



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

Report of the Board of Directors On Uztel S.A Company's business in 2017

1. Analysis of the Commercial Company Activity

1.1 a) Description of the Company's core business

The company's core business is Manufacture of machinery for mining, quarrying and construction – NACE classified code 2892.

UZTEL S.A. was founded in 1904 as the Societatea Romano- Americana (Romanian – American Company), which, in 1958, was nationalized and then in 1991 turned into commercial enterprise. The main activity consists in the production and trading of assemblies, parts and oilfield equipment, industrial valves, mud pumps and other spare parts for oil equipment, metal structures and castings and forgings.

The production covers processes of foundry and forge sectors, heat treatment, machining, assembly and testing. Quality control is certified in laboratories fitted with specialized equipment.

The company has a production integrated with local design skills, high technology applied in accordance with API specifications and EC standards. QOHSE compartment using modern laboratories and procedures provide compliance with international standards ISO -14001-2005 , ISO 9001-2015 and API specifications. UZTEL maintains and continually improves a quality management system "QMS" ISO 9001: 2015 and API Spec. Q1 , in accordance with international standards of reference, 14001, 18001 and integrated with environmental management systems and occupational health and safety certified, certified by DNV-Germanischer Lloyd, to ensure product quality while protecting the environment and creating a safe and healthy working environment at work.

1.1 b) Specify the date of incorporation of the Company

UZTEL S.A. Ploiesti was organized as a joint stock company under Law no. 15/1990 on the reorganization of state economic units as autonomous holdings and companies and the Government Decision no. 1213/20 November 1990, act published in Official Gazette no. 13a / January 21, 1991, operating under Law no. 31/1990 of the companies and its own statute.



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

The company is registered in the Trade Register related to Prahova Court under no J29 / 48/1991 and holds unique registration number : RO 1352846

In 2004, the company was privatized under PSAL I program, by transferring shares held by the Romanian state to private shareholders, by sale of the Authority for State Assets Recovery shareholding in the Company, equivalent to 76.8745% of the share capital at that time, to the consortium formed by Association "UZTEL" and company ARRAY PRODUCTS CO. LLC - USA. As of May 22, 2008 the Company was admitted to trading on BSE category II with UZT symbol. Currently UZT shares are traded.

c) *Description of any merger or significant reorganization of the company, its subsidiaries or controlled companies during the financial year*

By sentence no.129 dated 03.03.2017 pronounced in File no. 4732/105/2010 by Dolj Court; Department of -II- of Civil, was ordered closure of the Uztel SA company's reorganization procedures, following the fulfillment of payment obligations assumed in the plan confirmed by sentence no. 1282 of 9 October 2012 and the Uztel SA Company's reintegration into the economic environment with continued activity.

1.1 d) *Description of acquisitions and/or sale of assets*

- **Fixed Assets- Tangibles**

Between 01 January and 31 December 2017, the total value of the increases recorded in the accounting records for the "Machinery and Equipment" class was 715.024 lei representing:

- double beam overhead crane 16 To / 6,3 To, worth 256.311 lei;
- Noxious exhaust system, worth 229.170 lei
- Main and secondary feather molds 2 1/16, 2 9/16, 3 1/8, 4 1/16 (eight mold sets), worth 94.243 lei;
- Modernization of CH 50KF hydraulic heads test stand, worth 53.707 lei;
- LED lighting installation - SDV sector, worth 36.766 lei;
- LED lighting installation - central store, worth 16.216 lei;
- Bore support for nitrate parts, worth 6.199 lei;
- Adjustment between the accounts 2131.01 - Technological Equipment and 2133.01 - Means of Transport amounting to RON 22.411 .



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

Between 1 January and 31 December 2017, the total value of the increases recorded in the accounting records for the class "*Furniture, office equipment, fixed assets*" was 7.247 lei representing - DS-7616NI-I2 NVR Video Surveillance System.

Tangible fixed assets registered an increase of 155.999 lei between January 1 and December 31, 2017, representing:

- Main and secondary feather molds 2 1/16, 2 9/16, 3 1/8, 4 1/16 (eight mold sets), worth 94.243 lei;
- LED lighting installation - SDV sector, worth 36.766 lei
 - LED lighting installation - central store, worth 16.216 lei;
 - DS-7616NI-I2 NVR video surveillance system, worth 7.247 lei;
 - Works for installation of double beam overhead crane 16 To / 6,3 To, amounting to 1.527 lei.

Between 1 January and 31 December 2017, the "*Land*" class registered a decrease of 161.311 lei by selling the surface of 604 sqm of land within the city, according to the sale contracts with authentication no. : 1758 and 1759 / 04.05.2017 to individuals .

Between 1 January and 31 December 2017, the "*Buildings and Constructions*" class recorded a decrease of 11.300 lei, representing the cancelation from books of fixed assets (decanter of oil products) following the annual inventory of the patrimony.

Between 1 January and 31 December 2017, the "*Machinery and Equipment*" Class recorded a decrease of 142.111 lei, representing:

- Output of fixed assets by scrapping after annual inventory of the patrimony, worth 119.700 lei (transformer TFM 1500kVA in value of 9.500 lei, installation CIF 135KW in value of 27.200 lei, installation CIF in value 32.700 lei, free blasting installation CLEMCO worth 6.200 lei, two pieces of WIWA AIRLESS painting plant worth 13,100 lei / piece, wagon platform 20T worth 17,500 lei and GRUNDFOS pump worth 400 lei);
- adjusting an analytical account amounting to RON 22,410.

Between 1 January and 31 December 2017, *other tangible assets* - "*Furniture, office equipment, fixed assets*" recorded a decrease of 2.100 lei, representing the output from books by scrapping fixed assets (AGFA 110/120 copier in value 900 lei and AGFAx520 copier worth 1.200 lei) following the annual inventory of the patrimony.



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

Tangible fixed assets registered in the period January 1 - December 31, 2017 decreases amounting to 699.859 lei, representing fixed assets put into operation:

- double beam overhead crane 16 To / 6,3 To, worth 256.311 lei;
- Noxious exhaust system, worth 229.170 lei
- Main and secondary feather molds 2 1/16, 2 9/16, 3 1/8, 4 1/16 (eight mold sets), worth 94.242 lei;
- Modernization of CH 50KF hydraulic heads test stand, worth 53.708 lei;
- LED lighting installation - SDV sector, worth 36.766 lei;
- LED lighting installation - central store, worth 16.216 lei;
- DS-7616NI-I2 NVR video surveillance system, worth 7.247 lei;
- Bore support for nitrate parts, worth 6.199 lei.

• Intangible fixed assets

Between 1st January and 31st December 2017, *development expenditures* increased by 5.245 lei, representing:

- expenses for fitting the stripping preventer with hydraulic control type SH 7 1/16x210/70bar with seal and key worth de 2.257 lei;
- expenses for casting , thermal treatment and performed the operation I for body 21 / 16X3 / 5M in value of 2.452 lei;
- expenses for casting, heat treatment and performed the operation I for body 41/16X5M worth 536 lei.

The Company acquired intangible assets amounting to 62.416 lei representing:

- The Company acquired intangible assets amounting to 62,416 lei representing:
 - Technical support for the SIVECO integrated IT system for the year 2017, worth 52,130 lei;
 - Antivirus license ESET ENDPOINT worth 6.521 lei;
 - Software Update License & Support Oracle Database Standard Edition One Perpetual Processor worth 3,765 lei.



