

**ECHO EXPERT SRL
BUCHAREST**

Accounting and legal expertise, internal and external audit, tax,
accounting CAFR Authorization no. 120/2001

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AUDIT REPORT

on the financial statements ended 31.12.2016

To shareholders of SC UZTEL SA PLOIESTI

Opinion

1. SC ECOTEH EXPERT SRL, as a financial auditor, carried out auditing financial statements for the year ended 31.12.2016 of SC UZTEL SA (The Company) which comprise: (i) the individual situation of financial position as at 31.12.2016, (ii) the individual situation of overall result at 31.12.2016, (iii) the individual statement of cash flows, (iv) the individual situation of changes in equity (v) notes and a summary of the significant accounting policies;

Such financial statements refer to:

○ total equity	74,504,958 lei
○ individual net result - loss	(19,146,952) lei
○ total revenues	49,544,032 lei
○ total assets	105 658 078 lei

2. In our opinion, the individual financial statements UZTEL SA provides a fairly view of the financial position, financial performance and cash flow of the Company at December 31, 2016, in accordance with Law No.82 / 1991, Law Accounting republished, amended and supplemented, of Order Public Nr.881 / 2012 on the application by the companies whose securities are admitted to trading on a regulated market of IFRS and of Order of Ministry of Finance no. 2844/2016 for approval of Accounting Regulations in accordance with International Financial Reporting Standards as later amended and supplemented. Our opinion is without restraint.

Basis for opinion

3. Our responsibility as independent auditor is, that based on audit conducted, we express an opinion on the financial statements. We conducted our audit in compliance with the International Auditing Standards developed by the International Federation of Accountants (IFAC) adopted by the Chamber of Financial Auditors of Romania (CAFR) which require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of significant material misstatement.

We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion

Key audit issues

4. Key issues in the audit are those issues what through our professional judgment, were the most significant in audit of the financial statements of the current period. These issues were addressed as a whole in forming our opinion on the financial statements of the company's audit consideration so as not to issue a separate opinion on these issues.

I) The recognition of revenue

Revenue is recognized only when it is probable that the economic benefits associated with the transaction to enter in entity. Anyway, when an uncertainty arises regarding the collection of an amount already included in revenue, the amount that cannot be collected or the value that seems to not be able to collect will be recognized as an expense rather than as an adjustment of the amount of revenue originally recognized. Risks of material misstatement may exist as they are not recognized by the Company's management according to the applicable accounting regulations. In our response to these risks, we performed audit procedures aimed to contract analysis, testing how to recognize revenue in contractual terms, revenue recognition correlation to signature of documents delivery receipt of goods.

ii) Debt rating

Customer accounts and similar accounts include invoices issued and unpaid at the reporting date at their nominal value and estimated claims related to sales, services, which are recognized initially at fair value plus directly attributable transaction costs. Subsequently, customer accounts and similar accounts are recognized at amortized cost less impairment losses. Company management estimates the valuation of receivables at the time of reporting. Because of the inherent lack of information about the financial position of customers, estimate of probable

losses is uncertain. Our answer about the risk of material misstatement regarding valuation of receivables by the Company's management at the reporting date, consisted in performing audit procedures aimed to test the recognition of bad debts whose maturity exceeding one year or claims in dispute.

iii) *Measurement of inventories*

Inventories are measured 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, if any, and costs of sale. Company's management may cause a material misstatement in the sense of not applying the provisions of accounting regulations on stock assessments. We conducted our audit procedures by what we tested that there are no significant misstatement on assessment of inventories according to the accounting evaluation of inventory at reporting date at the lower of cost and net value.

iv) *The threshold for significance*

Materiality is determined by the auditor subject to the application of professional judgment, as established by the International Standards on Auditing. In designing the audit plan, the auditor sets an acceptable level of materiality so that it can detect from quantitative point of view, the significant misstatements. The item used in setting the threshold for significance was the total assets. Risk analysis has shown that they are at a low level.

v) *Continuity of activity*

With regard to business continuity, we said that during the current period, the Company is in insolvency proceedings to pursue the reorganization plan approved by the General Assembly of creditors and confirmed by the bankruptcy judge. By the sentence no.129 dated 03.03,2017 pronounced in the file 4732/105/2010 by Court Dolj; A Department of Civil -II-, was ordered closing reorganization proceedings of company Uztel SA, following the fulfillment of payment obligations assumed in the plan confirmed by sentence no. 1282 October 9, 2012 and reinsertion of Uztel SA in the economic flow with continued economic activity.

Management is responsible for evaluating and assessing the principle of further activity.

Based on the analyzes performed in the Notes to financial statements at December 31, 2016, Administrators of Company that it will be able to continue operations in the foreseeable future and therefore, application of the going concern assumption is justified and appropriate for preparing the financial basis of this principle.

