded revenue	0	0
Provisions	0	0
Deferred tax liabilities	0	4.540.257
Total Long Term Liabilities	3.780.741	5.577.991
Current liabilities		
Short term loans	220.644	4.991.902
Trade payables and other liabilities, including derivatives	9.952.906	6.441.679
Advance recorded revenue	17.109	281.102
Provisions	0	145.404
Liabilities classified as held for sale	0	0
Total Current Liabilities	10.190.659	11.860.087
Total Liabilities	13.971.400	17.438.078
Total Equity and Liabilities	76.117.904	62.912.691

The financial statements of 2017 are prepared in accordance with Order MFP no. 881/2012, Order MFP no. 2844/2016, Order MFP no. 1802/2014 and the Order MFP no. 470/2018 applicable to companies whose securities are traded on a regulated market.

Company management is not aware of events that cast doubt on the future continuity of operation, a claim supported by the financial results and the existence of contracts to ensure the sale of production pursued.

Chairman of the Board of Directors

Radu Vasilescu

The statement of compliance with the BSE Corporate Governance Code
as of 31 December 2017

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 Supervisory Board, as the case may be, should submit a declaration that he/she is	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>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; 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>
<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</p>		X	<p>There was no such information deemed necessary by the Council.</p>

voting rights.			
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 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.		X	Internal audit assessment is made in the Annual Report of 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 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		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.

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. Any significant change occurred in the remuneration policy to be timely published on the website of the company.			
D . BUILDING VALUE THROUGH INVESTORS' RELATIONS			
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:		X	The requirement will be implemented after it is set up the website of the company.
D.1.1. Principal corporate regulations: the articles of association, general shareholders' meeting procedures.		X	The requirement will be implemented after it is set up the website of the company.
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;		X	The requirement will be implemented after it is set up the website of the company.
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;	X		These reports and information are published on the company website
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;	X		This information is published on the company website
D.1.5. Information on corporate events, such as the payment of dividends and other distributions to shareholders, or other events that 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;		X	The requirement will be implemented after it is set up the website of the company.
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 decides otherwise.	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
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-on-quarter 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	X		SC Sinteza SA organizes twice a year such meetings, according to the

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.			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
31 December 2017

Prepared in accordance with
International Financial Reporting Standards (IFRS)
adopted by the European Union

Contents:

Financial statements

Individual and consolidated statement of financial position

Individual and consolidated statement of comprehensive income

Statement of changes in equity individual and consolidated

Individual and consolidated statement of cash flows

Notes to the financial statements

Individual Financial Statements

31 December 2017

Indicator	(RON)	(RON)
	31.12.2016	31.12.2017
Tangible assets		
Land and land design	13.971.880	13.971.880
Building	15.951.950	15.495.896
Technical installations and means of transport	16.237.119	14.573.186
Furniture, office equipment	18.837	16.610
Tangible assets under construction	5.527.632	6.595.283
Advances for property and equipment	0	0
Intangible assets		
Development expenses	0	0
Concessions, patents, licenses, trademarks, similar rights and assets and other intangibles	610.506	553.146
Financial assets		
Shares in subsidiaries and other long term investments	110.332	26.444
Total Tangible and Intangible assets	52.428.256	51.232.445
Current assets		
Stocks	6.183.475	3.732.108
Trade receivables and other receivables	11.773.419	4.511.264
Expenses in advance	434.940	343.402
Cash and cash equivalents	3.101.497	251.264
Assets classified as held for sale	4.164.340	4.164.340
Total Current assets	25.657.671	13.002.378
Total Assets	78.085.927	64.234.823
Equity		
Capital	9.916.889	9.916.889
Share premium	0	0
Reserves	55.531.330	30.622.043
Result for the year	2.760.412	-5.595.140
Earnings	-2.737.739	11.864.110
Other components of equity	-1.352.345	-540
Total Equity	64.118.547	46.807.362
Long term liabilities		
Long term loans and other liabilities	3.780.741	1.037.734
Advance recorded revenue	0	0
Provisions	0	0
Deferred tax liabilities	0	4.540.257
Total Long Term Liabilities	3.780.741	5.577.991
Current liabilities		
Short term loans	220.644	4.991.902
Trade payables and other liabilities, including derivatives	9.948.886	6.439.567
Advance recorded revenue	17.109	281.102
Provisions	0	136.899
Liabilities classified as held for sale	0	0
Total Current Liabilities	10.186.639	11.849.470
Total Liabilities	13.967.380	17.427.461
Total Equity and Liabilities	78.085.927	64.234.823

General Manager

Financial Manager

Consolidated statement of financial position
31 December 2017

Indicator	(RON)	(RON)
	31.12.2016	31.12.2017
Tangible assets		
Land an land design	13.971.880	13.971.880
Building	15.951.950	15.495.896
Technical installations and means of transport	16.384.756	14.702.368
Furniture, office equipment	18.837	16.610
Tangible assets under construction	4.621.871	6.228.499
Advances for property and equipment	0	0
Intangible assets		
Development expenses	0	0
Concessions, patents, licenses, trademarks, similar rights and assets and other intangibles	610.506	553.146
Financial assets		
Shares in subsidiaries and other long term investments	26.981	29.238
Total Tangible and Intangible assets	51.586.781	50.997.637
Current assets		
Stocks	6.457.159	4.005.010
Trade receivables and other receivables	10.365.708	3.150.254
Expenses in advance	434.940	343.402
Cash and cash equivalents	3.108.976	252.048
Assets classified as held for sale	4.164.340	4.164.340
Total Current assets	24.531.123	11.915.054
Total Assets	76.117.904	62.912.691
Equity		
Capital	9.920.639	9.916.889
Share premium	0	0
Reserves	56.875.357	32.061.281
Result for the year	1.887.468	-6.015.232
Earnings	-5.182.899	9.514.485
Other components of equity	-1.354.061	-540
Minority interest	0	-2.270
Total Equity	62.146.504	45.474.613
Long term liabilities		
Long term loans and other liabilities	3.780.741	1.037.734
Advance recorded revenue	0	0
Provisions	0	0
Deferred tax liabilities	0	4.540.257
Total Long Term Liabilities	3.780.741	5.577.991
Current liabilities		
Short term loans	220.644	4.991.902
Trade payables and other liabilities, including derivatives	9.952.906	6.441.679
Advance recorded revenue	17.109	281.102
Provisions	0	145.404
Liabilities classified as held for sale	0	0
Total Current Liabilities	10.190.659	11.860.087
Total Liabilities	13.971.400	17.438.078
Total Equity and Liabilities	76.117.904	62.912.691

General Manager

Financial Manager

Individual Statement of Comprehensive Income
31 December 2017

Indicator	(RON)	(RON)
	31.12.2016	31.12.2017
Continue activities		
Revenue	26.647.594	26.104.964
Other income	22.979.013	90.793
Stock variations	1.434.438	-2.347.590
Total operating income	51.061.045	23.848.167
Expenditure on stocks	16.253.711	15.955.743
Expenditure on utilities	3.444.950	2.922.975
Employee benefits expense	3.298.070	3.706.124
Depreciation and amortization of fixed assets	2.022.026	2.214.003
Wins / losses on disposal of property	15.961.754	100.244
Adjustment of current assets	73.558	142.405
Adjustments for provisions	241.396	231.957
Other expenses	3.322.827	3.913.807
Total operating expenses	44.618.292	29.187.258
Result operational activities	6.442.753	-5.339.091
Financial income	532.664	333.574
Financial expenses	980.617	648.112
Net Financial Result	-447.953	-314.538
Result before tax	5.994.800	-5.653.629
Current income tax expense	3.234.388	0
Deferred income tax expense		
Income from deferred taxes		58.489
The result from continuing operations	2.760.412	-5.595.140
Earnings per share	0.0418	0
Total comprehensive income for the period	2.760.412	-5.595.140

