

S.C. Sinteza S.A.

Individual and consolidated financial statements
30 June 2017

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

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Individual Financial Statements

30 June 2017

Indicator	(RON)	(RON)
	30.06.2017	31.12.2016
Tangible assets		
Land and land improvements	13.971.880	13.971.880
Building	15.713.569	15.951.950
Technical installations and means of transport	15.397.016	16.237.119
Furniture, office equipment	17.453	18.837
Tangible assets under construction	6.613.279	5.527.632
Advances for property and equipment	0	0
Intangible assets		
Development expenses	0	0
Concessions, patents, licenses, trademarks, similar rights and assets and other intangibles	581.826	610.506
Financial assets		
Shares in subsidiaries and other long term investments	116.609	110.332
Total Fixed assets	52.411.632	52.428.256
Current assets		
Stocks	7.042.152	6.183.475
Trade receivables and other receivables	5.924.647	11.773.419
Prepaid expenses	606.873	434.940
Cash and cash equivalents	126.427	3.101.497
Assets classified as held for sale	4.164.340	4.164.340
Total Current assets	17.864.439	25.657.671
Total Assets	70.276.071	78.085.927
Equity		
Capital	9.916.889	9.916.889
Share premium		0
Reserves	55.531.330	55.531.330
Result for the year	-1.330.006	2.760.412
Earnings	-5.828.754	-2.737.739
Other components of equity	-540	-1.352.345
Total Equity	58.288.919	64.118.547
Long term liabilities		
Long term loans and other liabilities	3.107.336	3.780.741
Advance recorded revenue	0	0
Provisions	0	0
Deferred tax liabilities	0	0
Total Long Term Liabilities	3.107.336	3.780.741
Current liabilities		
Short term loans	3.187.730	220.644
Trade payables and other liabilities, including derivatives	5.674.977	9.948.886
Advance recorded revenue	17.109	17.109
Provisions	0	0
Liabilities classified as held for sale	0	0
Total Current Liabilities	8.879.816	10.186.639
Total Liabilities	11.987.152	13.967.380
Total Equity and Liabilities	70.276.071	78.085.927

General Manager
Marias Catalin

SOCIETATEA SA
"SINTEZA"
S.A.
ORADEA

Financial Manager
Florut Vese Viorel

Consolidated statement of financial position
30 June 2017

Indicator	(RON)	(RON)
	30.06.2017	31.12.2016
Tangible assets		
Land and land improvements	13.971.880	13.971.880
Building	15.713.569	15.951.950
Technical installations and means of transport	15.535.426	16.384.756
Furniture, office equipment	17.453	18.837
Tangible assets under construction	6.415.270	4.621.871
Advances for property and equipment	0	0
Intangible assets		
Development expenses	0	0
Concessions, patents, licenses, trademarks, similar rights and assets	581.826	610.506
Financial assets		
Shares in subsidiaries and other long term investments	33.258	26.981
Total Tangible and Intangible assets	52.268.682	51.586.781
Current assets		
Stocks	7.315.136	6.457.159
Trade receivables and other receivables	4.518.130	10.365.708
Expenses in advance	606.873	434.940
Cash and cash equivalents	129.163	3.108.976
Assets classified as held for sale	4.164.340	4.164.340
Total Current assets	16.733.642	24.531.123
Total Assets	69.002.324	76.117.904
Equity		
Capital	9.920.639	9.920.639
Share premium	0	0
Reserves	56.973.958	56.875.357
Result for the year	-1.541.680	1.887.468
Earnings	-8.273.914	-5.182.899
Other components of equity	-540	-1.354.061
Total Equity	57.078.463	62.146.504
Long term liabilities		
Long term loans and other liabilities	3.107.336	3.780.741
Advance recorded revenue	0	0
Provisions	0	0
Deferred tax liabilities	0	0
Total Long Term Liabilities	3.107.336	3.780.741
Current liabilities		
Short term loans	3.187.730	220.644
Trade payables and other liabilities, including derivatives	5.611.686	9.952.906
Advance recorded revenue	17.109	17.109
Provisions	0	0
Liabilities classified as held for sale	0	0
Total Current Liabilities	8.816.525	10.190.659
Total Liabilities	11.923.861	13.971.400
Total Equity and Liabilities	69.002.324	76.117.904

General Manager
Maria Catalin



Financial Manager
Florut Vese Viorel

Individual Statement of Comprehensive Income

30 June 2017

Indicator	(RON)	(RON)
	30.06.2017	30.06.2016
Continue activities		
Revenue	12.791.783	14.211.519
Other incomes	84.293	855.455
Stock variations	786.563	427.044
Total operating income	13.662.639	15.494.018
Expenditure on stocks	8.276.695	8.158.985
Expenditure on utilities	1.490.911	2.006.907
Employee benefits expense	1.891.957	1.501.568
Depreciation and amortization of fixed assets	1.109.948	996.084
Wins / losses on disposal of property	50.122	147.126
Adjustment of current assets	0	167.928
Provisions		
Other expenses	2.137.396	1.551.719
Total operating expenses	14.957.029	14.530.317
Result of operational activity	-1.294.390	963.701
Financial income	219.963	292.215
Financial expenses	255.579	558.477
Net Financial Result	-35.616	-266.262
Result before tax	-1.330.006	697.439
Current income tax expense	0	136.081
Deferred income tax expense	0	0
Income from deferred taxes		
The result from continuing activities	-1.330.006	561.358
Total comprehensive income for the period	-1.330.006	561.358