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

Between 1 January and 31 December 2017, the *development expenses* recorded a decrease of 20.615 lei by removing by sale of the SH 7 1 / 16x210 / 70bar hydraulic drift preventer equipped with the gasket and key to the Expert Petroleum SRL Bucharest.

e) *Description of the main results of the evaluation of the company's activity The fixed assets recorded the following evolutions in the financial year 01.01.2017 - 31.12.2017:*

Compared to the year 2016, the total fixed assets decreased from 51.883.452 lei at 31.12.2016 to 47.069.235 lei at 31.12.2017, meaning a 9,28% decrease compared to the same period of 2016, as follows :

- The value of Intangible Assets decreased from 109.617 lei on 31.12.2016 to 73.781 lei on 31.12.2017, a percentage decrease of 32.69%, due to the recording in the bookkeeping of expenditures with depreciation of development expenses and other intangible assets, as well as outflows during the financial year 2017.
- The value of Tangible Fixed Assets decreased from 51.773.835 lei on 31.12.2016 to 46.995.454 lei on 31.12.2017, ie a 9,33% decrease due to the recording in the bookkeeping of the depreciation expenses and of scrapping fixed assets.

lei

Asset item	31.12.2017	31.12.2016	31.12.2015
Intangible assets	73.781	109.617	54.973
Tangible assets	46.995.454	51.773.835	58.309.744
Total assets	47.069.235	51.883.452	58.364.717

All existing spaces are owned by Uztel S.A.

In 2017 Uztel S.A saw an upward trend in terms of economic and commercial matters compared to previous year (2016) justified in the context of higher demand for oil equipment and machinery on domestic and international market.

Uztel S.A. knew in 2017 the following trend of sales on domestic and foreign markets:

- a. **Sales in RON** increased from 17.278.547 lei at 31.12.2016 to a 21.683.961 lei at 31.12.2017, that means a percentage increase of 25,50% compared to the same period of 2016;



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

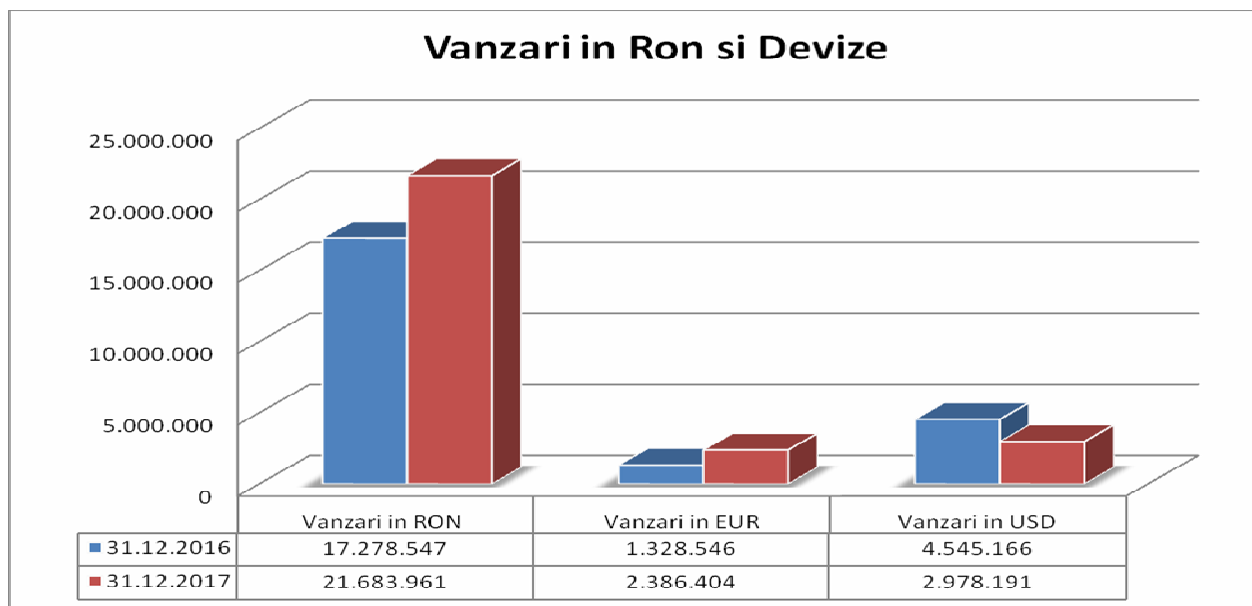
243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

- b. **Sales in EUR** increased from 1.328.546 EUR at 31.12.2016 to 2.386.404 EUR at 31.12.2017, that means a percentage increase of 79,63% compared to the same period of 2016;
- c. **Sales in US** declined from a 4.545.166 USD at 31.12.2016 to 2.978.191USD at 31.12.2017, taht means a percentage decrease of 34, 48% compared to the same period of 2016.

Explanations	31.12.2016	31.12.2017	31.12.2017/31.12.2016*100
Sales in RON	17.278.547	21.683.961	125,50
Sales in EUR	1.328.546	2.386.404	179,63
Sales in USD	4.545.166	2.978.191	65,52



1.1.1 *Elements of general assessment:*

- a) Net result (13.170.728) lei
- b) Turnover 44.370.143 lei
- c) Total value of to sales in foreign currencies (EURO and USD) changed to national currency or January- December 2017 worth 22.822.353,17 lei – account turnover 4111.1.03 (foreign clients) corresponding to turnover accounts, as follows l :

lei



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

Ct. 701.1.03	Revenue from the sale of finished products	22.682.605,81
Ct. 704.2.03	Revenue from services rendered - external	104.338,86
Ct. 708.1.02	Income from different activities - export	35.408,50

d) Actual expenditure of 2017 to achieve production manufactured and sold is totaling 37.377.926,21 lei and to achieve production in progress are worth a total of 6.944.753,96 lei.

e) market share estimated to be owned by the company :

- domestic market 10-15%;
- international market 1-1,5%.

In 2017 the company developed its commercial activity in the domestic market, intra-community and foreign markets, as follows:

- domestic trade partners:

• **Clients** - Cameron-Romania SRL Campina, Drilling Equipment SRL Zalau, Vulcan SA Bucuresti, Automobile Dacia SA Mioveni, Tehnomet SA Buzau, Black Sea Oil and Gas SRL Bucuresti, Atlantic Prod Impex SRL Ploiesti, Multy Products Rom SRL Sighisoara s.a.

• **Suppliers** - Forja Rotec SRL Buzau, Forja Neptun SRL Baicoi, Upetrom - 1Mai Ploiesti, Nimet Targoviste, Pas Technology Campina, Electrica Furnizare SA Bucuresti, Arva Metals & Steels SRL Cornetu, Mechanic&Hydro Pneumatic Systems SRL Bucuresti, Huttenes Albertus Romania SRL Bucuresti, Engie Romania SA Bucuresti s.a.

- intra-community trading partners:

• **Clients** - ABB Process Industrie Franta, Robke Erdol Und Erdgastechnik Germania, Magyar Horizont Energia Kft Budapesta-Ungaria, Peseco Limited Aberdeenshire UK, Manefols Komerz LLP Belfast Irlanda, Liberty Drilling Equipment Olanda, Green Control SRL Italia, s.a.

• **Suppliers** - Riganti SPA Italia , GPS Oil Tools Oilfield Equipment & Services GMBH Vechta Germania, Forgital Italy S.P.A., CF Service SRL Italia, Keramtech Cehia, Trelleborg Sealing Solutions Bulgaria, Danco Industry LTD Bulgaria s.a.



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

- extra-community trading partners:

• **Clients** - Omni Valve LLC USA, Desert Sand Oil & Gas LLC Oman, Ibemo Industrie Service Germania, Bahar Enegy Operating Company Limited Azerbaijan, PT Bangun Mitra Sinenergy – Jakarta, Indonezia, Fenton Holding Worldwide USA.