General Manager

Financiar Manager

Consolidated Statement of Comprehensive Income
31 December 2017

Indicator	(RON)	(RON)
	31.12.2016	31.12.2017

Continue activities		
Revenue	25.908.430	25.565.888
Other income	22.979.013	90.793
Stock variations	1.434.438	-2.347.590
Total operating income	50.321.881	23.309.091
Expenditure on stocks	16.351.921	16.045.525
Expenditure on utilities	3.444.950	2.922.975
Employee benefits expense	3.783.427	4.214.117
Depreciation and amortization of fixed assets	2.040.481	2.232.457
Wins / losses on disposal of property	15.961.754	100.244
Adjustment of current assets	73.558	142.405
Adjustments for provisions	241.396	240.462
Other expenses	2.833.192	3.170.089
Total operating expenses	44.730.679	29.068.274
Result operational activities	5.591.202	-5.759.183
Financial income	532.664	333.574
Financial expenses	980.617	648.112
Net Financial Result	-447.953	-314.538
Result before tax	5.143.249	-6.073.721
Current income tax expense	3.255.781	0
Deferred income tax expense		
Income from deferred taxes		58.489
The result from continuing operations	1.887.468	-6.015.232
Total comprehensive income for the period	1.887.468	-6.015.232

General Manager

Financiar Manager

Statement of changes in equity - individual
31 December 2017

Amending equity sources	Capital	Share premium	Equity instruments issued	Other equity	The cumulative value of other comprehensive income	Retained earnings	Revaluation reserves	Other reserves	(-) Own shares	Profit or loss (-) attributable to equity holders of parent company	(-) Dividends Interim	Minority interest		Total
												The cumulative value of other compreh. income	Other elements	
0	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Opening Balance (before restatement)														
The effect of corrections of errors														
The effect of changes in accounting policies														
Opening Balance (current period)	9916889				1408607	-2737739	51427496	4103834	540					64118547
Ordinary bond issue														
Preferred shares issued														
Other capital instruments issued														
Exercise or expiration of other capital instruments issued														
Conversion of debt into equity														
Capital reduction														
Dividends						-4499622								-4499622
Purchase of own shares														
The sale or cancellation of own shares														
The reclassification of financial instruments from equity into debt														
Transfers between components of equity					-2760412	1408607								-1351805
Increases or (-) decreases in equity resulting from business combinations														
Payments in shares														
Other increases or (-) decreases in equity					1351805	17692863	-24909286							-5864618
Total comprehensive income for the year					-5595140									-5595140
Balance at closing (current period)	9916889				-5595140	11864109	26518210	4103834	540					46807362

Statement of changes in equity - consolidated
31 December 2017

Amending equity sources	Capital	Share premium	Equity instruments issued	Other equity	The cumulative value of other comprehensive income	Retained earnings	Revaluation reserves	Other reserves	(-) Own shares	Profit or loss (-) attributable to equity holders of parent company	(-) Dividends Interim	Minority interest		Total
												The cumulative value of other compreh. income	Other elements	
0	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Opening Balance (before restatement)														
The effect of corrections of errors														
The effect of changes in accounting policies														
Opening Balance (current period)	9920639				533947	-5182899	51427496	5447861	540					62146504
Ordinary bond issue														
Preferred shares issued														
Other capital instruments issued														
Exercise or expiration of other capital instruments issued														
Conversion of debt into equity														
Capital reduction														
Dividends						-4499622								-4499622
Purchase of own shares														
The sale or cancellation of own shares														
The reclassification of financial instruments from equity into debt														
Transfers between components of equity					-2760412	1408607		95210						-1256595
Increases or (-) decreases in equity resulting from business combinations														
Payments in shares														
Other increases or (-) decreases in equity	-3750				2226465	17788399	-24909286					-2270		-4900442
Total comprehensive income for the year					-6015232									-6015232
Balance at closing (current period)	9916889				-6015232	9514485	26518210	5543071	540			-2270		45474613

Individual Statement of Cash Flows
31 December 2017

Statement of Cash Flows

- lei -

	31.12.2016	31.12.2017
Cash flows from operating activities		
Receipts from customers for sales	28.422.738	25.526.058
Other revenues (including net VAT refunds)	1.658.039	703.634
Payments to suppliers	23.702.713	23.201.332
Net payments to employees	1.942.042	2.078.641
Payments to budget	2.104.998	4.902.631
Other payments	1.539.428	2.161.371
Net cash from operating activities	791.596	-6.114.283
Cash flows from investing activities		
Payments for the acquisition of fixed assets	3.952.088	1.879.133
Proceeds from sale of tangible assets	19.906.276	4.575.885
Interest received		1.200
Net cash from investing activities	15.954.188	2.697.952
Net cash from financing activities		
Proceeds from borrowings	18.142.934	14.825.925
Interest paid and refund loans	31.499.351	10.448.815
Dividends paid	862.230	3.811.012
Net cash from financing activities	-14.218.647	566.098
Increase / (Decrease) net cash	2.527.137	-2.850.233
Cash and cash equivalents at beginning of period	574.360	3.101.497
Cash and cash equivalents at end of period	3.101.497	251.264

Consolidated Statement of Cash Flows
31 December 2017

Statement of Cash Flows

- lei -

	31.12.2016	31.12.2017
Cash flows from operating activities		
Receipts from customers for sales	30.153.254	26.845.874
Other revenues (including net VAT refunds)	1.658.039	703.634
Payments to suppliers	24.795.751	23.929.177
Net payments to employees	2.217.263	2.470.713
Payments to budget	2.365.367	5.095.290
Other payments	1.639.657	2.175.306
Net cash from operating activities	793.255	-6.120.978
Cash flows from investing activities		
Payments for the acquisition of fixed assets	3.952.088	1.879.133
Proceeds from sale of tangible assets	19.906.276	4.575.885
Interest received		1.200
Net cash from investing activities	15.954.188	2.697.952
Net cash from financing activities		
Proceeds from borrowings	18.142.934	14.825.925
Interest paid and refund loans	31.499.351	10.448.815
Dividends paid	862.230	3.811.012
Net cash from financing activities	-14.218.647	566.098
Increase / (Decrease) net cash	2.528.796	-2.856.928
Cash and cash equivalents at beginning of period	580.180	3.108.976
Cash and cash equivalents at end of period	3.108.976	252.048

Notes to the financial statements

1. The entity which reports

The company Sinteza S.A. has headquartered in Oradea, Borsului Road No.35, Trade Register No. J 05/197/1991. It is a joint stock company and operates in Romania in accordance with Law No.31 / 1990 relating to commercial companies.

The basic object of activity of the Company is manufacturing and marketing of basic organic chemicals - CAEN code 2014.

The Company's shares are listed on the Bucharest Stock Exchange, Standard category, with the indicative STZ.

On 31.12.2017, the Company is owned by the following shareholders:

Current issue	Name	Percentage held (%)
1	F.I.I. BT Invest 1 administrat de BT Asset Management SA	51,8898
2	Tincau Tibor	28,1346
3	Other shareholders	19,9756
	Total	100,0000

Closed Investment Fund (F.I.I.) BT Invest 1 acquired a majority stake of 51,89% in May 2016 to CHEMPARK Invest SRL, through a secondary market transaction, notifying the Financial Supervision Authority (ASF) and Bucharest stock Exchange (BVB).

Evidence shares and shareholders is kept by Depozitarul Central S.A. Bucharest.

The entity that enters into consolidation

For fiscal year 2017 was included in the consolidation of the commercial company SC CHIMPROD S.A., with the following identification data:

Company Name:	SC CHIMPROD S.A.
Headquarters:	Oradea, No.35 Borsului Road
Phone number / fax:	0259 456 110
Fiscal registration code:	(RO) 67 345
Trade Register No.:	J /05/1984/1992
Share capital:	90,000 Lei

Company shares S.C. CHIMPROD S.A. , they are not traded on the regulated market of securities.

The company is managed by mandate by SC Sinteza S.A., having as permanent representative Mr. Claudiu Sorin Pasula.

Stake of SC Sinteza S.A. is 99,765% and the stake of non-controlling interest is 0,235%.

Publishing date of approval of financial statements

Financial communication calendar is approved by the Company's executive management in accordance with the statutory provisions and shall be made public by publication on the Company's website.

2. Basis of preparation

Statement of Compliance

Individual and consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS). Beginning with fiscal year 2012, the Company and the Group are required to apply International Financial Reporting Standards (IFRS).

Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company S.C. Sinteza S.A. and those of company in the consolidation (subsidiary) SC CHIMPROD S.A. as an entity controlled by the parent company.