General Manager
Marius Catalin



Financial Manager
Florut Vese Viorel

Consolidated Statement of Comprehensive Income

30 June 2017

Indicator	(RON)	(RON)
	30.06.2017	30.06.2016
Continue activities		
Revenue	12.521.783	13.943.919
Other income	84.293	832.955
Stock variations	786.563	427.044
Total operating income	13.392.639	15.203.918
Expenditure on stocks	8.357.155	8.262.558
Expenditure on utilities	1.490.911	2.006.907
Employee benefits expense	2.155.052	1.727.546
Depreciation and amortization of fixed assets	1.119.175	1.005.311
Wins / losses on disposal of property	50.122	147.126
Adjustment of current assets	0	167.928
Provisions		
Other expenses	1.726.288	1.324.364
Total operating expenses	14.898.703	14.641.740
Result of operational activity	-1.506.064	562.178
Financial income	219.963	292.215
Financial expenses	255.579	558.477
Net Financial Result	-35.616	-266.262
Result before tax	-1.541.680	295.916
Current income tax expense	0	136.081
Deferred income tax expense		
Income from deferred taxes		
The result from continuing activities	-1.541.680	159.835
Total comprehensive income for the period	-1.541.680	159.835

General Manager
Maria Catalin



Financial Manager
Florut Vese Viorel

Statement of changes in equity - individual
30 June 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	
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								
Increases or (-) decreases in equity resulting from business combinations														
Payments in shares														
Other increases or (-) decreases in equity					1351805									
Total comprehensive income for the year					-1330006									1351805
Balance at closing (current period)	9916889				-1330006	-5828754	51427496	4103834	540					-1330006
														58288919

Statement of changes in equity - consolidated
30 June 2017

Surse de modificare a capitalurilor proprii	Capital social	Prime de capital	Instrum. De capital emise	Alte capitaluri proprii	Valoarea cumul. a altor elemente ale rezultat. global	Rezultatul reportat	Rezerve de reeval.	Alte rezerve	(-) Actiuni proprii	Profit sau pierdere(-) atribuit de capitaluri proprii ale soc. mama	Dividende interimare	Interese minoritare Valoarea cumul. a altor elem. ale rez. global	Alte elemente	Total
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					-1887468	1408607		98601						
Increases or (-) decreases in equity resulting from business combinations														-380260
Payments in shares														
Other increases or (-) decreases in equity					1353521									1353521
Total comprehensive income for the year					-1541680									-1541680
Balance at closing (current period)	9920639				-1541680	-8273914	51427496	5546462	540					57078463

Individual Statement of Cash Flows
30 June 2017

- lei -

	30.06.2017	30.06.2016
Cash flows from operating activities		
Receivables from clients	12.960.660	13.869.662
Other receipts (including VAT)	545.951	542.876
Payments to suppliers	14.060.719	12.756.671
Payments to employees	1.049.483	868.775
Payments to budget	3.628.051	1.132.139
Other payments	633.907	788.563
Net cash from operating activities	-5.865.549	-1.133.610
Cash flows from investing activities		
Payments for the acquisition of fixed assets	0	0
Proceeds from sale of tangible assets	4.346.010	10.793.671
Interest received		
Net cash from investing activities	4.346.010	10.793.671
Net cash from financing activities		
Proceeds from borrowings	8.253.217	12.416.248
Interest paid and refund loans	5.898.748	21.659.908
Dividends paid	3.810.000	537.777
Net cash from financing activities	-1.455.531	-9.781.437
Increase / (Decrease) net cash	-2.975.070	-121.376
Cash and cash equivalents at beginning of period	3.101.497	577.360
Cash and cash equivalents at end of period	126.427	455.984

Consolidated Statement of Cash Flows

30 June 2017

- lei -

	30.06.2017	30.06.2016
Cash flows from operating activities		
Receivables from clients	13.586.165	14.724.210
Other receipts (including VAT)	545.951	542.876
Payments to suppliers	14.411.680	13.343.916
Payments to employees	1.189.983	1.001.275
Payments to budget	3.749.788	1.260.828
Other payments	650.957	790.519
Net cash from operating activities	-5.870.292	-1.129.452
Cash flows from investing activities		
Payments for the acquisition of fixed assets	0	0
Proceeds from sale of tangible assets	4.346.010	10.793.671
Interest received		
Net cash from investing activities	4.346.010	10.793.671
Net cash from financing activities		
Proceeds from borrowings	8.253.217	12.416.248
Interest paid and refund loans	5.898.748	21.659.908
Dividends paid	3.810.000	537.777
Net cash from financing activities	-1.455.531	-9.781.437
Increase / (Decrease) net cash	-2.979.813	-117.218
Cash and cash equivalents at beginning of period	3.108.976	580.180
Cash and cash equivalents at end of period	129.163	462.962

Notes to the financial statements

1. Reporting entity

The parent company SC Sinteza S.A. it is headquartered in Oradea, Borsului road, No.35, no. of Commercial Register J / 05/197/1991. It is a joint stock company and operates in Romania in accordance with Law No.31 / 1990 on commercial companies.