• **Suppliers** - Parker Hannifin Corporation PGI USA, Shabum International LTD Tel Aviv Israel, s.a.

f) at 31.12.2017, the company had liquidities (according to balance sheet) in total amount of 1.771.478,44 lei namely:

Explanations	lei		
	31-December 2017	31-December 2016	Percent (%)
0	1	2	3 = 1/2*100
bank account 5121 (lei)	536.011,52	608.978,23	88,02
bank account 5124 (US) - c/val. lei	152.733,75	380.418,26	40,15
bank account 5124 (euro) - c/val. lei	1.062.699,71	246.736,94	430,70
Cash account 531 in lei	18.679,56	8.951,52	208,67
Cash account 531 in (usd) – c/val. lei	494,22	-	-
Cash account 531 in (eur) – c/val. lei	684,98	-	-
Other values – Restauran tickets 532 in (lei)	174,69	-	-
Total cash	1.771.478,44	1.245.084,95	142,28

Cash and cash equivalents recorded in 2017 an increase from 1.245.084,95 lei at 31.12.2016 to 1.771.478,44 lei at 31.12.2017 , taht means a percentage increase of 42,28 % compared to the same period of 2016 .

The company recorded at December 31 2017 a net financial gain due to changes of exchange rate (EUR and USD) for the period of January – December 2017 worth 20.233,71 lei, :

- account 665 (expenses from exchange rate differences) = 677.019,45 lei

- account 765 (income from exchange rate differences) = 697.253,16 lei



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

1.1.2 Evaluation of technical level of the Company

a) At 31.12.2017 the Company owns assets totaling 85.202.953,39 lei, as bellow:

lei

ASSETS	Balance at 31.12.2017 as of Account balance
Lands	16.602.788,75
Constructions	32.003.702,35
Technological equipment, devices and measurement equipment, vehicles	36.430.684,72
Furniture and office equipment	165.777,57

The production to achieve extraction and construction equipment, industrial valves, spare parts for oil equipment and constructions is carried out in the Oilfield Equipment Department, and casting parts, heat treatments and forging in Section of Hot Sectors.

b) In the period January to December 2017 were recorded following evolutions of the main income of the company compared to total revenues (49.331.554 lei) and turnover (44.370.143 lei), namely:

year 2017	Value (lei)	Share in Total income %	Share in turnover %
Revenue from the sale of finished products - domestic	21.024.336,55	42,62	47,38
Revenue from the sale of finished products – external	22.682.605,81	45,98	51,12
Revenue from services rendered – laboratory services	68.000,00	0,14	0,15
Revenue from services rendered – internal transport	3.771,00	0,01	0,01
Revenue from services rendered – external transport	104.338,86	0,21	0,24
Revenue from rental of oilfield equipment	147.956,29	0,30	0,33
Income from sale of goods	255.623,87	0,52	0,58
Income from various activities - Internal	48.101,87	0,10	0,11
Income from various activities - Export	35.408,50	0,07	0,08
Turnover - Total	44.370.142,75	89,94	100,00



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

1.1.3 Evaluation of technical-material supply (domestic and external suppliers)

The main 10 suppliers of the Company based on purchase volume for the year 2017:

Domestic suppliers	Total invoices (lei) Without VAT	Share %
Forja Rotec SRL Buzau	2.804.299,30	11,80
Electrica Furnizare SA Bucuresti	2.061.461,67	8,68
Sodexo Pass Romania SRL Bucuresti	1.260.802,28	5,31
Arva Metals & Steels SRL Cornetu	981.657,49	4,13
Huttenes Albertus Romania SRL Bucuresti	969.145,81	4,08
MSD COM SRL Buzau	930.915,58	3,92
Hany Industry SRL Ploiesti	723.902,18	3,05
Engie Romania SA Bucuresti	674.366,70	2,84
Metarex SRL Bucuresti	573.387,98	2,41
Bronic Security Bucuresti	517.966,00	2,18
TOTAL	11.497.904,99	48,40

External Suppliers	Total invoices (euro)	Share %
Riganti SPA Italia	104.140,00	20,19
Special Quality Alloys LTD England	100.476,65	19,48
Danco Industry LTD Bulgaria	87.394,79	16,95
GPS Oil Tools GmbH Germania	87.118,75	16,89
Nov Completion & Production Solutions Vechta	41.582,37	8,06
Forgital Italy S.P.A.	14.400,00	2,79
Passion SRL Ploiesti	12.475,00	2,42
Peseco Limited Aberdeenshire United Kingdom	11.215,48	2,17
CF Service SRL Italia	9.539,18	1,85
Ibemo Industrie Service Germania	9.440,00	1,83
TOTAL	477.782,22	92,63



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

External Suppliers	Total invoices (US)	share %
Parker Hannifin Corporation PGI USA	60.220,12	29,06
American Petroleum Institut Washington USA	45.530,81	21,97
Omni Valve LLC USA	36.126,48	17,44
Optimum LTD Liban	27.436,56	13,24
Shabum International LTD Tel Aviv Israel	26.385,59	12,73
Gebruder Wess SRL Bucuresti	6.600,00	3,19
Trelleborg Sealing Solutions Sofia	1.697,75	0,82
Hub Dacia SRL Bucuresti	1.345,00	0,65
Thomson Ruters (Scientific) LLC New York	661,50	0,32
Turkmennebit Ashgabat - Turkmenistan	575,00	0,28
TOTAL	206.578,81	99,70

1.1.4 Evaluation of sales

The main 10 clients per sales volume for 2017 are listed in the table below:

Domestic Clients	Total invoices (lei) Without VAT	Weight %
Cameron-Romania SRL Campina	4.476.443,23	20,88
Drilling Equipment SRL Zalau	2.166.618,01	10,1
Vulcan SA Bucuresti	1.866.014,29	8,71
Automobile Dacia Mioveni	1.643.679,17	7,67
Tehnomet SA Buzau	1.162.643,98	5,24
Bleck Sea Oil&Gas SRL Bucuresti	978.764,37	4,53
Atlantic Prod Impex SRL Ploiesti	956.217,56	4,46
Multy Products Rom SRL Sighisoara- Punct de lucru Albesti Prahova	760.131,94	3,55
Expert Petroleum Solutions SRL Bucuresti	600.111,81	2,8
Neptun SA Campina	476.950,50	2,23
TOTAL	15.087.574,86	70,17

External Clients	Total Invoices (Euro)	Weight %
ABB Process Industrie Aix-Les Bains Cedex France	1.005.114,50	40,37



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

Robke Erdol UND Erdgastechnik GmbH Germania	327.844,00	13,17
Magyar Horizont Energia Kft Budapesta Ungaria	228.803,00	9,19
Peseco Limited Aberdeenshire U.K.	204.542,00	8,22
Manefols Komerz LLP Belfast Irlanda	179.680,00	7,22
Liberty Drillyng Equipment B.V. Olanda	168.178,00	6,76
Green Control SRL Italia	70.518,00	2,83
Nis j.s.c. Novi Sad Serbia	48.550,55	1,95
TDE Field Services ZRT Ungaria	43.387,00	1,74
Hartmann Valves GmbH Germania	42.135,00	1,69
TOTAL	2.318.752,05	93,14

External Clients	Total Invoices (USD)	Weight %
Omni Valve LLC USA	1.773.573,00	51,99
Desert Sand Oil&Gas LLC Muscat Oman	701.176,00	20,55
Bahar Energy Operating Company Limited	313.265,00	9,18
Ibemo Industrie Service Germania	311.395,00	9,13
PT Bangun Mitra Sinergi Jakarta Indonezia	257.283,20	7,54
Fenton Holding Worldwide Singapore	36.500,00	1,07
Array Holdings Inc USA	17.864,00	0,52
IAL Engineering Services LTD Trinidad	420	0,01
TOTAL	3.411.476,20	100

The effects of manufacturing activity, transactions and events conducted during 2017 in a company vary in stability, risk and predictability, and presentation elements economic - financial helps in understanding the performance achieved and in assessing future results.

Accounting achievements of 2017 show that SC UZTEL S.A. Ploiesti is a viable society with economic and commercial development potential which succeeded to close the reorganization procedure under Law nm. 85/2006 and get back in the economic environment of business company.