Presentation of Financial Statements

Individual and consolidated financial statements are presented according to the requirements of IAS 1 "Presentation of Financial Statements", based on liquidity in the statement of financial position and based on the nature of income and expenses in the statement of comprehensive income.

Functional and presentation currency

The functional currency is the RON (LEU) . Individual and consolidated financial statements are presented in RON.

Basis of assessment

The individual financial statements and statements have been prepared on a historical cost basis, except tangible assets which are measured at fair value every two years.

The accounting policies have been applied consistently for the periods presented in these financial statements.

Was going concern.

Use of estimates and judgments

Preparation and presentation of consolidated and individual financial statements according to International Financial Reporting Standards (IFRS) requires the use of estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts. Estimates, judgments and assumptions are based on historical experience. The results of these estimates form the basis for judgments about the carrying amounts that can not be obtained from other sources.

When some elements of the annual financial statements can not be measured accurately, it is estimated.

The estimates are made based on the most recent reliable information at their disposal.

To changing circumstances on which the estimate was based or as a result of new information or a best experiences may lead to a modification of the initial estimate.

Any change in accounting estimates will be recognized prospectively by including it in the result:

- period of the change if it affects only that period; or
- period in which the change occurs and future periods if the change has an effect on them.

The group estimates used to determine:

- bad debts and doubtful debts related adjustments;
- value of provisions for risks and charges amounted at year-end litigation, decommissioning of tangible assets, restructuring for pensions and similar obligations for taxes.
- lifetime of depreciable assets for which the revaluation, fair value is determined and a new term economic use.

Judgments and assumptions are reviewed periodically by the Company and are recognized in the periods in which the estimates are revised.

3. Significant accounting policies

Parent and subsidiary companies organize and lead the financial accounting according to the Accounting Law no. 82/1991, as amended and supplemented.

Financial accounting provides chronological and systematic registration, processing, publish and maintain information about the financial position, financial performance and other information related to the work.

The accounting policies have been developed so as to ensure supply, the annual financial statements, certain information must be understandable, relevant to the needs of users in decision making, credible meaning to represent faithfully the assets, liabilities, financial position and profit or loss of the company do not contain significant errors, not to be biased, to be prudent, complete in all material respects, comparable so that users can compare the financial statements of the company over time to identify trends in financial

position and performance and can compare financial statements with those of other companies to assess the financial position and performance.

The accounting policies have been applied consistently to all periods presented in these financial statements.

The individual financial statements are prepared on the assumption that the Company will continue its operations in the foreseeable future.

Transactions in foreign currencies

Operations in foreign currencies are recorded in RON at the exchange rate on the date of the transaction.

At the end of each month, the liabilities in foreign currency are valued at the exchange rate of the currency market, announced by the National Bank of Romania the last banking day of the month in question. Exchange differences are recognized in the accounts recorded in income or expense from foreign exchange differences, if applicable.

Exchange differences arising during the settlement of foreign currency debts at rates different from those at which they were originally recorded during the month or to those which are accounted to be recognized in the month in which they appear as income or expense in exchange rate differences.

Value differences arising during the settlement of debts denominated in RON, according to an exchange rate different from that to which they were originally recorded during the month or to those which are accounted to be recognized in the month in which they appear to other financial income and expenses.

Accounting for the effect of hyperinflation

In accordance with IAS 29 "Financial reporting in hyperinflationary economies" in the financial statements of an entity that used the currency as the functional currency of a hyperinflationary economy, monetary items must be restated use a general index of price growth.

Both the parent company and its subsidiary have not done adjusting for non-cash items for 2017, because they were regularly evaluated and values were included in share capital to the data. At the date of transition to IFRS implementation (2012) was made a reprocessing and an evaluation of all assets and liabilities, thereby encircling the balance sheet and the effects of hyperinflation which affected the Romanian economy until 2004.

Financial instruments

Parent Company and subsidiary owning non-derivative financial assets: trade receivables, cash and cash equivalents.

The claims include:

- trade receivables, which are amounts owed by customers for goods sold or services rendered in the ordinary course of business;
- receivable effects, commercial acceptance, third party tools;

□ amounts owed by directors, shareholders, employees and affiliates. The claims outlined in accrual basis, according to legal or contractual provisions

The effects can be expected receivable before maturity.

At the end of each month, foreign currency receivables are valued at the exchange rate of the currency market, announced by the National Bank of Romania the last banking day of the month in question. Exchange differences are recognized in the accounts recorded in income or expense from foreign exchange differences, if applicable.

At the end of each month, receivables denominated in RON, whose settlement is based on a foreign currency are valued at the exchange rate of the currency market, announced by the National Bank of Romania the last banking day of the month in question. In this case, the differences are recognized in the accounts at other financial income or other financial expenses, as appropriate.

Exchange differences arising during the settlement of claims in foreign currency at rates different from those at which they were originally recorded during the month or to those which are accounted to be recognized in the month in which they appear as income or expense in exchange rate differences.

Value differences arising during the settlement of claims expressed in lei, according to an exchange rate different from that to which they were originally recorded during the month or to those which are accounted to be recognized in the month in which they appear to other financial income and expenses.

Accounts from banks comprise:

□ Values receivable (checks and notes deposited in banks)

□ availabilities and foreign currency

□ The checks issued by the company

□ short-term bank loans

□ availability and interest on loans granted by banks in current accounts.

Interest payable and receivable, financial year in progress is recorded in financial income or financial expenses, as appropriate.

The operations of sale of foreign currency, including those carried out under contracts settled on time, are recorded in the accounting rate used by commercial bank undergoing tender currency; They generate accounting exchange differences against the National Bank of Romania.

Foreign currency deposits are evaluated monthly at the rate of the National Bank of Romania for the last business day of the month.

Liquidation deposits in foreign currency shall be made at the exchange rate of the National Bank of Romania from the date of the liquidation.

Exchange differences between the exchange rate at the date of incorporation or which are accounted for and the National Bank of Romania from the date of liquidation of bank deposits are recorded in income or expense from foreign exchange differences, if applicable.

Tangible assets

Tangible assets are assets that:

- are owned by a company for use in the production of goods or services, for rental to others or for administrative purposes; and
- are used over a period longer than one year.

Tangible assets include:

- land and buildings;
- technical installations and machines;
- equipment and furniture;
- real estate investments;
- advances to suppliers of fixed assets;
- tangible in progress;
- investment property under construction;
- tangible exploration and evaluation of mineral resources.

Tangible assets are initially measured at cost. This is the cost of acquisition or production cost, depending on the mode of entry into society of property and equipment.

Trade discounts granted by the supplier and included in the purchase invoice adjusted downwards acquisition cost of assets.

The production cost of assets includes direct costs related to production such as direct materials, energy consumption for technological purposes, the costs of salaries, contributions to legal and other expenses related thereto, directly resulting from the construction of property and equipment, costs of site preparation costs initial delivery and handling, installation and assembly costs, testing costs of the proper functioning of the asset, professional fees and fees paid in connection with the asset, the cost of designing products and obtain necessary permits;

Subsequent expenditure on a tangible asset is recognized:

- as expenses in the period in which they were incurred if they are considered repairs or purpose of these expenditures is to ensure the continued use of the asset while maintaining the original technical parameters; or
- as a component of the asset, as subsequent expenses, if the conditions to be considered investment on fixed assets.

Tangible assets shown in the balance sheet at their fair value.

Tangible assets are revalued at an interval of 2 years.

In years not performed revaluation, tangible assets are presented in the financial statements at the value set last revaluation less accumulated depreciation and adjustments for impairment loss.

Depreciation of tangible assets is calculated starting with next month commissioning and until full recovery of their input.

The Group calculated and accounted depreciation of tangible leased, rented or leased by management.

Land is not depreciated.

Economic lifetime is the period in which an asset is expected to be available for use.

The useful lives of the main categories established by the company of its intangible heritage are the usual chemical industries.

Depreciation is recorded in the accounts as still life and depreciation method initially set. Depreciation of tangible assets, the Company uses straight-line depreciation, by including uniform operating expenses of fixed amounts determined in proportion to the number of years of the life of their economic use, the following categories of assets:

- building;
- technical installations and machines;
- equipment and furniture

Lifetime originally set to be revised (downward or growth) whenever there are changes in the conditions of use initially estimated, there is an aging of a tangible asset, when there is a shelf-life or find a technical state that It allows a longer life than the initially estimated.