The activity of the Company is the production and marketing of basic organic chemical products - CAEN code 2014.

The Company's shares are listed on the Bucharest Stock Exchange, category II, with STZ sign company.

On 30.06.2017, the parent company is owned by the following shareholders:

Current issue	Name	Percentage owned
1	BT Asset Management S.A.I. S.A., by F.I.I. BT Invest 1	51,8898
2	Tincau Tibor	28,1346
3	Other shareholders	19,9756
	Total	100,0000

Situation shares and shareholders is kept by SC Depozitarul Central SA Bucharest.

Entity to consolidation

For the first half of 2017 was included in the consolidation of the commercial company SC CHIMPROD SA, with the following identification data:

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

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

The company is managed by a mandate by SC Sinteza SA, having as permanent representative Mr. Pasula Claudiu Sorin.
Stake of SC Sinteza S.A. is 99.765% and the stake of non-controlling interest is 0.235%.

Issuing date of publication of financial statements

Financial communication calendar is approved by the Company's executive management in accordance with statutory provisions and communicated to the public through the company's website.

2. Basis of preparation

Statement of Compliance

The individual financial statements and consolidated the Group are prepared in accordance with International Financial Reporting Standards (IFRS). Starting with financial year 2012, the Company and the Group are required to apply International Financial Reporting Standards (IFRS), since the parent company shares are listed on the Bucharest Stock Exchange.

Basis of consolidation

The consolidated financial statements contain the financial statements of the parent company SC Sinteza S.A. and the 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 in IAS 1 "Presentation of Financial Statements", based on the statement of financial position liquidity and based on the nature of income and expenses in the statement of comprehensive income.

Functional currency of presentation

The functional currency is the RON chosen. The individual financial statements are presented in RON.

Basis of measurement

The individual financial statements and consolidated statements have been prepared on a historical cost basis, except for fixed assets which are measured at fair value.

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

It was going concern.

Use of estimates and judgments

Preparation and presentation of individual and consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) requires the use of estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts. The

estimates, judgments and assumptions are based on historical experience. The results of these estimates form the basis for judgments about the carrying amounts may not be obtained from other sources.

When some financial statement items can not be measured with precision, they estimated.

Estimates shall be based on the latest information at their disposal credible. The change in circumstances which the estimate was based or as a result of new information or a best experiences can lead to a modification of the initial estimate.

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

- ☐ period in which the change occurs 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 uses estimates to determine:

- ☐ bad debts and doubtful debts related adjustments;
- ☐ amount of provisions for risks and charges constituted a financial year for litigation, property, plant decommissioning, restructuring, pension and similar obligations for taxes.
- ☐ lifetime of depreciable assets for which the revaluation, the fair value is determined and a new term economic use.

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

3. Significant accounting policies

Parent and subsidiary organize and lead the financial accounting according to the Accounting Law no. 82/1991, with subsequent amendments and IFRS

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

The accounting policies have been developed so as to ensure the provision by the financial statements of certain information must be understandable, relevant to the needs of users in decision making, credible in the sense of faithfully represent assets, liabilities, financial position and profit or loss does not contain significant errors, not 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 its financial position and performance and be able to compare financial statements with those of other companies to assess the financial position and performance.

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

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

Foreign currency transactions

Operations in foreign currency 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 in the last working day of the month in question. Exchange differences are recognized in the accounts recorded in income or expense from exchange differences as appropriate.

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

Differences arising at value expressed in RON debt settlement, according to an exchange rate different from that to which they were originally recorded during the month or to those who are accounted to be recognized in the month in which they appear to other financial income and expenses.

Accounting for the effects of hyperinflation

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

Both the parent company and subsidiary did not do the adjustment of non-monetary items as they have been regularly evaluated and values are included in equity to the data. Since 2004 Romania's economy no longer meets the conditions of a hyperinflationary environment.

Financial instruments

Parent and subsidiary held as non-derivative financial assets: trade receivables, cash and cash equivalents.

Receivables include:

- ☐ trade receivables, which are amounts owed by customers for goods sold or services provided in the normal course of business;
- ☐ effects receivable, market acceptance, third party tools;
- ☐ amounts owed by directors, shareholders, employees or affiliates.

The claims outlined in accrual basis, according to legal or contractual provisions.

The effects can be expected receivable before maturity.

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

Differences in value during the settlement of claims occurring in RON, according to an exchange rate different from that to which they were originally

recorded during the month or to those who are accounted to be recognized in the month in which they appear to Other financial income and expenses.

Bank accounts include:

- ☐ amounts receivable (checks and notes deposited in banks)
- ☐ reserves in RON and foreign currency
- ☐ the checks issued by the company
- ☐ short-term bank loans
- ☐ Interest on cash and bank loans in current accounts.

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

Transactions of sale of foreign currency, including those developed within the settlement term contracts, are recorded in the accounting rate used by commercial banks at the currency auction is carried out without these accounts to generate foreign exchange differences.

Availability and foreign currency loans are evaluated monthly at the rate of the National Bank of Romania for the last working day of the month.

Liquidation of foreign currency deposits is performed 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 exchange differences as appropriate.

Tangible assets

Tangible assets are assets that:

- ☐ are held 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;
- ☐ plant and machinery;
- ☐ equipment and furniture;
- ☐ advances to suppliers of property;
- ☐ tangible in progress.