SC UZTEL S.A. had ongoing on 31.12.2017 orders / contracts with internal and external trading partners in the total amount of 14.146.811 lei, from what:



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

Internal Market - RON	2.316.480
External market - EURO	1.224.877
External market - USD	1.678.850

These orders / contracts are already underway in manufacturing and are in various stages of technological path and are intended for fabrication and delivery of the company's main products such as: industrial valves, systems and installation and equipment for oil wells blow-out prevention, oilfield equipment repair and manufacturing , services and spare parts, etc.

Concerning the contracts / purchase orders at end-2017, the company is carrying out a series of commercial steps and auctions on domestic and international market that will create the conditions to provide the necessary contracts and orders expected by Income and Expenditure Balance and Cash flows related to 2018, as follows:

Internal Market - RON	12.430.000
External market - EURO	4.682.000
External market - USD	6.851.000

1.1.5 Evaluation of legal issues concerning to the employees/staff of company

a) Company recorded at 31.12.2017 a number of 470 employees from what:

People

Engineer	Sub-engineers	economists	Other people with academic education
56	5	10	4

The factory staff is represented as follows:

People

Oilfield equipment	Hot sectors Depart.	Other activities	Total Techn-
192	144	51	83

b) The relationship between management and employees in 2017 were held in good conditions, labor conflicts are not registered and no otherwise.



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

1.1.6 Evaluation of aspects of the issuer's core activity impact on the environment

Company runs its business based on the following regulatory acts:

- Environmental authorization no. PH-619 from 21.12.2009 rev. at 24.09.2015, valid until 21.12.2019 for the activity of production assemblies, parts and oilfield equipment and industrial service, recovery of solid recyclable waste, collection, purification and distribution of water, painting workshop.
- Authorization for water management no. 107 dated 16.06.2017 valid until the date of 15.06.2019;
- Certificate of registration in the register of authorized economic operator performing waste recovery operations no. 0325 issued by the Ministry of Economy - Department of Industrial Policy (renews annually) valid until 31.03.2018.

Environmental factors (water, wastewater, air-emission, air -immission, soil, waste) were monitored as required by law applicable to the activities of SC Uztel S.A. (monthly, quarterly, semi-annually). Comply frequency imposed by environmental permit and no exceeding to maximum limits imposed was found.

Environmental management program conducted in 2017 was achieved to 100%. Proposed actions aimed at waste management, emission and immission, drinking water and waste water

It was completed an important environmental investment:

- Commissioning of Filtering Station Puls Jet with screw and rotary valve ALWO-SFPJ 2,4/200*3.5/352 at Electric Furnace 1,5 tone in Faundry Workshop TO1 .

Dangerous chemical substances and preparations were purchased, stored, handled and used in compliance with current legislation, according to safety data sheets.

1.1.7 Evaluation of Research and Development

a) The main objectives in the design and assimilation of new products in 2017 were:

#	PRODUCT
1	Preventer pumping rods simple 3 1/8"-2M with threaded connections TBG 3
2	Hanger TH7 13 5/8"x4 1/2"VAM TOP (12.6 lb/ft) type ITT SP-HBM5B7122 connector
3	Tubing Hanger TH7 13 5/8"x4 1/2"VAM TOP (12.6 lb/ft)



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

4	Wellhead dual completion assy. 13 5/8"-3000PSI x 11"-3000PSI Dual 2 7/8"EUE
5	Casing head ass. +Christmas tree 13 5/8"x13 3/8"SOWx9 5/8"x13 5/8"x7"SLHCx7 1/16"x2 7/8"TSH Bluex2 9/16"-3M/5M
6	Cutter actuation cylinder
7	Adjustable nozzle 2 1/16"x15M
8	RSL 3 1/8"-5M-RIGANTI
9	Testing device BOP flange 11"-3 1/2"IF
10	RSE-HT 3 1/8"-2M, F, FE, RIGANTI
11	Bit nozzle 2 9/16"-10M
12	RSE 3 1/8" x 3M, F, FE
13	Vertical preventer PV 7 1/16-5M
14	Ball preventer UZRSf 7 1/16-5M
15	Safety valve blade gate hydraulically operated, 3 1/16"-10M-RIGANTI
16	Hydraulic control CH-6U-MD-08-BA
17	Hydraulic control CH-6U-MD-12-BA
18	HOSES TRANSPORT CARRIER
19	Safety valve type TRSV 2 7/8
20	Brake block
21	Kit preventers transport device
22	Valve T 6"x6"-SCH10, pneumatic control
23	Valve H 6"x6"x6"-SCH 10, pneumatic control, distance between axis 240
24	Valve X 6"x6"-SCH 10, pneumatic control, distance between axis 240

All targets of engineering department were s fully completed.

b) In order to ensure the quality conditions required for sale of Uztel products on external market , technical departments obtained in 2017 certifications for licenses as follows:

b1) Audit of integrated quality (HSEQ) conducted by DNV-GL-Business Assurance during 04- 14. 05.2017, included:

- audit for monitoring the quality management system under ISO 9001:2015
- audit for monitoring the environmental management system under ISO 14001 :2015
- audit for monitoring the OHS management system under OHSAS 18001 :2007



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

Further audit conducted by DNV-GL-Business Assurance were obtained the following certifications/certificates:

- Nr.175755-2015-AQ-ROU- RvA; ISO-9001-2015; valid until 20.05.2018
- Nr.175754-2015-AE-ROU- RvA; ISO-14001-2015; valid until 15.07.2020
- Nr.175753-2015-AHSO-ROU-RvA; OHSAS18001-2007; valid until 15.07.2020 .

b2) Audit for monitoring conducted by the company GR Eurocert SRL Ploiesti Romania, on 10.04.2017, for :

- Affixing CE mark on products manufactured according to European Directive PED 2014/68/EU
- Conformity of castings with European Directive PED 2014/68/EU
- Welding certification authorization under the European Directive PED 97/23/EC
- Quality Management System certification according to ISO 9001-2008

Following the audit conducted by GR Eurocert SRL Ploiesti Romania were obtained the following certifications/certificates:

- PEMH.0001 08/15 (valid until 21.08.2018) ;
- RU.CE.0016A-08/15 (valid until 12.08.2018) ;
- 146ROQS.0016A-08/15(valid until .21.08.2018) .

b3) Maintaining GOST certification for GOST licenses equivalent to API 6A; 6D; 10D; 16A; 16C and 16D and Recertification ROSTEHNAZOR according to new specification TR CU 10/2011-Russia

Following the audit conducted by TR CU 10/2011-Russia are maintained:

- RU No.0330700 valid until 22.11.2020
- RU No.0330701 valid until 23.11.2020
- RU No.0330702 valid until 24.11.2020

b4) Recertification audit for products licenses API6A;6D;10D;16A;16C;API7-1 ; API 7K and audit under quality standard requirements APIQ1-Ed.9 conducted by American Petroleum Institut Washington USA during 13- 17.06.2017.

Following the audit were granted certifications allowing UZTEL to manufacture equipments for oil and gas under specifications API6A;6D;10D;16A;16C;API7-1 ; API 7K valid until 02.10.2018 .



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

b5) Audit by second party - audit at supplier conducted during 01-02.08.2017 , by the company FMC Technologies concerning assessment of quality management system under ISO 9001-2015 and Product Specification API -6A in order to be entered on the list of accepted suppliers. Were assessed manufacturing and inspection processes. In particular for products executed under API -6A.

c) Technological work aimed enlargement of products range by means of CNC machine tools, diverse methods of corrosion protection and production launch within SIVECO Applications Integrated Program as follows:

- Introducing and launching 100% of the SIVECO type production and tracking program, whose product structure was defined by the Design-Development Service and especially of products with high repeatability;;

- The use of high productivity technologies and modern cutting tools with direct impact on the technical rules of time and thus the cost price and quality of the product;

- The design of such devices and controllers that increases the accuracy of product execution and at the same time significantly reduces the percentage of scrap or rework parts and avoid possible claims;

- Permanent technical assistance in the manufacturing process to early detect of technological issues and promptly removing them;

- Preparing trained staff for CNC machine tools in order to replace staff that ceased employment with the company;

- Design of self-centering and quick-fastening devices that allow the piece to be fastened in as little time as possible and implicitly increase the efficiency of mechanical processing in order to lower the cost per product and increase the competitiveness on the external and internal market;

- Drawing with Energy, Investment Maintenance Service of programs to modernize the basic equipment, allowing increased machining capabilities of the company, purchase of equipment or deep drilling operations.