Following the initial estimate established life, depreciation expense will be recalculated for the remaining period of use.

Tangible assets held under finance leases are accounted according to the provisions of leases concluded.

The classification of leases to finance leases or operating leases are carried at the beginning of the contract.

Intangible assets

Within intangible assets include:

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

An intangible asset must be recognized if and only if:

- it is estimated that future economic benefits that are attributable to the asset will be obtained by the company; and
- cost of the asset can be measured accurately.

An intangible asset is initially recorded at cost or production depending on the mode of entry heritage.

Development costs are recognized at their cost of production.

The production cost of property from the development phase includes direct costs associated with the production as direct materials, energy consumption for technological purposes, the costs of salaries, contributions to legal costs of testing correct operation of the asset, professional fees and fees paid in connection with the asset, the cost of obtaining the necessary permits. Development costs which are recognized as intangible development costs are amortized over the contract period or duration of use, where appropriate.

Financial assets

Within financial assets include:

- shares in subsidiaries;
- loans granted to entities in the group;
- shares in associates and jointly controlled entities;
- loans to associates and jointly controlled entities;
- other long term investments;
- other loans.

Financial assets are recognized at the entrance to the heritage value of the acquisition.

Periodic adjustment for the impairment proposes to the General Meeting of Shareholders and affects the fiscal year to which it relates.

Items of stocks

Registration in stocks accounting entry is made at the date of transfer of risks and rewards.

Entry into society, stocks are assessed and accounted at cost, which is determined as follows:

- the cost of acquisition - for purchased stocks;
- the production cost of default - for stocks produced in the society;
- the input value, following the evaluation - for stocks representing the company capital;
- at fair value - for stocks obtained free of charge or addition to inventory found.

Trade discounts granted by the supplier and included in the purchase invoice reduces the acquisition cost of goods.

In determining the cost of production using standard cost method, taking into account normal levels of materials and supplies, labor, efficiency and production capacity.

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

Exit from inventory they assess and record by applying the FIFO method, namely the nature of inventory items that were purchased or produced first are those that consume or sell first . Items remaining in stock at the end are those who were purchased or produced most recently.

At balance sheet date inventories are valued at the lower of cost and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs necessary sales.

When the company decides to change the use of a property, meaning that it will be sold at the time the decision on change of destination, accounting records transfer of tangible asset category in the inventory held for sale.

Income

Revenue represents increases in economic benefits, incurred during the year, which generated an increase in equity in forms other than those which express the company's contributions's new owners.

Both revenue category includes amounts received or receivable in his own name and gains from any source.

Revenues are classified as follows:

- Operating income;
- Financial income;

Revenues are recognized on an accrual basis.

Revenues from sales of goods are recorded when handing goods to the buyers of their delivery based on the invoice or other conditions stipulated in the contract, evidencing the transfer of ownership of such goods to customers.

Revenues from sale of goods is recognized when the following conditions are met:

- a) have been transferred to the buyer the significant risks and rewards of ownership of the goods;
- b) the company no longer manages the goods sold at levels that would have done normally, if ownership over them and no longer have effective control over them;
- c) the revenue can be measured reliably;
- d) it is probable that the economic benefits associated with the transaction will flow to the company; and
- e) transaction costs can be measured reliably.

Revenues from provision of services are recorded in the accounts are made, related to the stage of completion of the work.

The stage of completion of the work shall be determined on the basis of the papers accompanying bills, minutes of acceptance or other documents evidencing the state of development and acceptance of services rendered.

Interest income is recognized periodically, proportionally, the respective revenue is generated.

Revenues from royalties and rents are recognized as the maturity of the contract.

Dividend income is recognized when it established the shareholder's right to receive them.

Income from reduction or cancellation of provisions or adjustments for depreciation or impairment is recorded where no longer justify maintaining their realization risk occurs or becomes chargeable expense.

It is measured at the value determined by agreement between seller and buyer, taking into account the amount of any trade discounts granted.

Income received before the balance sheet for the financial year which are subsequently shown to revenues in advance.

Costs

The expenses of the parent company and the subsidiary represents the amounts paid or payable to:

- consumption stocks;
- works executed and services provided that benefit society;
- employees expenses;
- execution of legal or contractual obligations;
- provisions;
- depreciation;
- adjustments for depreciation or loss of value.

Keep the expenditure accounts of expenses, as follows:

- operating expenses;
- financial expenses.

Synthetic spending accounts that contain multiple items with different tax deductibility regime develops analytical, so that each analytic reflect specific content.

Debts

Debts evidenced by accounting accounts on behalf of third parties. Accounting suppliers and other liabilities take into categories and each person or entity.

Personal rights shall be accounted by withholding contributions

Profit tax payment should be recognized as a liability to the extent unpaid.

Deferred tax is the amount of income tax payable in a future period. Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

Is calculated based on tax rates that are expected to be applicable to temporary differences at their resumption, under the legislation in force at the reporting date.

Deferred tax assets are the amounts of income taxes recoverable in future periods.

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

Debt in foreign currency are recorded in the accounts in lei (RON) and in foreign currency.

At the end of each month, the liabilities in foreign currency are valued at the exchange rate of the currency market, announced by the National Bank of Romania the last banking day of the month in question. Exchange differences are recognized in the accounts recorded in income or expense from foreign exchange differences, if applicable.

Exchange differences arising during the settlement of foreign currency debts at rates different from those at which they were originally recorded during the month or to those which are accounted to be recognized in the month in which they appear as income or expense in exchange rate differences.

Valuation of liabilities in the financial statements at their value is likely to pay. The measurement of foreign currency and the settlement in lei by a foreign currency is made at the exchange rate of the National Bank of Romania, valid on the date of each financial year.

Provisions

A provision will be recognized in the accounts when:

- Company has a present obligation generated by a previous event;
- it is probable that an outflow of resources will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are not recognized for future operating losses.

Provisions are reviewed at individual financial statement date and adjusted to reflect the current best estimate.

Where to settle an obligation is no longer probable that an outflow of resources, provision is invalidated by resuming revenue.

Commercial and financial discounts

Trade discounts granted by the supplier and included in the purchase invoice adjusted downwards acquisition cost of goods.

Trade discounts to customers in order to reduce the amount of income adjusted for the transaction.

Contingent assets and liabilities

Contingent assets and liabilities are presented in the notes if the inflows are likely to arise economic benefits.

They are assessed annually to determine if it became probable that an outflow of resources embodying economic benefits and requires recognition of a liability or a provision in the financial statements for the period of this change in classification of the event.

Events after the preparation of financial statements

Events after the balance sheet date are those events, favorable or unfavorable, that occur between the balance sheet date and the date the annual financial statements are authorized for issue. They are presented in the notes when they are considered significant.

Standards and new interpretations

New interpretations have been issued, amendment or standards, which became effective for fiscal year 2017 or that were not adopted.

They have not been applied in preparing the financial statements of 2017.

The Company does not expect these new standards or interpretations amendamende significantly affect its financial statements.

4. Determination of fair values

Disclosure requirements of the information contained in the financial statements as well as some of the Company's accounting policies determine the need for their presentation.

The Company assessed the fair value of property items at the date of transition to IFRS and the financial statements of prior periods presented at fair value.

The market price of property items does not require significant adjustments to the current period's financial statements.

5. Tangible assets

Individual situation at its parent company shows:

	Land	Buildings	Equipment and other	Tangible assets under construction	Total
<i>Cost or appraised value</i>					
Balance at January 1, 2017	13.971.880	17.857.810	22.173.150	5.527.632	59.530.472
Increases		20.708	21.410	1.067.651	1.109.769
Decreases			21.193		21.193
Balance December 31, 2017	13.971.880	17.878.518	22.173.367	6.595.283	60.619.048
<i>Depreciation and write-downs</i>					
Balance at January 1, 2017		1.905.860	5.917.193		7.823.053
Increases		476.762	1.679.882		2.156.644
Decreases			13.504		13.504
Balance December 31, 2017		2.382.622	7.583.571		9.966.193

At Group level, the situation is:

	Land	Buildings	Equipment and other	Tangible assets under construction	Total
<i>Cost or appraised value</i>					
Balance at January 1, 2017	13.971.880	17.857.810	22.394.605	4.621.871	58.846.166
Increases		20.708	21.410	1.606.629	1.648.747
Decreases			21.193		21.193
Balance December 31, 2017	13.971.880	17.878.518	22.394.822	6.228.500	60.473.720
<i>Depreciation and write-downs</i>					
Balance at January 1, 2017		1.905.860	5.991.012		7.896.872

Increases	476.762	1.698.337	2.175099
Decreases		13.504	13.504
Balance December 31, 2017	2.382.622	7.675.845	10.058.467

Tangible assets include assets affected the company carrying out production. Some of these assets are mortgaged or pledged to guarantee loans taken from banks.

