



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: 544531, 521181; E-mail: office@uztel.ro

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

**UNAUDITED INTERIM
STATEMENTS AT THE DATE OF
AND FOR THE NINE MONTH PERIOD
ENDED ON 30 SEPTEMBER 2017**

**Drafted in accordance with the international financial reporting
standards adopted by the European Union**



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**UZTEL S.A.****OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS**

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FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro**Interim Statement of the Individual Financial Position
for Accounting Reporting on 30.09.2017**

In LEI	<u>30-September 2017</u>	<u>31-December 2016</u>
Long-term Assets		
Tangible	48.267.484	51.773.835
Real Estate Investments	-	-
Intangible assets	86.212	109.617
Financial assets	-	-
Total long-term assets	<u>48.353.696</u>	<u>51.883.452</u>
Current assets		
Stocks	34.586.470	37.903.801
Trade receivables and other receivables	13.294.432	14.600.326
Deferred tax assets	7.557	7.557
Loans granted to related parties	-	-
Recoverable Taxes	17.857	17.857
Other assets	-	-
Cash and cash equivalents	1.161.625	1.245.085
Assets held for sale	-	-
Total current assets	<u>49.067.941</u>	<u>53.774.626</u>
Total Assets	<u>97.421.637</u>	<u>105.658.078</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	13.413.648	13.413.648
Adjustments of capital	3.453.860	3.453.860
Share premium account	-	-
Rezerations	42.074.793	67.707.446
Result for the year	(12.821.172)	(19.146.952)
Result reported (earnings)	2.741.486	(10.069.996)
Total Capital	<u>61.683.787</u>	<u>74.504.958</u>
Long term loans		
Loans	4.682.815	6.087.660
Financial leasing and interest bearing liabilities	-	-
Deferred tax liabilities	-	-
Trade payables and other payables	4.167.615	5.627.441
Provisions	244.088	246.213
Income in advance	-	-
Total current liabilities	<u>9.094.518</u>	<u>11.961.314</u>



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Continued Interim Statement of the Individual Financial Position

Current liabilities

Trade payables	15.862.652	12.539.964
Loans received from related parties	-	-
Loans	2.479.898	2.467.306
Financial leasing and interest bearing liabilities	-	-
Income in advance	3.962.562	536.971
Other liabilities	4.338.220	3.647.565
Current income tax	-	-
Total current liabilities	<u>26.643.332</u>	<u>19.191.806</u>
Total debts	<u>35.737.850</u>	<u>31.153.120</u>
Total equity and liabilities	<u>97.421.637</u>	<u>105.658.078</u>

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for Accounting Reporting on 30.09.2017**

În LEI	<u>30-September 2017</u>	<u>30-September2016</u>
Income	28.113.930	29.542.948
Income from investments	-	-
Other income	343.694	1.854.978
Other gains / (losses) -net	1.797	2.300
Income cost of inventories of finished goods and Production in progress	1.083.055	7.295.601
Expenses with raw materials and consumables	(17.839.587)	(21.562.386)
Asset depreciation and amortization expense	(3.677.651)	(4.706.291)
Employee benefits expense	(12.775.743)	(10.875.625)
Expenditure on insurance contributions and social protection	(2.878.420)	(2.471.222)
Expenses with external supply	(4.068.780)	(4.023.319)
Other expenses	(904.424)	(880.648)
Other gains / (losses) -net	-	-
Operating profit	<u>(12.602.129)</u>	<u>(5.823.664)</u>
Financial income	444.509	698.151
Financial expenses	663.552	803.412
Other financial gains / (losses) -net	-	-
Financial costs - net	<u>(219.043)</u>	<u>(105.261)</u>
Profit / (loss) before tax	<u>(12.821.172)</u>	<u>(5.928.925)</u>
Current income tax expense	-	17.857
Expense / income with deferred income tax	-	-
Profit / (loss) for the year - net	<u>(12.821.172)</u>	<u>(5.946.782)</u>
Other items of comprehensive income		
Earnings / (loss) from revaluation of tangible assets	-	-
Adjustment of deferred tax related to reserves from revaluation	-	-
Total consolidated income for the year	<u>(12.821.172)</u>	<u>(5.946.782)</u>
Earnings per Share	<u>(2,39)</u>	<u>(1,11)</u>
Number of shares	<u>5.365.459</u>	<u>5.365.459</u>

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for Accounting Reporting on 30.09.2017**

În LEI	Equity	Adjustment of equity	Legal reserve	Reserves from reassessment	Other reserves	Result reported	Total equity
Balance on 01 January 2017	13.413.648	3.453.860	1.916.641	65.159.672	631.133	(10.069.996)	74.504.958
Reserve Reclassificati on From Reassessment At reported Result	-	-	-	(25.632.653)	-	-	(25.632.653)
Net Profit of period	-	-	-	-	-	(12.821.172)	(12.821.172)
Transfer between Equity accounts	-	-	-	-	-	25.632.654	25.632.654
Balance at 30 September 2017	13.413.648	3.453.860	1.916.641	39.527.019	631.133	2.741.486	61.683.787

As a result of applying IFRS beginning with the fiscal year 2012 were restated financial statements, resulting from the application of IAS 29 an inflation adjustment to equity of 3.453.860 lei.