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

1.1.8 Evaluation of the Company's activity on risk management

Interest rate risk

Operating cash flows of the Company are affected by changes in interest rates. The Company does not use financial instruments to protect against interest rate fluctuations.

	Accounting year ended	Accounting year ended
	<u>31 December 2017</u>	<u>31 December 2016</u>
	(lei)	(lei)
Interest paid	240.349	112.593

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and bank deposits in lei short term.

	Accounting year ended	Accounting year ended
	<u>31 December 2017</u>	<u>31 December 2016</u>
	(lei)	(lei)
Cash and availability on demand	1.771.478	1.245.085
Total Cash and cash equivalents	1.771.478	1.245.085

Currency risk

The Company is subject to fluctuation in exchange rates due to transactions in foreign currency.

	Accounting year ended	Accounting year ended
	<u>31 December 2017</u>	<u>31 December 2016</u>
	(lei)	(lei)
Result of exchange rate differences	20.234	278.002



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

Market risk

The current global liquidity crisis that began in mid-2015 resulted in, among other things, a low level of capital market funding, lower liquidity levels in the banking sector and occasionally higher interbank lending rates and volatility very high stock exchanges.

The uncertainties in the global financial markets have led to significant and influential market in Romania. They had a double influence on society: a decrease in assets held and volumes of activity. Currently, the full impact of the current financial crisis is impossible to predict and totally preventable.

Management is unable to reliably estimate the effects on the financial position of the Company to further loss of liquidity in financial markets and the increased volatility in the exchange rate of the national currency and market indices.

Economic, commercial and financial effects of " oil prices crisis " begun in 2016 were effected in the company's business on the first months of 2017 by lowering production (low demand), lower revenues, increased stocks of finished products (available to customers for renting). Most oil companies and drilling operators in domestic and international market and have changed the investment policy (acquisition of equipment and oil) by dividing it due to financial and economic reasons into two components:

– acquisition of new oil equipment and installation with reduced investment budgets;

– oil equipment and installation rental with larger investments budgets

The company does not own any interest in any entities. .

1.1.9 Perspectives on the business activity of the company

a) The impact of the financial bottleneck on the company's liquidity is mitigated by reducing the volume of uncertain customers. The indicators of general liquidity and rapid liquidity had the following comparative developments:

Economic -financial indicators	31.12.2017	31.12.2016	31.12.2015
Cash ratio = Current assets/Current Liabilities	1,77	2,99	2,92
Quick ratio = Current assets - Inventories / Current Liabilities	0,56	0,88	1,09



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

a) According to the note of presentation and justification of the Investment Program for 2017, note prepared by Energy Investment Maintenance Department and approved by the company's executive and administrative management is expected an allocation of approximately 1.500.000 lei for the rehabilitation and modernization of existing assets and acquisition of new equipment, CNC machines tools and equipment necessary for the manufacturing process.

2. Tangible Assets of Company

2.1 Specifying the location and characteristics of the main production facilities owned by the Company

The company owns a land area of 185.307,34 mp, from what:

- 113.033,49 mp – buildings;
- 72.273,85 mp – factory roads, utilities network and free area.

The core activity takes place in the industrial zone on an area of 161.634 mp.

2.2 Description and analysis of the company's properties wear

Fixed assets (constructions) registered in the company's financial accounts are mostly constituted and acquired before 1989, which have an advanced degree of physical and moral wear and tear

Some assets have been repaired or upgraded.

The situation of buildings is precarious, we consider an average of 70% wear and to avoid damaging will be repaired and rehabilitated depending upon financial resources of the company.

Most of the equipment and machine tools are not in the best technical and technological condition. We appreciate that they already have a 60-65% average wear, most requiring overhaul.

Overhead traveling cranes and hoist, which mostly had expired lifespan were expertise and recertified by ISCIR, process to be continued in 2018. To increase the casting capacity in Steel Casting 1 it was bought a new overhead crane Q= 16 Tf/ 6.3 Tf .



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

A noxious exhaust system has been installed in the Hot Sectors Division - Steel Casting 1 to improve air quality in the steel casting area and to reduce the pollution of the environment.

Machine tools encounter wear of the slides, gearbox, and main axes so that maintenance becomes increasingly difficult to optimum.

It is intended in function of financial resources acquisition of a 5 axis Machining Center, CNC Lathe.

There has been a change in the classical and industrial lighting to LED to save energy in the following halls: Central storehouse; SDV

2.3. Specify potential ownership problems upon the tangible assets of the Company.

The company has title to the land under certificate series MO3 number 3371 / 01.05.1996 and not in ownership disputes.

3. Market of Securities issued by the Company

3.1 *Shares issued by Uztel Standard category are listed on the Bucharest Stock Exchange .*

3.2 The share capital of UZTEL S.A. registered at 31 December 2017 a value of 13,413,648 lei, being divided into 5.365.459 shares, with a nominal value of 2,50 lei. According to the evidences existing at the Central Depository S.A. according to address no. 9234 of March 15, 2018 and on the Bucharest Stock Exchange, the situation of the shareholders of the shares on 31.12.2017 is the following:

Shareholder	Nmb. of shares held	Share in capital, %
UZTEL Association	4.498.300	83,8381
Legal persons	448.526	8,3595
Natural persons	418.633	7,8024
TOTAL	5.365.459	100,0000

In 2017 the Company made quarterly payments amounting 2.145,36 lei, representing net dividends due to shareholders for the years 2003, 2005, 2006, 2007 and 2008, as bellow:



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

	lei
a) Payments 1 st quarter	1.089,12
b) Payments 2nd quarter	260,76
c) Payments 3rd quarter	130,70
d) Payments 4th quarter	664,78

At 31.12.2017 Uztel SA recorded in account 457 (due dividends) sum of 1.622.553, 09 lei representing dividends due to shareholders for years 2003 - 2008.

The company has not determined and not paid dividends for the years 2011 - 2017.

3.3 *Description of any activities of the Company to purchase its own shares:* - -
Company did not bought its own shares in 2017.

3.4 *If the company has subsidiaries, specifying the number and nominal value of the shares issued by the parent company owned subsidiaries:*

- The Company has no subsidiaries.

3.5 *If the company has issued bonds and / or other debt securities, presentation of way in which the company pays its obligations to the holders of such securities:*

-In 2017 the company has not issued bonds or other debt securities.

4. Company's management

4.1 *List of the Company's administrators and the following information for each administrator.*

By Order no.129 dated 03.03.2017 pronounced on File no. 4732/105/2010 by Dolj Court; Department of -II- of Civil, was ordered closure of the Uztel SA company's reorganization procedures, following the fulfillment of payment obligations assumed in the plan confirmed by sentence no. 1282 9 October 2012 and the Uztel SA Company's reintegration into the economic circuit with continued activity.