Tangible assets represent investments are being finalized in order to increase production capacities.

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

The formula used to calculate the annual depreciation (Aa) and the rate of depreciation (R) is:

$$Aa = Ra \times Va$$

$$Ra = \frac{100}{DUN}$$

Where: Ra = annual rate of amortization depreciable value
DUN = normal period of use or useful life.

The useful lives of fixed assets at the commissioning were employed within the limits stipulated by the internal regulations regarding the classification of fixed assets and were not modified during 2016.

For proper closure of the financial year 2017 the Company do not proceeded to the revaluation of tangible assets, the last revaluation being made on 31.12.2016.

6. Intangible assets

In the parent Company are highlighted in this group of property value paid licenses of European regulators manufacture and sale of chemicals, amounting to RON 573.590, depreciable over the planned exploitation period for manufacturing facilities, as well as licenses for computer programs worth 65.595 lei .

7. Financial assets

The parent Company holds 99,765% of the subsidiary SC CHIMPROD S.A. Oradea and another shares:

1. A total of 337.454 shares with nominal value of 0,16 RON to SSIF BRK Financial Group SA headquartered in Cluj Napoca, 0,0999% of the share capital.

2. A total of 1.000 shares with nominal value of 1 RON, the Organization of Employers Chemical Petrochemical Bucharest.
The carrying value of securities held by the Company at SSIF BRK Financial Group SA was adjusted to market value of 31.12.2017 by their depreciation value of 147.025,65 lei compared to book value.

8. Stocks

Individual situation at its parent company shows:

	31.12.2016	31.12.2017
Raw materials	844.396	764.133
Finished product	4.467.153	2.060.900
Products in progress	778.803	834.552
Goods	23.089	23.051
Packing	70.034	49.472
Total	6.183.475	3.732.108

At Group level, the situation is:

	31.12.2016	31.12.2017
Raw materials	1.184.942	1.036.397
Finished product	4.399.653	2.060.900
Products in progress	778.803	834.552
Goods	23.089	23.051
Packing	70.672	50.110
Total	6.457.159	4.005.010

9. Trade receivables

Individual situation at its parent company shows:

	31.12.2016	31.12.2017
Customers	8.419.456	3.515.094
Doubtful and disputed	0	0
Debtors Suppliers	32.653	12.376

Customer Bills drafted		
Advance payments		
Impairment of receivables	-94.371	-236.776
Total	8.325.085	3.290.694

At Group level, the situation is:

	31.12.2016	31.12.2017
Customers	6.870.937	2.055.645
Doubtful and disputed	63.889	63.889
Debtors Suppliers	32.653	12.376
Customer Bills drafted		
Advance payments		
Impairment of receivables	-94.371	-236.776
Total	6.873.108	1.895.134

Consolidated business receivables have a maturity of less than one year.

The company's commercial relations continued to be formalized by commercial farms contracts or commands in 2017, and during this time customers are traditional ones. Over 90% of products manufactured exports were delivered to beneficiaries in member countries of the European Union or Non EU. There is a definite dependence of the EU Community market where the company delivers about 70% of production exported.

On the 31.12.2017, the Company outstanding receivables were in the amount of 2.729.467 RON. Of these, receivables in the amount of 881.115 RON had been working less than 30 days and the remaining 1.848.352 RON was represented by receivables older than 30 days. At the reporting date, the Company did not classify these receivables as impaired. The Company made specific risk provisions for the non-payment of overdue receivables over 365 days in the amount of 236.776 lei

10. Cash and cash equivalents

Individual situation at its parent company shows:

	31.12.2016	31.12.2017
Current bank accounts	3.095.038	245.534
Cash	6.248	5.616
Other values	211	114
Total	3.101.497	251.264

At Group level, the situation is:

	31.12.2016	31.12.2017
Current bank accounts	3.101.720	246.232
Cash	7.045	5.702
Other values	211	114
Total	3.108.976	252.048

11. Other receivables

Individual situation at its parent company shows:

	31.12.2016	31.12.2017
Settlement of transactions pending clarification	471	486.624
Other receivables related to staff	1.100	0
Other receivables related to state budget (VAT recoverable)	804.122	733.946
Total	805.693	1.220.570

At Group level, the situation is:

	31.12.2016	31.12.2017
Settlement of transactions pending clarification	471	486.624
Other receivables related to staff	1.100	0
Other receivables related to state budget (VAT recoverable)	804.433	733.946
Total	806.004	1.220.570

All these receivables are less than one year.

12. Assets classified as held for sale

In this category were recorded in the preceding years fixed and parts of decommissioned installations that can be realized as individual assets, totaling in the balance at 31.12.2017 of 4.164.340 lei.

13. Share capital and share premium

Sinteza SA shareholding structure is as follows (percentage):

31.12.2016	31.12.2017
------------	------------

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

During 2017 there were no changes in the shareholding structure of Sinteza SA.

Subsidiary's shareholding structure is as follows (percentage):

	31.12.2016	31.12.2017
SC Sinteza SA	99,765	99,765
Other shareholders	0,235	0,235
Total	100	100

As required by law, the mother Company level and entity entered in the consolidation, it creates legal reserves in the proportion of 5% of profits recorded up to the amount representing 20% of the share capital.

Regarding the change in equity of the parent company by lowering their value at 31.12.2017 value of 17.311.185 RON, this is due to the following changes in the structure:

- distribution of dividends during the year 2017, gross value of 4.499.623 lei;
- recording an accounting loss of 5.595.140 lei;
- removing from the retained earnings the revaluation differences recorded at the transition to IFRS (2012) and transferring them to the revaluation reserve account;
- the cancellation of deferred tax assets (receivable) related to the revaluations in 2012 in the amount of 2.617.676 lei;
- the additional constitution of the deferred tax on historical reserves in the amount of 4.598.746 lei

Total reserves held by the company amounted to 42.486.153 lei consisted of:

- Revaluation reserves net of deferred tax in the amount of 26.518.210 lei;
- Legal reserves in the amount of 1.213.255 lei;
- Other reserves in the amount of 2.890.579 lei;
- Reserves from the revaluation surplus realized in the amount of 11.819.196 lei;
- Other reserves from the reported result in the amount of 44.913 lei.

These elements of equity have been restated, following last evaluation at fair value for tangible performed at the end of 2016.

Company continued in 2017 to manage capital and considering all its components as defined by the Romanian legislation. There were no cases of exclusion of quantitative or consideration as a component of equity in the balance sheet items other than those covered in domestic legislation.