Tangible assets are valued at their entry into heritage, the cost of acquisition or production cost respectively.

Trade discounts from suppliers and included in the purchase invoice adjusted downwards the cost of acquisition of property.

Production cost includes direct costs related to the production assets such as direct materials, energy consumption for technological purposes, the costs of salaries, contributions and other legal related expenses, arising directly from the construction of property and equipment, costs of site preparation costs initial delivery and handling, installation and assembly costs, testing costs for the proper functioning of the asset, professional fees and fees paid in

connection with the asset, the cost of designing products and obtaining permits;

Subsequent expenditure on a tangible asset is recognized:

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

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

Tangible assets are revalued at an interval of 2 years, the last valuation being made on 12/31/2016.

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

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

The Group calculates and records, accounting, 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 company established for the main categories of property, its heritage, are common in the chemical industry.

Depreciation is recorded in the accounts as still life and depreciation method initially set. The depreciation of tangible assets, the Company uses the linear depreciation by the inclusion in operating expenses of uniform fixed amounts determined in proportion to the number of years of the life of their economic use for the following categories of assets: buildings and special constructions, technical installations, technological equipment, measuring equipment, control, regulation, transportation, office.

Lifetime originally set to be reviewed (or growth downward) whenever changes occur initially estimated usage conditions, there is an aging of a tangible asset, when there is a shelf-life or technique that reveals a state enable a longer life than originally estimated.

Following the revaluation life initially established, the amortization will be recalculated for the remaining period of use.

Tangible assets held under finance leases are recorded in the accounts according to the provisions of leases entered.

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

Intangible assets

Within intangible assets include:

- ☐ registration expenses;
- ☐ development costs;
- ☐ concessions, patents, licenses, trademarks, rights and similar assets, except those created by company;
- ☐ goodwill;
- ☐ other intangible assets;
- ☐ advance payments for intangible assets;
- ☐ intangible assets in progress.

An intangible asset must be recognized if and only if:

- ☐ It is estimated that future economic benefits 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 into heritage.

Development costs are recognized at their cost of production.

The production cost of property from development phase includes

Direct costs related to production such as direct materials, energy consumption for technological purposes, the costs of salaries, statutory contributions testing costs for the proper functioning of the asset, professional fees and fees paid in connection with the asset, the cost for the necessary authority.

Development costs are recognized as intangible assets development costs are amortized over the contract period or duration of use, where appropriate.

Amortization of intangible assets is allocated on a systematic basis over the best estimate of its useful life.

The method of amortization of intangible assets is a straight line.

Items of stocks

Entry recording of stocks is performed after the transfer of risks and rewards. Upon entry into company, stocks are evaluated and accounted at cost, which is determined as follows:

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

Trade discounts granted by suppliers on the invoice and purchase reduces the acquisition cost of goods.

In determining the cost of production using the default cost method

standard, taking into account normal levels of materials and supplies, labor, efficiency and production capacity.

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

At the exit from inventory and stocks are assessed by applying the FIFO method, the nature of inventory items that were purchased or produced first are those that are consumed or sold first. Items remaining in inventory at the end of the period are those that were most recently purchased or produced. In the balance sheet stocks 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 the estimated costs of completion and costs to sell.

When the company decides to change the use of a property, meaning that it will be sold, when taking decisions on changing the purpose, the accounting records transfer of property and equipment assets in the stocks determined to sale.

Revenue

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

Revenue category includes both amounts received or receivable in its own name and gains from any source.

Revenues are classified as follows:

- ☐ Operating revenue;
- ☐ Financial revenue;
- ☐ Extraordinary revenue.

Revenues are recognized on an accrual basis.

Revenues from sales of goods are recorded upon delivery of goods to buyers of their delivery based on the invoice or other conditions specified in the contract evidencing the transfer of ownership of those 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, in case of holding their own and no longer have effective control over them;
- c) 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.

Revenue from rendering of services are recorded in the accounts are made correlated with the stage of completion of the work.

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

Interest income is recognized periodically, proportionally, as the respective income generation.

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

Dividend income is recognized when the shareholder's right to set their charge.

Income from reduction or cancellation provisions or adjustments for depreciation or impairment is recorded where no longer justify their maintenance, risk or expense occurs achievement becomes chargeable.

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

Income received before the balance sheet date which are later financial year, the revenue is presented in advance.

Expenditure

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

- ☐ stocks and energy consumption;
- ☐ works and services provided by benefiting company;
- ☐ expenses for employees;
- ☐ execution of legal or contractual obligations;
- ☐ provisions;
- ☐ depreciation;
- ☐ adjustments for depreciation or impairment.

Keep on spending accounting of expenses, as follows:

- ☐ operating expenses;
- ☐ financial expenses, which include interest expenses and exchange differences
- ☐ extraordinary expenses, include only losses in disasters and exceptional occurrences.

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

Liability

Liability are evidenced in the accounts on behalf of third-party accounts. Accounting suppliers and other liabilities take into categories and each person or entity in hand.

Liabilities to employees are accounted retaining social security contributions and payroll taxes

Income taxes must be recognized as a debt payment to the extent unpaid.

Deferred income tax is the amount of income taxes paid in future period.