In 2017 the company was administered by the Board of Directors:

In accordance with the legal provisions in force, namely the Law 31/1990, UZTEL SA proceeded to the election of a Board of Directors with a four-year term of office, consisting of five members with full powers:



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

PERIOD 01.01.2017 - 31.12.2017		
SURNAME, GIVEN NAME	POSITION	PERIOD OF OFFICE
Popescu Ileana	CEO .	14.03.2017-30.06.2017
Maer Alina Mariana	Member of Board of Directors Membru	14.03.2017-30.06.2017
Hagiu Neculai	Member of Board of Directors	14.03.2017-30.06.2017
Legal entity COMIS SRL by conventional representative Badea Florian	Member of Board of Directors	14.03.2017-30.06.2017
Gheorghiu Mihail Gabriel	Member of Board of Directors	24.04.2017-30.06.2017

On 01.06.2017, by the Decision of the Board of Directors of Uztel SA, Ing. Purcarea Constantin was appointed as General Manager of the company.

For the period 14.03.2017 - 31.12.2017 the total remunerations of the Board of Directors of the Company represented 1,69% of the salary fund.

4.2 Presentation of the senior executives of the Company

a) the list of senior executives appointed by the Board of Directors for 2017 includes:

THE EXECUTIVE MANAGEMENT OF THE COMPANY - during the period 01.01.2017 - 31.12.2017 recorded fluctuations in the exercise of the managerial duties, thus:

PERIOD 01.01.2017 - 31.12.2017			
SURNAME, GIVEN NAME	POSITION	PERIOD	DECISION / DATE OF DECISION
Zidaru Ion	General Director	01.01.2017-31.05.2017	Decision 44 / 23.04.2013
Purcarea Constantin	General Director	01.06.2017-31.12.2017	Decision 68 / 16.05.2017



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

Gruescu Serban Gheorghe	Technical Director	01.01.2017- 20.10.2017	Decision 194 / 28.11.2012
Anghel George Marinelo	Technical Director	20.10.2017- 31.12.2017	Decision 170 / 16.10.2017
Gheorghiu Mihail Gabriel	Commercial Director	01.01.2017- 31.12.2017	CIM 238 / 31.01.2013
Popescu Ileana	Economic Director	01.01.2017- 31.12.2017	Decision 592 / 30.11.2010
Savin Dan Viorel	Manager Quality Management System	12.04.2017- 15.12.2017	CIM 848 / 11.04.2017

For the period 01.01.2017 - 31.12.2017 total remuneration of the executive management of the Company accounted for a share of 8, 43 % of wages fund.

b) Any agreement, understanding or family connection between the person and another and another person who caused that person is appointed member of the executive management:

The Company did not found any such situations in financial year 2017.

c) Participation of executive management in company's share capital is as follows este urmatoarea:

SURNAME, GIVEN NAME-POSITION	Number of shared owned
Zidaru Ion - Director General	-
Purcarea Constantin – Director General	-
Gruescu Serban Gheorghe – Director tehnic	-
Anghel George Marinelo – Director tehnic	-
Gheorghiu Mihail Gabriel – Director Comercial	-
Popescu Ileana – Director Economic	122
Savin Dan Viorel - Manager Sisteme de Management al Calitatii	-

4.3 The administrative and executive management of the company was not involved in the last five years in litigation related to the activity performed.



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

4.4 Corporative governance

Uztel will implement the recommendations contained in the Corporate Governance Code of the Bucharest Stock Exchange, which defines the principles and governance structures, aiming mainly shareholders rights and ensuring fair treatment. In this regard, the Board will draw up its own Rules of Organization and Operation, which is consistent with CGC principles, thus ensuring transparency and sustainable development of the company. Rules of organization and functioning will set while corresponding functions Board, powers and its responsibilities, so as to ensure the observance of interests of all shareholders of the company, and not least, equal access to them, but also the potential investors to relevant information about the company. In accordance with the recommendations provided in the GCC, in the company will establish strict rules for the internal handling and disclosure to third parties of documents with confidential and privileged information, paying particular importance to data and / or information that may influence the price of market securities issued by Uztel SA.

5.Finance -accounting statement

a) Elements of Financial Statement

a.1. The situation of assets items in 2017 compared to the years 2016 and 2015 is as follows:

	lei		
Assets	31.12.2017	31.12.2016	31.12.2015
Intangible assets	73.781	109.617	54.973
Tangible assets of which :	46.995.454	51.773.835	58.309.744
Land and buildings	34.280.920	37.709.342	42.563.845
Plant and machinery	10.101.313	10.900.435	12.930.406
Other installations and furniture	71.204	78.181	90.678
Tangible assets in progress	2.418.897	2.962.757	2.601.695
Advance for acquisition of intangible assets	123.120	123.120	123.120
Total assets	47.069.235	51.883.452	58.364.717
Current assets of which:	49.294.264	53.774.626	67.274.973
Stocks	33.811.683	37.903.801	42.145.939
Receivables	13.707.148	14.621.400	17.766.065
Cash	1.771.478	1.245.085	7.359.311
Prepayments	3.955	4.340	3.658
Total assets	96.363.499	105.658.078	125.639.690



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

Compared to 2016 it was a decrease of 8,80 % of total assets held by the company, and compared to 2015 a decrease by 23,30 % .

In nominal values, total assets decreased in 2017 compared to 2016 from de la 105.658.078 lei at 31.12.2016 to 96.363.499 lei at 31.12.2017 , due to:

- decrease of fixed assets by 9,28%, and in nominal values from 51.883.452 lei at 31.12.2016 to 47.069.235 lei at 31.12.2017;
- the decrease of the current assets by 8,33% and in nominal values from 53.774.626 lei at 31.12.2016 to 49.294.264 lei at 31.12.2017.

In nominal terms, total assets diminished in 2017 compared to 2015 from 125.639.690 lei at 31.12.2015 to 96.363.499 lei at 31.12.2017, on the account of:

- the decrease of fixed assets by 19,35% and in nominal values from 58.364.717 lei at 31.12.2015 to 47.069.235 lei at 31.12.2017;
- the decrease of the current assets by 26,73%, and in nominal values from 67.274.973 lei at 31.12.2015 to 49.294.264 lei at 31.12.2017.

Customers

On 31 December 2017 the situation of the uncertain clients was analyzed and by the substantiation notes no. 4311 / 15.11.2017 and no.88 / 06.03.2018 were canceled the depreciation adjustments established for doubtful receivables and resumed on income, as follows:

- for the client Tehnoinvest SRL Iasi was canceled the adjustment for the impairment of the receivable and the amount of 10.777,34 lei was recorded on tax deductible expenses, while the amount of 617,18 lei for non- deductible tax;
- for the customer Rinelcob SRL Baicoi was canceled the adjustment for the impairment of the receivable and the amount of 132.892,12 lei was recorded on tax deductible expenses.

Also, by the Paper nmb. 89 / 06.03.2018 was approved the establishment of adjustments for impairment receivables on 31.12.2017. The total value of the adjustments is of 959.859,35 lei, of which the value of 287.957,79 lei represents the deductible tax expense and the value of 671.901,56 lei represents the non-deductible tax expense, thus:



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

- lei -

Company	" Adjustment of Receivables Depreciation "	Adjustment value of which:	Tax deductible expense	Tax Non-deductible expense
Metal Proiect SRL Buzau	2017	13.593,75	4.078,12	9.515,63
Arpega Trading SRL Blejoi	2017	367.000,00	110.100,00	256.900,00
Altex SRL Tulcea	2017	560.245,08	168.073,52	392.171,56
Condmag SA Brasov	2017	564,20	169,26	394,94
Armax Gaz Medias	2017	16.750,11	5.025,03	11.725,08
GloBO Metal SRL Medias	2017	1.329,96	398,99	930,97
Macromet SRL Targoviste	2017	168,00	50,40	117,60
Norwest SRL Ploiesti	2017	208,25	62,47	145,78
Total "Adjustments for Devaluation of Receivables - Customers" as of 31.12.2017		959.859,35	287.957,79	671.901.56

Following the Report no 91/07.03.2017 was approved the transfer of receivables from account 4111.1.01 (Clients) in account 4118.1.02 (Customer disputes) amounting 957.797,19 lei as at risk of not cashing.