14. Trade payables and other liabilities

Individual situation at its parent company shows:

	31.12.2016	31.12.2017
Commercial suppliers	4.391.760	4.712.526
Suppliers investment	379.198	590.836
Suppliers - Contributors	11.211	11.211
Amounts debts to credit institutions	2.827.608	6.029.637
Debts to the state budget	137.025	170.676
Debts to the employees	109.093	121.701
Current income tax	3.058.824	0
Other debts	1.861.775	832.616
Total	12.776.494	12.469.203

The classification of individual debts as of 31.12.2017 by maturity is as follows:

	Total Debt	Under 1 year	1-5 years	Over 5 years
Commercial suppliers	4.712.526	4.712.526	0	0
Suppliers investment	590.836	590.836	0	0
Suppliers - Contributors	11.211	11.211	0	0
Amounts debts to credit institutions	6.029.637	4.991.902	1.037.735	0
Debts to the state budget	170.676	170.676	0	0
Debts to the employees	121.701	121.701	0	0
Current income tax	0	0	0	0
Other debts	832.616	832.616	0	0
Total	12.469.203	11.431.468	1.037.735	0

At Group level, the situation is:

	31.12.2016	31.12.2017
Commercial suppliers	4.344.728	4.627.309
Suppliers investment	379.198	590.836
Suppliers - Contributors	11.211	11.211
Amounts debts to credit institutions	2.827.608	6.029.637
Debts to the state budget	174.822	220.897
Debts to the employees	120.956	133.763
Current income tax	3.060.215	0
Other debts	1.861.775	832.616
Total	12.780.513	12.446.269

The classification of consolidated debts as of 31.12.2017 by maturity is as follows:

	Total Debt	Under 1 year	1-5 years	Over 5 years
Commercial suppliers	4.627.309	4.627.309	0	0
Suppliers investment	590.836	590.836	0	0
Suppliers - Contributors	11.211	11.211	0	0
Amounts debts to credit institutions	6.029.637	4.991.902	1.037.735	0
Debts to the state budget	220.897	220.897	0	0
Debts to the employees	133.763	133.763	0	0
Current income tax	0	0	0	0
Other debts	832.616	832.616	0	0
Total	12.446.269	11.408.534	1.037.735	0

15. Loans

Regarding loans company, continued the policy of appealing to funds raised to finance working capital.

Bank loans in progress at the end of 2017 are contracted only in the parent company S.C. Sinteza S.A. and are the following:

1. Credit investments to expand and modernize manufacturing facility benzoic acid, guaranteed by mortgage on land and buildings located in Oradea Borsului Road No.35 and with pledge on current account of the company opened at the financing bank and the assignment of the insurance policy on the property pledged as collateral.
2. Credit line to support current activity, guaranteed by mortgages on land and buildings located in Oradea, Borsului Road No.35, pledge on the current account of the company opened with bank financing and divestment of the insurance policy on the property pledged as collateral;
3. Medium term loan for working capital, guaranteed by mortgage on land and buildings located in Oradea, Clujului Road no.159, as well as with a real security guarantee on the credit balances of the company's accounts opened at the financing bank and with the assignment of the insurance policy on the assets brought under the guarantee..

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

In September 2017, the Company closed a leaseback, refinancing it with a working capital loan.

16. Impairment of receivables - customers

In the year 2017, the company has adjustments for doubtful debts amounting to 236.776 lei. The Company entered into consolidation CHIMPROD SA did not record such operations.

Additional depreciations in the amount of RON 86.250 were made for the shares held by Sinteza SA at Chimprod SA.

Provisions for risks and expenses were created as follows:

- provisions for unpaid leave in the amount of 58.640 lei;
- provisions for litigations amounting to 78.259 lei

17. Income in advance

In 2017 the company reflected in the statement of income amounts received in advance from customers in future deliveries account. Account balance on 31.12.2017 amounting to 281.102,46 lei highlights the value of these advances for merchandise contract has not been invoiced and delivered to beneficiaries:

- 229.875 lei advance payment for a sale-purchase promise of the company-owned asset in Oradea, Borsului Road, nr. 19 D (formerly 21), consisting of industrial buildings and related land. The promise was signed in October 2017, and the transaction is due to be completed in the first half of 2018;
- 51.227,46 lei other advances from customers for goods to be delivered;

18. Turnover

The turnover of financial year 2017 is as follows:

Individual situation at its parent company shows:

	31.12.2016	31.12.2017
Revenue from the sale of finished products	24.903.526	24.262.733
Income from sale of goods	1.244	0
Income from rents and locations	1.459.393	1.498.792
Revenue from rendering of services	259.203	246.721
Other revenue (invoicing, waste products)	24.228	96.718
Total	26.647.594	26.104.964

At Group level, the situation is:

	31.12.2016	31.12.2017
Revenue from the sale of finished products	24.697.822	24.262.733
Income from sale of goods	1.244	0
Income from rents and locations	919.393	958.792
Revenue from rendering of services	265.743	247.645
Other revenue (invoicing, waste products)	24.228	96.718
Total	25.908.430	25.565.888

A reportable segment is a component of an entity that engages in business activities from which it can get revenues from which can incur expenditure, the results of which are reviewed periodically and for which separate financial information is available.

The company did not hold separate components that engage in business activities, items of income derived from activities other than industrial production data being incidental.

The share is the main business activity of industrial production, the result of which is reviewed periodically by the chief operating.

With regard to the company's sales in 2017, they can be segmented in two areas as follows:

- sales on the foreign market in the amount of 23.572.670 lei;
- domestic sales in the amount of 2.532.294 lei

19. Raw material costs and consumables

Individual situation at its parent company shows:

	31.12.2016	31.12.2017
Raw materials	15.347.023	15.197.359
Consumables	274.227	217.840
Combustible	63.326	58.800
Spare parts	46.043	22.658
Labor protection and other materials	26.333	23.451
Total	15.756.952	15.521.108

At Group level, the situation is:

	31.12.2016	31.12.2017
Raw materials	15.347.023	15.197.359
Consumables	383.411	233.150
Combustible	64.344	58.842
Spare parts	46.590	24.359
Labor protection and other materials	30.495	27.072
Total	15.871.863	15.540.782

20. Other material expenses

Individual situation at its parent company shows:

	31.12.2016	31.12.2017
Packing	449.833	405.358
Materials inventory objects	42.990	26.006
Other materials anstocked	2.494	3.225
Total	495.317	434.589

At Group level, the situation is:

	31.12.2016	31.12.2017
Packing	449.833	405.358
Materials inventory objects	49.131	95.165
Other materials anstocked	3.106	4.173
Total	502.070	504.696

21. Expenses for employees

Individual situation at its parent company shows:

	31.12.2016	31.12.2017
Expenditure on staff salaries	2.641.687	2.835.839
Social security and social protection	656.383	870.285
Total	3.298.070	3.706.124

At Group level, the situation is:

	31.12.2016	31.12.2017
Expenditure on staff salaries	3.034.404	3.227.911
Social security and social protection	749.023	986.206
Total	3.783.427	4.214.117

Company employees are paid according to the salary negotiated individual contracts of employment with the full range of social benefits provided by Romanian legislation. At the company level there is a collective agreement

and therefore not awarded additional benefits in the short term, long term or post-employment benefits Share-based payment. Key management personnel of the company enjoy the same rights as the rest of the employees salary without existing rights and additional benefits.

Board members are paid a fixed monthly allowance, established by the General Meeting of Shareholders. During 2017 total expenditure allowance administrators were 216.192 lei.

22. Expenses external supply

Individual situation at its parent company shows:

	31.12.2016	31.12.2017
Maintenance and repairs	459.292	810.690
Post and telecommunications	32.147	30.164
Advertising and publicity	83	0
Transport	757.600	873.463
Banking services	178.896	127.647
Trips and delegations	25.598	32.060
Protocol	4.205	6.445
Collaborators	196.552	216.192
Rents	84.975	205.876
Fees	53.665	68.752
Insurance	27.210	24.088
Other expenses for third party services	886.823	599.289
Total	2.707.046	2.994.666

At Group level, the situation is:

	31.12.2016	31.12.2017
Maintenance and repairs	137.234	185.190
Post and telecommunications	32.318	30.164
Advertising and publicity	83	0
Transport	757.600	873.463
Banking services	181.723	129.301
Trips and delegations	26.219	32.120
Protocol	4.205	6.445
Collaborators	196.552	216.192
Rents	84.975	206.337
Fees	58.365	68.752
Insurance	27.210	24.088
Other expenses for third party services	710.927	466.919
Total	2.217.411	2.238.971

23. Financial income and expenses

Individual situation at its parent company shows:

	31.12.2016	31.12.2017
Interest income	1.658	1.200
Income from exchange rate differences	531.006	283.369
Other financial revenue	0	49.005
Total	532.664	333.574
Interest expenses	433.992	245.905
Expences from exchange rate differences	546.625	404.047
Other financial expenses	0	-1.840
Total	980.617	648.112

At Group level, the situation is:

	31.12.2016	31.12.2017
Interest income	1.658	1.200
Income from exchange rate differences	531.006	283.369
Other financial revenue	0	49.005
Total	532.664	333.574
Interest expenses	433.992	245.905
Expences from exchange rate differences	546.625	404.047
Other financial expenses	0	-1.840
Total	980.617	648.112

24. Current and deferred income tax

Individual situation at its parent company shows:

	31.12.2016	31.12.2017
<i>Current income tax</i>		
Current income tax expense	3.234.388	0
<i>Tax deferred income</i>		
Tax deferred income	0	4.540.257

At Group level, the situation is:

	31.12.2016	31.12.2017
--	------------	------------

Current income tax

Current income tax expense	3.255.781	0
----------------------------	-----------	---

Tax deferred income

Tax deferred income	0	4.540.257
---------------------	---	-----------

Here are details of the deferred tax status:

Deferred income tax liabilities (RON)	31.12.2016	Capital account moves	Income moves	Other moves	31.12.2017
related tangible assets recognized in equity	(2.609.988)	4.598.746	-	2.609.988	4.598.746
related provisions	-		(58.489)	-	(58.489)
Total	(2.609.988)	4.598.746	(58.489)	2.609.988	4.540.257

The Company did not recognize the deferred tax liability for the tax loss of RON 5.595.140 because it is unlikely that future profits will be used to cover the tax loss.

