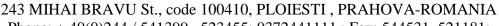
UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS



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FISCAL CODE RO1352846, R.C. PLOIESTI NO. J29/48/1991

NOTE DOCUMENTING The proposal to cover books losses at 31.12.2016

In accounting year ended at December 31, 2016 was recorded a net accounting loss of 19.146.951, 88 lei.

Result reported from previous years is an accounting loss totaling 6.587.679, 87 lei, as follows:

- Loss from 2010 (difference) 4.550.383,52 lei - Loss from 2015 2.037.296,35 lei

According to provisions of art. 19 par. 4 of Accounting Law nmb. 82/1991 republished and updated, art.176 par (1) and (2) of OMFP no. 2844 / 2016 ruling the preparation of financial statements for 2016 by economic entities, coverage of loss from reserve established from revaluation is allowed as follows:

- Art. 176. (1) Accounting loss reported shall be covered from the profit of year and the reported one, from reserves, capital premiums and share capital, according to the resolution of general meeting of shareholders, in compliance with legal regulations.
- (2) If no express legal regulations, the sequence of sources of coverage of accounting loss will be established by the general meeting of shareholders or associates, and board of directors.

The manner of using the reserve from revaluation is set by art. 210 par. (3) of Law nmb. 31/1990 concerning companies as follows:

" (3) –Favorable differences from revaluation of assets will be included in the reserves without increase of share capital."

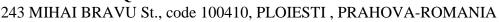
An analyze of ruling norm shows that is forbidden to use this difference from revaluation as source to increase the share capital. Consequently, other accounting destinations of this amount coming from revaluation may be: coverage of accounting loss from previous years, distribution to shareholders when it is about profit, keeping it as reserve within equity.

As reserves, the company recorded at 31.12.2016 the sum of 65.159.671, 82 lei representing a plus from revaluation of tangible assets, including:

 reserves related to addition from revaluation of tangible assets (buildings, equipment and installation) totaling 20.908.041,40 lei, sum which was included

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in category of tax not-deductible expenses concerning depreciation of tangible assets over 2010 - 2016 and what influenced (increased) the annual tax base in compliance with legal provisions.

- Reserves from addition from revaluation of tangible assets (buildings, equipment and installation) totaling 28.078.200,03 lei, sum which will be included beginning with 01.01.2017, in the category of tax not-deductible expenses depending upon depreciation of tangible assets.
- reserves related to addition from revaluation of land owned by the company in amount of 16.173.430, 39 lei.

Based on the aforesaid, according to art. 19 par. 4 of Accounting Law nmb. 82/1991 republished and updated, art. 26 par. (6) of (7) of Law nmb. 227/2015 with later changes and IAS 16 tangible assets, we propose to cover in part the accounting loss recorded at 31.12.2016 totaling 22.254.449,88 lei as follows:

- from reserves related to plus from revaluation of tangible assets (buildings, equipment and installations) in sum of 20.908.041,70 lei;
- From the result reported related to revaluation of tangible assets derecognized in books by rescission and sale in sum of 1.346.408,48 lei.

Therefore, after approval of these fiscal and accounting operations, the net accounting loss of the company will amount to 3.480.181,87 lei.

General Director Economic Director Head of Gen. Acct. Dept.

Ing. Zidaru Ion Ec. Popescu Ileana Ec. Ilie Marian Eduard

Undersigned, Maria Coman, sworn interpreter and translator for the English and French languages under the license no. 5886/2001 of 11 December 2001 issued by the Ministry of Justice of Romania, certify the accuracy of the translation done from Romanian to English language that the text presented has been fully translated, without omissions, and that the translation did not distorted document content and meaning.

The document whose translation is required in full was issued by SC UZTEL SA, Ploiesti city, Romania and presented me completely.

SWORN INTERPRETER AND TRANSLATOR