Analyzing, prescribing and provisioning receivables and provisions adjustments are performed periodically throughout the fiscal year to maintain a true and fair view of the amount of current and future receivables of the company.

Inventories of raw materials, semi-finished and finished products

On 31.12.2017 the Company did not provide adjustments for Stocks of raw materials, materials, semi-finished products and finished products

a.2 *The situation of liabilities in 2017 as compared to 2016 and 2015 is as follows:*

	lei		
Liabilities	31.12.2017	31.12.2016	31.12.2015
Share capital	13.413.648	13.413.648	13.413.648
Adjustments of share capital	3.453.860	3.453.860	3.453.860
Reserves	40.780.481	67.707.446	69.335.973



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

Retained earnings	3.686.242	(10.069.996)	7.952.819
Debt over a year	6.913.206	12.943.959	8.212.877
Provisions	253.413	246.213	250.638
Debts under one year	27.862.649	17.962.947	23.019.874
Total Liabilities	96.363.499	105.658.078	125.639.690

Compared to 2016, there was a decrease of 8,80% of the total liabilities held by the company, in nominal values from 105.658.078 lei at 31.12.2016 to 96.363.499 lei at 31.12.2017;

Compared to 2015, there was a 23,30% decrease in the Company's total liabilities in nominal values from 127.639.690 lei at 31.12.2015 to 96.363.499 lei at 31.12.2017.

The decrease in the percentage and value of the total liabilities held by the Company is due to the diminution of the revaluation reserves with the value of 26.926.965,40 lei by covering the accounting loss from previous years, capitalization of the revaluation surplus and reserves highlighted in the fiscal register, as follows:

- the amount of 20.908.041,70 RON representing the accounting loss according to OGM Decision no. 1 of 24.04.2017;
- the amount of 141.687,63 lei representing surplus capitalization of the revaluation of the surface of 604 square meters of land sold in 2017;
- the amount of 10.722,71 lei representing the revaluation surplus capitalization for fixed assets in the category of buildings, which were removed from the register by scrapping as a result of inventory of the company's patrimony in 2017;
- the value of 119.998,66 lei representing the revaluation surplus capitalization for fixed assets in the category of technical equipments, technical installations and machines, which were removed from the inventory due to the inventory of the company's patrimony in 2017;
- the value of 1.092,45 lei representing the surplus revaluation– capitalization for fixed assets in the category of office furniture, which were removed from the accounts by scrapping as a result of the inventory of the company's patrimony in 2017;



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

- the value of 2.300.235,79 lei representing revaluation reserves highlighted in the tax register at Trim-I-2017;
- the amount of 1.192.421,48 lei representing revaluation reserves highlighted in the tax register at Trim-II-2017;
- the value of 1.184.068,97 lei representing revaluation reserves highlighted in the tax register at Trim-III-2017;
- the amount of 1.068.696,01 lei representing revaluation reserves highlighted in the fiscal register at Trim-IV-2017;

b) Global Outcome Statement

The overall result structure in 2017 compared to 2016 and 2015 is as follows:

	lei		
Keys	31.12.2017	31.12.2016	31.12.2015
Net turnover	44.370.143	41.510.000	45.806.332
Operational income	48.627.123	48.219.620	62.009.982
Operational expense	61.584.908	67.156.019	64.018.331
Operating Activities Result	(12.957.785)	(18.936.399)	(2.008.349)
Financial income	704.431	1.324.412	1.754.570
Financial expenses	917.374	1.534.965	1.471.340
Net Financial Result	(212.943)	(210.553)	283.230
Total income	49.331.554	49.544.032	63.764.552
Total expenses	62.502.282	68.690.984	65.489.671
Result before tax	(13.170.728)	(19.146.952)	(1.725.119)
Income tax	-	-	312.177
Income from deferred income tax	(13.170.728)	(19.146.951)	(2.037.296)

Turnover as at 31.12.2017 compared to 31.12.2016 was an increase of 6,89%, in nominal values from 41.510.000 lei at 31.12.2016 to 44.370.143 lei at 31.12.2017, and compared to 31.12.2015 recorded a decrease of 3,14%, in nominal values from 45.806.332 lei at 31.12.2015 to 44.370.143 lei at 31.12.2017.

Turnover expresses the volume of revenue earned by the company on the basis of the business operations carried out in the reference year 2017. The turnover includes: sales of manufactured goods, works and services, rents and other income.



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

Operational revenues recorded an increase of 0,85% in 2017 compared to 2016, ie in nominal values from 48.219.620 lei at 31.12.2016 to 48.627.123 lei at 31.12.2017, on the account of:

- increase of the production sold from 41.496.082 lei at 31.12.2016 to 44.114.519 lei at 31.12.2017, a percentage increase of 6,31%;
- the decrease of revenues related to the cost of the stock of products from 5.577.215 lei at 31.12.2016 to 3.828.029 lei at 31.12.2017, a percentage decrease of 31,36%;
- the decrease of the revenues from the production of intangible and– tangible assets from 309.972 lei at 31.12.2016 to 59.755 lei at 31.12.2017, a percentage decrease of 80,72%;
- the decrease of other operating revenues from 822.433 lei at 31.12.2016 to 369.196 lei at 31.12.2017, a percentage decrease of 55,11%;

Compared to 31.12.2015, the operating revenues registered a decrease of 21,58%, ie in nominal values from 62.009.982 lei at 31.12.2015 to 48.627.123 lei at 31.12.2017, on the account of:

- decrease of the production sold from 45.739.475 lei at 31.12.2015 to 44.114.519 lei at 31.12.2017, a percentage decrease of 3,55%;
- the decrease of the incomes related to the cost of the stock of products from 15.164.297 lei at 31.12.2015 to 3.828.029 lei at 31.12.2017, a percentage decrease of 74,76%;
- the decrease of the revenues from the production of intangible and tangible assets from 278.865 lei to 31.12.2015 lei to 59.755 lei at 31.12.2017, a percentage decrease of 78,57%;
- the decrease of other operating revenues from 760.488 lei at 31.12.2015 to 369.196 lei at 31.12.2017, a percentage decrease of 51,45%.

Operating expenses - registered a decrease by 8,30% on 31.12.2017 as compared to 31.12.2016, in nominal values from 67.156.019 lei at 31.12.2016 to 61.584.908 lei at 31.12.2017, on the account of:



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

- the decrease of expenditures on raw materials, consumables, goods– and utilities from 30.070.705 lei at 31.12.2016 to 28.044.533 lei at 31.12.2017, a percentage decrease of 6,74%;
- the decrease of other expenses representing external services, taxes and taxes from 7.224.052 lei at 31.12.2016 to 6.099.262 lei at 31.12.2017, a 15,57% decrease;
- the increase of personnel expenses from 18.075.656 lei at 31.12.201 to 21.071.290 lei at 31.12.2017, a percentage increase of 16,57%.

Compared to 31.12.2015, operating expenses decreased by 3,80%, in nominal values from 64.018.331 lei at 31.12.2015 to 61.584.908 lei at 31.12.2017, on the account of:

- the decrease of expenditures on raw materials, consumables, goods and utilities from 30.430.434 lei at 31.12.2015 to 28.044.533 lei at 31.12.2017, ie a percentage decrease of 7,84%;
- the decrease of other expenses representing external benefits, taxes and taxes from 6.404.463 lei at 31.12.2015 to 6.099.262 lei at 31.12.2017, a percentage decrease of 4,77%;
- the increase of the personnel expenses from 19.738.549 lei at 31.12.2015 to 21.071.290 lei at 31.12.2017, a percentage increase of 6,75%.

The decrease of the operational expenses was mainly influenced by the decrease in the volume of acquisitions of raw materials, materials and utilities necessary for the realization of the contracted production.