It is calculated based on the 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 legally enforceable right to offset current tax liabilities and receivables.

Foreign currency debt is accounted for in the RON, valued at the exchange rate of the National Bank of Romania for the day that they are registered.

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

Valuation of liabilities in the financial statements at their value is likely to pay.

Foreign currency debt valuation and those with settlement in RON depending on the course of currencies 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 at the moment:

- ☐ 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
- ☐ can be made a reliable estimate of the amount of the obligation.

Provisions are not recognized for future operating losses.

Provisions are reviewed at individual financial statement 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 from suppliers 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 is presented in the notes where 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 in the period of this change enrollment 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 financial statements are authorized for publication. They are presented in the notes when they are considered significant.

Standards and new interpretations

New interpretations have been issued, amendamende or standards that have not entered into force for the first half of 2017 or that were not adopted.

They have not been applied in preparing the half-yearly financial to 06/30/2017.

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

4. Determination of fair values

The Company assessed the fair value property items at the date of transition to IFRS and previous period financial statements 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:

	Lands	Buildings	Equipment and other	Tangible assets in progress	Total
<i>Assessed value</i>					
Balance at January 1, 2017	13.971.880	17.857.810	22.173.149	5.527.632	59.530.471
Increases	0	0	1.400	1.085.647	1.087.047
Decreases	0	0	0	0	0
Balance at June 30, 2017	13.971.880	17.857.810	22.174.549	6.613.279	60.617.518

<i>Amortization and impairment</i>			
Balance at January 1, 2017	1.905.860	5.917.194	7.823.054
Increases	238.381	842.887	1.081.268
Decreases	0	0	0
Balance at June 30, 2017	2.144.241	6.760.081	8.904.322

At group level, the situation is:

	Lands	Buildings	Equipment and other	Tangible assets in progress	Total
<i>Assessed value</i>					
Balance at January 1, 2017	13.971.880	17.857.810	22.394.604	5.527.632	59.751.926
Increases	0	0	1.400	1.085.647	1.087.047
Decreases	0	0	0	0	0
Balance at June 30, 2017	13.971.880	17.857.810	22.396.004	6.613.279	60.838.973
<i>Amortization and impairment</i>					
Balance at January 1, 2017		1.905.860	5.991.012		7.896.872
Increases		238.381	852.114		1.090.495
Decreases		0	0		0
Balance at June 30, 2017		2.144.241	6.843.126		8.987.367

Tangible assets include assets engaging in 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 capacity and improve manufacturing processes.

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 (Ra) is:

$$Aa = Ra \times Va$$

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

Where: Ra = annual amortization rate

Va = depreciable amount

DUN = normal period of use or useful life.

The useful lives of fixed assets commissioning functune were employed within the limits stipulated by the internal regulations regarding the classification of fixed assets and were not modified during 2017.

6. Intangible assets

The parent company heritage are highlighted in this group of assets, the value of paid licenses regulatory authorities of European manufacture and sale of chemical products.

Also during 2014 the company purchased software licenses and accounting, as reflected in the value of intangible assets accounts.

7. Financial assets

The parent company holds 99.765% stake besides the subsidiary SC CHIMPROD S.A. Oradea and other holdings:

1. A total of 337.454 shares to SSIF BRK FINANCIAL GROUP SA located in Cluj Napoca, representing 0.0999% of the share capital.
2. A total of 1,000 shares with nominal value of 1 RON, the Federation of Employers of Chemical Petrochemical Bucharest.

8. Stocks

Individual situation at its parent company shows:

	31.12.2016	30.06.2017
Raw materials	844.396	933.356
Finished products	4.467.153	5.207.163
Products in progress	778.803	822.909
Goods	23.089	23.053
Packing	70.034	55.671
Assets held for sale	4.164.340	4.164.340
Total	10.347.815	11.206.492

At group level, the situation is:

	31.12.2016	30.06.2017
Raw materials	1.184.942	1.205.702
Finished products	4.399.653	5.207.163
Products in progress	778.803	822.909
Goods	23.089	23.053
Packing	70.672	56.309
Assets held for sale	4.164.340	4.164.340
Total	10.621.499	11.479.476

9. Trade receivables

Individual situation at its parent company shows:

	31.12.2016	30.06.2017
Customers	8.419.456	2.766.401
Doubtful and disputed	0	0
Suppliers borrowers	32.653	12.376
Customer bill drafted		
Advance payments		
Impairment of receivables	(94.371)	(94.371)
Total	8.357.738	2.684.406

At group level, the situation is:

	31.12.2016	30.06.2017
Customers	6.870.937	1.295.990
Doubtful and disputed	63.889	63.889
Suppliers borrowers	32.653	32.653
Customer bill drafted		
Advance payments		
Impairment of receivables	(94.371)	(94.371)
Total	6.873.108	1.298.161

In 2017 Company's commercial relations continued to be formalized by commercial contracts, customers being the traditional. Over 90% of manufactured goods have been delivered directly to export to beneficiaries from member countries of European Union or Non. There is a definite dependence of the EU market.