25. Earnings per share

SC Sinteza SA realized in 2017 a net accounting loss of 5.595.140 lei. It is not intended to distribute dividends to shareholders in the form of dividends from the reserves set up in previous years.

In the shareholding structure does not register with right holders for distribution of dividends in other parts odds.

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

In a reasonable period no intention of diluting shares through a Preferential distribution. This leads to a draw between earnings per share basic and diluted one, as above.

In the course of 2017 have not been proposed or declared dividends from the profit year, prior to approving the financial statements by the Board of Directors.

The Company has registered in the dividend account amounts representing dividends approved for distribution and not issued until the end of 2017.

26. Related parties

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

On 31.12.2017 Board consisted of:

Claudiu Sorin Pasula, Chairman of the Board
Radu Vasilescu, member of the Board

Cosmin Vasile Turcu, member of the Board

On 31.12.2017 executive management consisted of:

General Manager	Catalin Marias
Sales Manager	Dinu Vancea
Financial Manager	Viorel Florut – Vese

During the year 2017 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: 540.000 RON
- Purchases from the subsidiary of the parent company: 1.132.991 RON.

Revenues from sales of SC Sinteza SA in relation to affiliated company SC CHIMPROD come from the monthly equivalent rent for space used inside the industrial platform, according to the lease contract between the parties. SC Sinteza SA purchases from affiliated company SC CHIMPROD SA are embodied in the provision of services which the latter they carry monthly maintenance production units and administrative spaces, but the investment works.

28. Other liabilities

The parent company and the affiliated company do not record other commitments as of 31.12.2017.

29. Assets and Contingent Liabilities

There are no other contingent assets or liabilities at the company or group.

30. Events after the financial statements

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

31. Standards and new interpretations

Standards that have entered into force in the current period, applicable to the Company:

- Amendments to IFRS 12 "Presentation of Interests in Other Entities". The amendment clarifies that the reporting requirements presented by the Standard except for those in paragraphs B10 to B16 apply to interests that are classified as held for sale held for distribution to owners or discontinued operations in accordance with IFRS 5.

- Amendments to IAS 12 "Income Tax" on the Recognition Conditions for a deferred tax asset related to unrealized loss.
- Amendments to IAS 7 "Statement of Cash Flows". These amendments require an entity to provide disclosures that allow users of financial statements to assess changes in the liabilities arising from financial activities

Standards, amendments and interpretations that will enter into force after January 1, 2018

- IFRS 15 " Revenue from contracts with customers " (applicable for annual periods beginning on or after 1 January 2018)
- IFRS 9 "Financial Instruments" (applicable for annual periods beginning on or after 1 January 2018)
- IFRS 16 "Leasing" (applicable for annual periods beginning on or after 1 January 2019)
- IFRS 17 "Insurance Contracts" (applicable for annual periods beginning on or after 1 January 2021)

Amendments to Standards: IFRS 1, IFRS 2, IFRS 4, IFRS 7, IFRS 18, IAS 28, IAS 40, Bearer on 1 January 2018.

Interpretations IFRIC 22 "Foreign Currency Transactions and Deductions applicable from 1 January 2018

IFRIC Interpretations 23 " Uncertainty about Income Tax Treatments " applicable from 1 January 2019.

Estimating the impact of adoption of IFRS 9 and IFRS 15

The company must adopt the new standards, respectively IFRS 9 and IFRS 15, from 01.01.2018. the application of IFRS 9 as of 01.01.2018 requires the reclassification of financial assets held for sale at fair value through other comprehensive income on financial assets held for sale at fair value through profit or loss.

Applying IFRS 9 will not impact on financial statements.

The company recognizes revenue as products are delivered and delivered. Based on this estimate, the Company does not expect the application of IFRS 15 to have a material impact on the financial statements.

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 the standards of training, roles and employees understand their 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 credit policy analyze each individual client again before i offer standard payment and delivery terms.

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

All this characteristic of the market requires the company to not require collateral for its receivables.

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

Liquidity risk is the risk the Company or the Subsidiary to difficulties in meeting its financial obligations associated with financial or who 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, affecting 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:

At the parent company level:

	Lei	Euro (RON Equivalent)	USD (RON Equivalent)
<i>31,12,2017</i>			
Financial assets			
Trade receivables and other receivables	2.867.744	1.643.520	0
Cash and cash equivalents	247.468	2.664	1.132
Total	3.115.212	1.646.184	1.132
Financial liabilities			
Loans	0	6.029.636	0
Trade payables and other liabilities	4.044.361	138.798	2.256.408
Total	4.044.361	6.168.434	2.256.408

At Group level:

	Lei	Euro (RON Equivalent)	USD (RON Equivalent)
<i>31,12,2017</i>			
Financial assets			
Trade receivables and other receivables	1.506.734	1.643.520	0
Cash and cash equivalents	248.252	2.664	1.132
Total	1.754.986	1.646.184	1.132

Financial liabilities			
Loans	0	6.029.636	0
Trade payables and other liabilities	4.046.473	138.798	2.256.408
Total	4.046.473	6.168.434	2.256.408

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 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.

DECLARATION

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

They have been prepared annual financial statements for 31.12.2017:

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 1804/2014 and Order 470/2018, on the application of IFRS, applicable to companies whose securities are admitted to trading on a regulated market.

Mr.Radu Vasilescu, Chairman of the Board of Directors of the Company, assumes responsibility for drawing annual financial statements at 31.12.2017 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 an analysis correct administration of the development and performance of the company and 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
Autorizatie CAFR 777/2007

INDEPENDENT AUDITOR'S REPORT

To shareholders SINTEZA SA

Report on the audit of financial statements

Reserve opinion

1. We have audited the consolidated and individual financial statements of SINTEZA SA and its subsidiary ("the Group"), with its registered office in Oradea, Soseaua Borsului nr. 35, identified by the unique fiscal code 67329, which includes the consolidated and individual situation of the financial position as at December 31, 2017, the consolidated and individual situation of the overall result, the consolidated and individual situation of the changes in the equity and the consolidated and individual situation of the flows cash and cash equivalents for the year ended on that date, and the notes to the financial statements, including a summary of significant accounting policies. Situațiile financiare consolidate la 31 decembrie 2017 se identifică astfel:

Total equity:	45.474.613 RON
Net loss of the financial year:	(6.015.232) RON

2. In our opinion, with the exception of the possible effects of the issue described in the Basis for the Revised Opinion in our report, the accompanying consolidated and separate financial statements provide a true and fair view of the Group's financial position as at 31 December 2017 and its performance consolidated and individual financial statements and consolidated and individual cash flows for the year ended on that date, in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of accounting regulations in line with International Financial Reporting Standards.

The basis for the opinion with reservations

1. We were appointed auditors of Sinteza SA by the General Assembly of Shareholders on March 26, 2018. The commitment for the audit of the financial statements ended on December 31, 2017 was signed after the closing of the exercise, we did not participate in stock inventory and could not get sufficient and adequate audit evidence with the privilege to exist and the fair value of stocks of raw materials, finished products and assets held for sale. The company's stocks, registered in the consolidated financial position, amount to RON 8,119,350.