The result of the operating activities recorded as at 31.12.2017 a decrease of the loss in nominal values from (18.936.399) lei at 31.12.2016 to (12.957.785) lei at 31.12.2017 and compared to 31.12 .2015 recorded an increase in the loss in nominal value from (2.008.349) lei at 31.12.2015 to (12.957.785) lei at 31.12.2017

The financial revenues decreased by 46,81% at 31.12.2017 compared to 31.12.2016, ie in nominal values from 1.324.412 lei at 31.12.2016 to 704.431 lei at 31.12.2017. Compared to December 31, 2015, the financial revenues decreased by



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

59,85%, ie in nominal values from 1.754.570 lei at 31.12.2015 to 704.431 lei at 31.12.2017.

Financial expenses decreased by 40,23% at 31.12.2017 as compared to 31.12.2016, in nominal values from 1.534.965 lei at 31.12.2016 to 917.374 lei at 31.12.2017. Compared to December 31, 2015, financial expenses decreased by 37,65%, in nominal values from 1.471.340 lei at 31.12.2015 to 917.374 lei at 31.12.2017. The increase / decrease of the financial expenses was based on the exchange rate differences, the appreciation / depreciation of the national currency against the euro and dollar currency and the amount of the trade receivables in the invoices and receipts.

The net financial result recorded as at 31.12.2015 a gross profit of + 283.230 lei, as at 31.12.2016 the company recorded a gross loss of (210.553) lei and on 31.12.2017 the company recorded a gross loss (212.943) lei.

Total revenues recorded a decrease of 0,43% at 31.12.2017 as compared to 31.12.2016, ie in nominal values from 49.544.032 lei at 31.12.2016 to 49.331.554 lei at 31.12.2017. Compared to December 31, 2015, total revenues decreased by 22,63% in nominal values from 63.764.552 lei at 31.12.2015 to 49.331.554 lei as at 31.12.2017.

Total expenditures decreased by 9,01% as at 31.12.2017 as compared to 31.12.2016, in nominal values from 68.690.984 lei at 31.12.2016 to 62.502.282 lei at 31.12.2017. Compared to 31.12.2015, total expenditures decreased by 4,56% in nominal values from 65.489.671 lei at 31.12.2015 to 62.502.282 lei at 31.12.2017.

The pre-tax result as at 31.12.2017 compared to 31.12.2016 reduced the loss in nominal values from (19.146.952) lei at 31.12.2016 to (13.170.728) lei at 31.12.2017, and compared to December 31, 2015 recorded a loss increase, in nominal values from (1.725.119) lei at 31.12.2015 to (13.170.728) lei at 31.12.2017.

The overall result of the period recorded as at 31.12.2017 compared to 31.12.2016 a decrease of the loss in nominal values from (19.146.952) lei at 31.12.2016 to (13.170.728) lei at 31.12.2017, and compared to December 31, 2015 recorded an increase in the loss, in nominal values from (2.037.296) lei at 31.12.2015 to (13.170.728) lei at 31.12.2017.



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

Economic - financial indicators	31.12.2017	31.12.2016	31.12.2015
Current liquidity – Current Assets / Current Liabilities	1,77	2,99	2,92
Indebtness – Borrowed capital / Equity * 100	12,23%	11,48%	5,06%
Rotation speed debts – clients – Receivables / Turnover * 365 days	112 zile	129 zile	141 zile
Rotation speed of fixed assets – Turnover / Fixed Assets	0,94	0,80	0,78

Current liquidity - provide the guarantee to cover current liabilities from current assets, accepted value is about 2.

Indebtedness - Expresses credit risk management effectiveness. The lower the value resulting from the calculation of indebtedness ratio, the smaller risk associated and less sensitive with changing interest rates.

Rotation speed debts – clients - Express effectiveness of the company in collecting its receivables, namely the number of days until the debtors pay their debt to society. The average number of days in which the company claims back in 2017 was 112 days .

Rotation speed of fixed assets - Express effectiveness of business assets by examining the turnover generated by a certain amount of assets. The value obtained was 0,94 expresses assets management effectiveness by achieving a turnover of 44.370.143 lei generated by an amount of fixed assets worth 47.069.235 lei.

c) Cash-flow :

Cash-flow situation at December 2017 compared to 31 December 2016 and 31 December 2015 is as follows:

	<u>31-December</u> <u>2017</u> lei	<u>31-December</u> <u>2016</u> lei	<u>31-December</u> <u>2015</u> lei
Net profit for the year	(13.170.728)	(19.146.952)	(2.037.296)
Income tax expenses	-	-	312.177
Long term asset depreciation /impairment	4.743.779	6.057.829	7.043.308
Expenses with disposed assets	294.100	-	-



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

Income from disposed assets	(98.578)	-	-
Provisions for customers	(816.190)	(730.576)	(4.124.629)
Income / (expenses) related to value adjustments on current assets	1.104.659	6.779.810	-
Provisions for inventory	-	-	(2.669.738)
Interest expense	(240.349)	(112.593)	(176.486)
Interest income	6.316	71.198	258.873
Gain / loss from exchange rate	20.234	278.002	198.820
Movements in working capital	5.013.971	12.343.670	842.324
Increase / (decrease) in trade receivables	2.461.019	3.144.665	4.866.322
Increase /(decrease) in other current assets	385	(682)	(342)
Increase / (decrease) in inventories	4.092.118	4.242.138	4.164.653
Increase / (decrease) in debts payables	6.289.074	918.711	858.206
Increase / (decrease) other	(2.412.926)	(1.248.979)	(10.576.377)
Cash used in operating activities	10.429.670	7.055.853	(687.538)
Income tax paid	-	(17.857)	(194.348)
Interest paid	(240.349)	(112.593)	(176.486)
Cash generated from operating activities	2.032.564	122.120	(2.253.343)
Net cash from investment activities	(99.181)	(1.425.341)	(2.304.511)
Cash payment for acquisition of land and assets	(99.181)	(1.425.341)	(2.304.511)
Net cash from financing activities	(1.406.990)	(4.811.005)	(2.757.350)
Cash repayments of borrowings	(1.404.845)	(4.772.776)	(2.755.871)
Dividends paid	(2.145)	(38.229)	(1.479)
Increase / decrease in net cash and cash equivalents	526.393	(6.114.226)	(7.315.203)
Cash and cash equivalents at the begining of period	1.245.085	7.359.311	14.674.514
Cash and cash equivalents at the end of period	1.771.478	1.245.085	7.359.311
Net increase/decrease in cash and cash equivalents	526.393	(6.114.226)	(7.315.203)



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

In 2017 cash and cash equivalents increased by 2016 with 6.640.619 lei as a result of:

- Increase in cash generated from operating activity by RON 1.910.444, from + 122.120 lei to 31.12.2016 to + 2.032.564lei at 31.12.2017;
- The decrease of the net cash from the investment activity by 1.326.160 lei, from (1.425.341) lei at 31.12.2016 to (99.181) lei at 31.12.2017;
- The decrease of net cash from financing activity by RON 3.404.015, from (4.811.005) lei at 31.12.2016 to (1.406.990) lei at 31.12.2017.

Compared to 2015, the cash and cash equivalents increased in 2017 by 7.841.596 lei due to:

- Increase in cash generated from operating activity by RON 4.285.907, from (2.253.343) lei at 31.12.2015 to + 2.032.564lei at 31.12.2017;
- The decrease of the net cash from the financing activity by 1.350.360 lei, from (2.757.350) lei to 31.12.2015 to (1.406.990) lei at 31.12.2017;
- The decrease of the net cash from the investment activity by 2.205.330 lei, from (2.304.511) lei at 31.12.2015 to (99.181) lei at 31.12.2017.

Board of Directors,
CEO, Ec. Popescu Ileana

General Director
Eng. Zidaru Ion

Chief of Gen. Acct. Serv.,
Ec. Ilie Marian Eduard