10. Cash and cash equivalents

Individual situation at its parent company shows:

	31.12.2016	30.06.2017
Current accounts of banks	3.095.038	104.096
Cash in the cashier	6.248	6.069
Other values	211	16.262
Total	3.101.497	126.427

At group level, the situation is:

31.12.2016	30.06.2017
------------	------------

Current accounts of banks	3.101.720	106.069
Cash in the cashier	7.045	6.732
Other values	211	16.362
Total	3.108.976	129.163

11. Other receivables

Individual situation at its parent company shows:

	31.12.2016	30.06.2017
Suspense account pending clarification operations	471	34
Other claims related to employees	1.100	0
Other claims about the state budget (VAT recoverable)	804.122	627.996
Income tax (current receivables and deferred debt)	2.609.988	2.609.988
Total	3.415.681	3.238.018

At group level, the situation is:

	31.12.2016	30.06.2017
Suspense account pending clarification operations	471	34
Other claims related to employees	1.100	0
Other claims about the state budget (VAT recoverable)	804.433	628.002
Income tax (current receivables and deferred debt)	2.609.988	2.609.988
Total	3.415.992	3.238.024

12. Assets classified as held for sale

In this category were recorded during the previous years, fixed assets and parts from dismantled facilities that can be capitalized as individual assets, with a total value in the balance at 30.06.2017 of 4.164.340 RON.

13. Share capital and share premium

Mother shareholder structure is as follows:

	31.12.2016	30.06.2017
BT Asset Management S.A.I. S.A. by F.I.I. BT. Invest 1	51,8898 %	51,8898 %

Tincau Tibor	28,1346 %	28,1346 %
Others shareholders	19,9756 %	19,9756 %
Total	100 %	100 %

The subsidiary's shareholding structure is as follows:

	31.12.2016	30.06.2017
SC Sinteza SA	99,765 %	99,765 %
Other shareholders	0,235 %	0,235 %
Total	100 %	100 %

According to legal requirements, to the parent company and the entity entered the consolidation constitute legal reserves in the proportion of 5% of profits recorded up to the amount representing 20% of the share capital.

Reserves held by the company in the amount of 55.531.330 RON consists of:

- Revaluation reserves in the amount of 51.427.496 RON;
- Legal reserves in the amount of 1.213.255 RON;
- Other reserves in the amount of 2.890.579 RON

Company continued to manage capital in 2017 considering all its components as defined by the Romanian legislation. There were no quantitative data exclusion situations or consideration as part of equity in balance sheet items other than those covered in the law.

14. Trade payables

Individual situation at its parent company shows:

	31.12.2016	30.06.2017
Commercial suppliers	4.391.760	3.008.009
Suppliers investment	379.198	876.242
Suppliers - Contributors	11.211	11.211
Debts to credit institutions	2.827.608	5.250.733
Debts to the state budget	137.025	488.005
Payables to employees	109.093	144.140
Current income tax	3.058.824	0
Other liabilities	1.861.775	1.147.370
Total	12.776.494	10.925.710

At group level, the situation is:

	31.12.2016	30.06.2017
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Commercial suppliers	4.344.728	2.971.132
Suppliers investment	379.198	746.740
Suppliers - Contributors	11.211	11.211
Debts to credit institutions	2.827.608	5.250.733
Debts to the state budget	174.822	579.914
Payables to employees	120.956	155.319
Current income tax	3.060.215	0
Other liabilities	1.861.775	1.147.370
Total	12.780.513	10.862.419

15. Loans

Regarding loans, continued the policy of appealing to funds raised in order to complete the extension and modernization of production capacities.

Bank loans used in 2017 are set only in the parent company SC Sinteza S.A. and are the following:

1. Credit investments, contracted in 2012, for expansion and modernization of benzoic acid manufacturing facility, guaranteed by mortgages on land and buildings located in Oradea, st. Borsului No.35, with pledge over the credit balances of accounts opened at the bank financing company and assignment of the insurance of the goods as collateral.
2. Line of credit, contracted in 2012, for supporting the current activity, guaranteed by mortgages on land and buildings located in Oradea, st. Borsului No.35, with pledge over the credit balances of accounts opened at the bank financing company and assignment of the insurance on the goods as collateral.
3. A real estate financial lease contracted in 2016 guaranteed by the property subject to leasing operation, respectively land and buildings located in Oradea st. Borsului, no.21, with pledge on current account of the company opened with bank financing and assignment of the insurance policy on the property pledged as collateral.
4. A credit line on credit card contracted in 2016 and guaranteed by pledge on the current account of the company opened with bank financing.

Besides loans contracted, the company has for the current activity, a letter of guarantee in favor of basic raw material supplier.

16. Impairment of receivables - customers

At the first half of 2017, the company did not make adjustments for impairment of receivables .

17. Income in advance

In 2017 the company reflected in the statement of income amounts received in advance from customers in future deliveries account.

18. Turnover

The turnover in the first half of 2017 is as follows:

Individual situation at its parent company shows:

	30.06.2016	30.06.2017
Revenue from the sale of production	13.284.186	11.861.932
Revenue from sale of goods	100	0
Income from rents	747.468	761.314
Revenue from rendering of services	166.763	148.221
Other revenues (invoicing, waste products)	13.002	20.316
Total	14.211.519	12.791.783

At group level, the situation is:

	30.06.2016	30.06.2017
Revenue from the sale of production	13.284.186	11.861.932
Revenue from sale of goods	100	0
Income from rents	477.468	491.314
Revenue from rendering of services	169.163	148.221
Other revenues (invoicing, waste products)	13.002	20.316
Total	13.943.919	12.521.783

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 regularly and for which separate financial information is available.