In understanding the risks of material misstatement related to assertions related business continuity principle, we performed audit procedures , we tested aspects developments related to the company that came out of insolvency through the implementation of the Plan of Reorganization, tracking of revenue and expenses, contracts committed for 2017, work sessions of the Company management, they have yielded the appreciation that presumption of continuity of activity presented in financial statements Notes to financial statements by management is adequate and there are no uncertainties in the near future the Company will not continue its work.

Other issues

5. The independent auditors' report is made solely to the Company's shareholders, in whole. Our audit work has been undertaken to report the Company's shareholders those issues that must be included in an audit report and for no other purposes. To the extent permitted by law, we do not accept or assume other responsibility than to the Company and its shareholders, for our audit work, for the report on the financial statements or for the opinions we have formed.

Responsibility of SC UZTEL S.A. top management for financial statements

6. The Company's management is responsible for preparation and fair presentation of the financial statements prepared in accordance with Law No.82 / 1991, the Accounting Act republished as amended and supplemented, of Order Nr.881 / 2012 on the application by the companies whose securities are admitted to trading on a regulated market of International Financial Reporting Standards and the of Order nr.2844 / 2016 for approval of Accounting Regulations in accordance with International Financial Reporting Standards as subsequently amended and supplemented.

This responsibility includes:

- a) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- b) selecting and applying appropriate accounting policies;
- c) making accounting estimates that are reasonable in the circumstances.

7. In preparing financial statements, management is responsible for the evaluation company's ability to continue its activity, showing where appropriate, issues of principle of activity's continuity and its implementation, unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. 's management Company is responsible for overseeing the financial reporting.

As part of an audit conducted in accordance with ISAs, we apply professional judgment and we kept in audit the professional skepticism. The auditor also performs the following procedures:

- identify and assess the risks of material misstatement of the financial statements, due to fraud or error, planning and implementation of audit procedures address these risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting significant distortions of fraud is higher than that resulting from error, fraud, may involve collusion, forgery, deliberate omissions, misrepresentations or override internal control;
- obtain an understanding of internal control relevant to the audit, in order to develop appropriate audit procedures under the circumstances, but not for the purpose of

expressing any

views on the effectiveness of internal controls of the Company;

- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclusion on the appropriateness of management's use concept based on the going concern and, based on audit evidence obtained, if there is uncertainty significant related to events or conditions that may cast significant doubt the company's ability going concern. Where was concluded that there is significant uncertainty, we are obliged to draw attention in our report on the financial statements and related disclosures, for where such information is insufficient, it moves to change the audit opinion. Our conclusions are based on the audit evidence obtained to date of our report. However, future events or conditions may cause the company to cease to continue work.
- evaluates the overall presentation, structure and content of financial statements, including presentations information and whether the financial statements reflect transactions and events underlying them in a way to certify the accuracy of the financial statements. Communicate the Company's management regarding, among other things, the audit plan and program audit and audit significant findings, including any significant deficiencies internal control that we identified during the audit. We also offer those charged with management of the company a statement which shows that we respected ethical principles on auditor independence, all relationships and other matters that may affect independence and, as appropriate, the related collateral. In matters communicated to Company management we determine those aspects that were most important in auditing financial statements of the current period and are therefore key issues of audit. We describe these issues in the audit report, unless the law or regulations preclude public disclosure on this issue.

Report on compliance with the financial management report

7. Administrators are responsible for the preparation and submission of the report as required by Order no. 2844/2016 for approval Accounting Regulations in accordance with International Financial Reporting Standards, Chapter III, points 15 to 20 that are free from material misstatement and those internal controls that management considers necessary to enable the preparation of the management report that are free from material misstatement, whether due to fraud or error. Directors' Report is presented on page 1-36 and is not part of the financial statements.

Our opinion on the individual financial statements , does not cover management report in connection with our audit of the individual financial statements, we have read the management report attached to individual financial statements and shown on pages 1-36 and we report that:

a) in the directors' report we did not found information that is not consistent in all

material respects with disclosures in the individual financial statements attached;

b) the directors' report identified above includes, in all material respects, the information required by OMPF no. 2844/2016 for the approval of accounting regulations compliant with International Financial Reporting Standards (Accounting Regulations on individual annual financial statements).

c) based on our knowledge and understanding acquired during the audit of individual financial statements for the year ended on December 31, 2016 on your company and its environment, we have not identified any information contained in the report administrator to be significantly error.

For and on behalf of SC ECOTEH SRL, authorized CAFR under no. 120/2001

Bucharest, Romania

24.03.2017

Olguta CODESCU, Finance auditor certified CAFR under nmb. 947/2001.

Accountant Expert

Tax Consultant

illegible signature, round stamp

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 .

The translation of the document submitted was executed according to a written request filed at no 57/20.03.2017 , kept in the archives of the undersigned.

SWORN INTERPRETER AND TRANSLATOR