2. We conducted our audit in accordance with International Standards on Auditing (IAS), EU Regulation No 537 of the European Parliament and the European Council (hereafter "the Regulation") and Law No 162/2017

Our responsibilities based on these standards are described in detail in section

"Auditor's Responsibilities in an Audit of Financial Statements"

In our report we are independent of the Company, according to the Ethical Code of Professional Professionals issued by The Accounting Council (IESBA Code), according to ethical requirements that are relevant to the audit of the financial statements in Romania, including the Regulations and the Law, and we have fulfilled ethical responsibility, according to these requirements and according to the IESBA Code. We believe the evidence of the audit we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit key issues

1. Key audit issues are those aspects that, based on our professional judgment, have been of the highest importance for the audit of the current period's financial statements. These issues have been addressed in the context of the audit of the overall financial statements and in forming our opinion on them and we do not provide a separate opinion on these issues.

For each of the key issues below, we presented a description of how our audit addressed the issue in that context.

Recognition of deferred tax

The deferred tax information is presented in note 14.

Deferred tax receivables and payables are important to our audit because can influence both the financial position and the overall result. The company registered in the exercise 2017 a tax loss and consequently the recognition of a deferred tax asset.

In order to assess the recoverability of the deferred tax asset, rationing is required management of the expected taxable income.

Our audit procedures included:

- calculation of taxable temporary differences on fixed assets and tax postponed for differences between book value and tax;
- Recognition of deferred tax liability related to revaluation differences in the capital;
- calculation of deductible temporary differences and recognition of tax receivable postponed to the overall result;
- assessing management's assumptions about the recoverability of the tax claim deferred tax loss and compliance with IAS 12 Income Tax;
- Adjustment of deferred tax liability recognition errors

As a result of our audit work, we have not identified unadjusted errors.

Revenue recognition

From Note 18 to the financial statements, it results that the share of revenues related to turnover come from the sale of finished products.

Revenues from these activities are recognized upon delivery of the goods sold. We have appreciated that the recognition of income depends on the completeness and existence of registered earnings, with a variety of factors influencing their level for achieving key performance indicators of the Company.

We considered income recognition to be significant for the audit, as there is an inherent risk associated with their recognition, determined by the achievement of the objectives set.

Our audit procedures for assessing revenue recognition include:

-Evaluation of the Company's accounting policies on income recognition and if it complies with the requirements of IAS 18 "Revenue";

-testing internal controls and performing, on a sample basis, details of tests to verify the correct recording of transactions;

-examination of the sales record after closing the exercise to verify the observance of the principle of exercise independence, taking into account the services rendered towards the end of the period and invoiced in the next period.

Other Information - Consolidated Administrator's Report

2. Administrators are responsible for compiling and presenting other information. That other information includes the consolidated Directors' report but does not include the consolidated financial statements and the auditor's report thereon.

Our opinion on the consolidated financial statements does not cover this and other information

unless explicitly mentioned in our report, we do not express any kind of insurance conclusion about them.

In connection with our audit of the consolidated financial statements for the year ended 31 December 2017, it is our responsibility to read that other information and, in this regard, we assess whether that information is materially inconsistent with the financial statements or with the knowledge we have we obtained them during the audit, or if they appear to be significantly distorted.

Regarding the consolidated report of the directors, I also read the report if it was drafted, in all significant aspects, in accordance with the Order of the Minister of Public Finance no. 2844/2016, paragraphs 26-28;

On the sole basis of the activities to be performed during the audit of the financial statements, in our opinion:

- a) The information presented in the consolidated Administrator's Report for the financial year for which the consolidated financial statements have been prepared is consistent, in all material respects, with the consolidated financial statements;
- b) The consolidated report of the directors was drafted, in all significant aspects, in accordance with the Order of the Minister of Public Finance no. 2844/2016, paragraphs 26-28.

In addition, based on our understanding and understanding of the Group and its environment, acquired during the audit of the consolidated financial statements for the financial year ended December 31, 2017, we are required to report whether we have identified material misstatements in the Consolidated Statement of Comprehensive Income administrators. We have nothing to report on this issue.

Responsibilities of management and those responsible for governance for consolidated financial statements

3. Management is responsible for preparing the financial statements to provide a true and fair view in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of accounting regulations that comply with International Financial Reporting Standards and for internal control that the management considers necessary to enable the

- preparation of consolidated financial statements without significant misstatement, whether due to fraud or error.
4. In preparing the consolidated and individual financial statements, management is responsible for assessing the Group's ability to continue its business, to present, if necessary, business continuity issues and use of accruals based on business continuity, except in which management either intends to liquidate the Group or stop operations or has no realistic alternatives outside of them.
 5. The persons responsible for governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities in an Audit of Financial Statements

6. Our objectives are to obtain reasonable assurance about the extent to which the consolidated financial statements, as a whole, are free of material misstatement, whether due to fraud or error, and to the issuance of an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit performed in accordance with ISAs will always detect significant misstatement, if any. Defects can be caused by either fraud or error and are considered significant if it can reasonably be expected that these, individually or cumulatively, will influence the economic decisions of users made on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism during the audit. Also:

- We identify and evaluate the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, we design and execute audit procedures in response to those risks, and obtain sufficient audit evidence to provide a basis for our opinion. The risk of not detecting significant misstatement caused by fraud is higher than the failure to detect a significant misstatement caused by error, as fraud may imply secret, false, deliberate omissions, false statements, and avoidance of internal control.
 - We understand the internal audit relevant to the audit in order to design audit procedures that are appropriate to the circumstances, but the scope of the audit was to express an opinion on the effectiveness of the Group's internal control.
 - We assess the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related representations made by management.
 - Formulate a conclusion on the appropriateness of the use of the accounting by conducting business on the basis of the continuity of our activities and determinations, based on the audit evidence obtained, if there is significant uncertainty about events or conditions that could generate significant doubts about the ability The Group to continue its activity. If we conclude that there is a significant uncertainty, we need to draw attention to the auditor's report on the accompanying disclosures in the financial statements or, if these presentations are inappropriate, to change our opinion. Our findings are based on audit evidence obtained by the date of the auditor's report. However, future events or conditions may cause the Group to continue its business on a going concern basis.
 - We evaluate the presentation, structure and content of the consolidated financial statements, including the presentation of information, and the extent to which the financial statements reflect the transactions and the events underlying them in a manner that results in a fair presentation.
7. Communicate to those responsible with government, among other things, the area planned and the timing of the audit, and the main audit findings, including any deficiencies in internal control that we identify during the audit.
 8. We also provide people in charge of governance with a statement of our compliance with ethical requirements on independence, and communicate to them all relationships and other

matters that can reasonably be considered to affect our independence and, where appropriate, the measures related safety.

9. Of the issues we have communicated to the people in charge of governance, we set out those issues that were of greater importance in the audit of the financial statements of the current period and therefore represent key audit issues. We describe these issues in our audit report unless the legislation or regulations prevent public disclosure of the issue or the case where, in very rare circumstances, we consider that an aspect should not be communicated in our report because it is expected in that the benefits of the public interest are outweighed by the negative consequences of this communication.

Report on Other Legal and Regulatory Provisions

10. We have been appointed by the General Assembly of Shareholders on March 26, 2018 to audit the consolidated financial statements of SINTEZA SA and its subsidiary for the year ended December 31, 2017. The total uninterrupted duration of our commitment is 1 year, covering the financial year ended at 31.12.2017. Confirm that:

- In the conduct of our audit, we have maintained our independence from the audited entity.

- We have not provided for the Sinteza SA and its subsidiaries the non-audited, non-audited, mentioned services in Article 5 (1) of EU Regulation No.537 / 2014.

Consistency with the additional report to the Audit Committee

Our audit opinion on the consolidated and individual financial statements in this report is in line with the additional report to the Audit Committee of the Company that we issued the same date we issued this report.

In the name:

**ACF Confident SRL
Oradea, str. Dimitrie Cantemir 24-26**

**Registration at the Chamber of Financial Auditors
From Romania with the number 777/2007**

**Urs Parasca - partner
Registered to the Chamber of Financial Auditors
From Romania with the number 1207/2001**

Oradea, 25 April 2018