The company has not organized a separate component that engages in business activities, items of income derived from activities other than the industrial production having a step.

Share main activity is the industrial production activity, whose result is regularly reviewed by the chief operating decision maker.

19. Raw material costs and consumables

Individual situation at its parent company shows:

30.06.2016 30.06.2017

Raw material	7.724.694	7.876.180
Auxiliary materials	112.840	106.326
Fuels	31.404	26.795
Spare parts	21.120	20.655
Labour protection and other materials	13.525	11.590
Total	7.903.583	8.041.546

At group level, the situation is:

	30.06.2016	30.06.2017
Raw material	7.724.694	7.876.180
Auxiliary materials	211.337	115.873
Fuels	32.237	26.837
Spare parts	21.195	21.356
Labour protection and other materials	15.547	13.563
Total	8.005.010	8.053.809

20. Other material expenses

Individual situation at its parent company shows:

	30.06.2016	30.06.2017
Packing	240.912	223.153
Materials inventory objects	13.013	10.054
Other materials stocked	1.270	1.897
Total	255.195	235.104

At group level, the situation is:

	30.06.2016	30.06.2017
Packing	240.912	223.153
Materials inventory objects	14.861	77.694
Other materials stocked	1.567	2.454
Total	257.340	303.301

21. Expenses for employees

Individual situation at its parent company shows:

	30.06.2016	30.06.2017
Labour costs	1.202.504	1.526.841
Expenditure on social security and social protection	299.064	365.116
Total	1.501.568	1.891.957

At group level, the situation is:

	30.06.2016	30.06.2017
Labour costs	1.385.097	1.742.049
Expenditure on social security and social protection	342.449	413.003
Total	1.727.546	2.155.052

Company employees are paid by salary negotiated in accordance with the provisions of individual work contracts with the full range of social benefits provided by Romanian legislation. At the company level, there is not a collective agreement and therefore not awarded additional benefits in the short term, long term or post-employment benefits, share-based payment. Company key management employees enjoy the same rights as the rest of the employees' salary without existing rights and additional benefits.

22. Expenses external supply

Individual situation at its parent company shows:

	30.06.2016	30.06.2017
Other expenses for third party services		
Maintenance and repairs	44.782	480.745
Post and telecommunications	13.357	16.059
Advertising and publicity	0	0
Transport	371.931	332.628
Banking services	138.306	45.015
Delegation and secondment	8.514	15.523
Protocol	1.670	4.184
Contributors	82.766	108.096
Rents	16.989	104.430
Fees	24.060	29.179
Insurance	10.808	12.983
Other expenses for third party services	592.496	303.060

Total	1.305.679	1.451.902
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At group level, the situation is:

	30.06.2016	30.06.2017
Other expenses for third party services		
Maintenance and repairs	44.782	50.513
Post and telecommunications	13.443	16.145
Advertising and publicity	0	0
Transport	371.931	332.628
Banking services	139.690	46.024
Delegation and secondment	9.135	15.523
Protocol	1.670	4.184
Contributors	82.766	108.096
Rents	16.989	104.466
Fees	24.060	29.179
Insurance	10.808	12.983
Other expenses for third party services	347.457	310.243
Total	1.062.731	1.029.984

23. Financial income and expenses

Individual situation at its parent company shows:

	30.06.2016	30.06.2017
Interest income	1.306	1.199
Income from exchange rate differences	287.437	175.574
Other incomes	3.472	43.190
Total	292.215	219.963
Interest expenses	286.545	98.966
Expenses for exchange rate differences	271.932	156.713
Total	558.477	255.579

At group level, the situation is:

	30.06.2016	30.06.2017
Interest income	1.306	1.199
Income from exchange rate differences	287.437	175.574

Other incomes	3.472	43.190
Total	292.215	219.963
Interest expenses	286.545	98.966
Expenses for exchange rate differences	271.932	156.713
Total	558.477	255.579

24. Tax on profit

Individual situation at its parent company shows:

	30.06.2016	30.06.2017
<i>Current income tax</i>		
Current income tax expense	136.081	0
<i>Deferred income taxes</i>		
Deferred income tax (debit)	13.863.167	2.609.988

At group level, the situation is :

	30.06.2016	30.06.2017
<i>Current income tax</i>		
Current income tax expense	136.081	0
<i>Deferred income taxes</i>		
Deferred income tax (debit)	13.863.167	2.609.988

25. Earnings per share

SC Sinteza SA achieved in the first half of 2017 net loss of 1.330.006 RON. 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 first half of 2017 have not been proposed or declared dividends from net profit this year.

The Company has recorded in the income dividend payment amounts representing dividends approved for distribution, related to previous years.

26. Related party

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

On 06/30/2017 Board members are:

Claudiu Sorin Pasula, director of the Board
Radu Vasilescu, member
Cosmin Turcu, member

The executive management at 06/30/2017 is:

General Manager	Catalin Marias
Sales manager	Dinu Vancea
Financial Manager	Viorel Florut - Vese

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 (excluding VAT): 270.000 RON
Purchases (excluding VAT): 628.241 RON

Revenues from sales of SC Sinteza SA in relation to affiliated company SC Chimprod SA come mainly 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 monthly maintenance for production plants and adjacent spaces but also the investments made by Sinteza SA in collaboration with Chimprod SA.

28. Other liabilities

The parent company amounted to guarantee real estate in favor of the Ministry of Finance - Public Finance Administration Oradea to guarantee the payment of obligations to the State Budget of the subsidiary SC Chimprod S.A.

The warranty was made on real estate owned by the company in Oradea, Borsului street no. 9, and was cleared in May 2017 as a result of the full repayment of the obligations.

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

New interpretations have been issued, amendment or standards that have either entered into force for the financial year or have not been adopted.

- IFRS 10 - Consolidated financial statements

For the first half of 2017 similarly previous financial year, it was included in the consolidation of the commercial company SC Chimprod S.A.

It does not require any changes in the accounting policies of the Company and not adjusting elements.

- IFRS 11 - Joint Commitments

- IFRS 12 - Presentation of existing interests in other entities

Notes are presented in the content information regarding these positions. The company is not expected to significantly affect the financial statements.

- IFRS 13 - Fair value measurement

The Company has applied this standard property valuation from the date of transition to IFRS (2012), presenting the items of assets and liabilities at fair value. The latest evaluation was made at closing financial year 2016 according to IFRS 13 and accounting policies adopted in the transition to IFRS.

- IFRS 15 - Revenue from contracts with customers with effect from 01.01.2017.

32.Financial Risk Management

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

In order to limit the exposure is underway to establish risk management policies, 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 by 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 they offer standard payment and delivery terms.

However, specific market conditions (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.

Liquidity risk is the risk that the company or the subsidiary to have difficulty in meeting obligations associated with financial or financial ones, which are settled in cash or cash equivalents.

Mother company's approach to managing liquidity 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 rates, interest rates and prices of capital instruments affect their income or the value of securities held Company.

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, purchases and loans in currencies other than the functional (Euro).

Exposure is presented below:

Individual situation at its parent company shows:

	RON	Euro (RON equiv.)	USD (RON equiv.)
30,06,2017			
Financial assets			
Trade receivables and other receivables	4.963.835	960.812	0
Cash and cash equivalents	34.280	91.600	547
Total	4.998.115	1.052.412	547
Financial liabilities			
Loans	0	6.295.066	0
Trade payables and other liabilities	4.221.378	556.848	896.751
Total	4.221.378	6.851.914	896.751

At group level, the situation is:

	RON	Euro (RON equiv.)	USD (RON equiv.)
30,06,2017			
Financial assets			
Trade receivables and other receivables	3.557.318	960.812	0
Cash and cash equivalents	37.016	91.600	547
Total	3.594.334	1.052.412	547

Financial liabilities			
Loans	0	6.295.066	0
Trade payables and other liabilities	4.158.087	556.848	896.751
Total	4.158.087	6.851.914	896.751

Tax risk targeting aspects in certain transactions to be perceived differently by the tax authorities compared to treatment company. This lies in the adoption of EU fiscal regulations starting 1 January 2007 in Romania, considering that the interpretation of texts and practical implementation procedures may vary. Also, the Government authorized the operation of a large number of agencies responsible for carrying out various checks on the companies operating in Romania. The work of these agencies not only covers tax issues but also issues relating to regulations and procedures.

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

33. Segments

In 2017 the company Sinteza SA continued to perform basic activities as written in the declaration of the activity. In financial information, no other business segments to be tracked separately.

Compared with 2016 no change in terms of products and services market or geographical areas in which they operate. The main customers continued to be in 2017, the traditional external customers owning more than 90% of company sales.

Business is affected by the global credit and liquidity crisis that began in 2008 and which led to a low level and difficult access to funds on the capital market. This led to low levels of liquidity throughout the banking system in Romania, also causing an increase in rates on loans that could be accessed.

Signaled contraction in the financial market could affect the Company's ability to access new loans and refinance those already obtained in terms and conditions relating to past transactions.

Also, borrowers Company may be affected by low levels of available liquidity, which could affect their ability to repay maturing debt, which will have an impact on the ability to forecast cash flows.

The Company can not predict all the events that would impact on the financial sector and any effects which might occur on the financial statements.

The Company can not estimate the effects on the financial statements of future decreases liquidity in the financial market, the devaluation of financial assets or credit market contraction, or increasing volatility of the currency.

However, the Company believes that, in specific conditions of the market where it operates, characterized by strong specialization participants and a small number of their, evaluation and risk management can be achieved by following the daily flow of incoming and outgoing cash and by making short-term forecasts net liquidity.

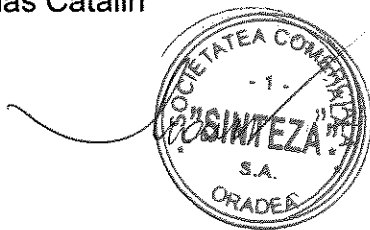
Capital adequacy involves maintaining a solid capital base necessary to maintain investor confidence and to sustain future development of the company.

In this respect, equity includes share capital, different reserves and retained earnings.

The company is not subject to requirements externally imposed capital.

General Manager

Marias Catalin



Financial Manager

Florut Vese Viorel

A handwritten signature in black ink, appearing to be "Florut Vese Viorel".