No deferred tax adjustments for revaluation reserves for the period 01.01.2017 - 30.09.2017 have been calculated.



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**Explanatory Notes to Interim Financial Statements
 for Accounting Reporting on 30.09.2017**

FIXED ASSETS - tangible

	land	Bulidings and constructio ns	Machines and equipments	Other tangible assets	Tangible assets in progress	Advances for intangible assets	Total
Cost	Lei	Lei	Lei	Lei	Lei	Lei	Lei
Balance on 01 January 2017	16.764.100	32.015.002	35.857.772	160.630	2.962.757	123.120	87.883.381
Increases	-	-	715.023	7.247	155.999	-	878.269
Outputs	54.517	-	22.411	-	699.859	-	776.787
Balance at 30 September 2017	16.709.583	32.015.002	36.550.384	167.877	2.418.897	123.120	87.984.863
Accumulated amortization							
Balance on 01 January 2017	-	11.069.760	24.957.337	82.449	-	-	36.109.546
Amortization of year	-	2.503.835	1.094.324	9.674	-	-	3.607.833
Amortizatio n of outputs	-	-	-	-	-	-	-
Balance at 30 September 2017	-	13.573.595	26.051.661	92.123	-	-	39.717.379
Adjustment							
Balance on 01 January 2017	-	-	-	-	-	-	-
Increases	-	-	-	-	-	-	-
Outputs	-	-	-	-	-	-	-
Balance at 30 September 2017	-	-	-	-	-	-	-

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Balance on 01 January 2017	16.764.100	20.945.242	10.900.435	78.181	2.962.757	123.120	51.773.835
Balance at 30 September 2017	16.709.583	18.441.407	10.498.723	75.754	2.418.897	123.120	48.267.484

Between 1 January and 30 September 2017, the total value of the increases recorded in the accounting records for the "Machines and Equipment" class was 715.023 lei representing:

- Two rails 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 sample stands CH 50KF, worth 53.707 lei;
- LED lighting installation - SDV sector, worth 36.766 lei;
- LED lighting installation - central store, worth 16.216 lei;
- Bore support parts for nitrating, worth 6.199 lei;
- Settlement between accounts 2131.01 - Technological Equipment and 2133.01 - Means of Transport worth RON 22.411.

Between 01 January and 30 September 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.

The tangible assets under construction recorded an increase of 155.999 lei between January 1 and September 30, 2017, representing:

- Main and secondary feather molds 2 1/16, 2 9/16, 3 1/8, 4 1/16 (eight molds), 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 two rails overhead crane construction 16 To / 6,3 To, amounting to 1.527 lei;



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Continued **FIXED ASSETS - tangible**

Between 1 January and 30 September 2017, the "Land" class registered a decrease of 54,517 lei by selling the surface of 604 sq. m in city limits land, according to the sale contracts with authentication no . 1758 and 1759 / 04.05.2017 to individuals.

Also, the "Machinery and Equipment" class registered a decrease of 22.411 lei, accounting for analytical account adjustment.

The tangible fixed assets registered in the period January 1 - September 30, 2017 decreases amounting to 699.859 lei, representing adjustments between analytical accounts for:

- Two rails 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 sample stands CH 50KF, 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 parts for nitrating, worth 6.199 lei;

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for Accounting Reporting on 30.09.2017****FIXED ASSETS- Intangible**

	Development expenses	Other intangible assets	Intangible assets in progress	Total
Cost	Lei	Lei	Lei	Lei
Balance on 01 January 2017	192.705	499.147	-	691.852
Inputs	2.257	58.652	-	60.909
Outputs	20.615	-	-	20.615
Balance at 30 September 2017	174.347	557.799	-	732.146
Accumulated amortization				
Balance on 01 January 2017	109.475	472.760	-	582.235
Inputs	9.140	60.678	-	69.818
Outputs	6.119	-	-	6.119
Balance at 30 September 2017	112.496	533.438	-	645.934
Net book value				
Balance on 01 January 2017	83.230	26.387	-	109.617
Balance at 30 September 2017	61.851	24.361	-	86.212



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Continued FIXED ASSETS- Intangible

Between 1st January and 30th September 2017, the development expenses registered an increase of 2.257 lei, representing expenses for purchase of hydraulic stripping equipment with gasket and key type SH 7 1 / 16x210 / 70bar.

The company acquired intangible assets worth 58.651 lei, representing: Technical support for SIVICO integrated program worth 52.130 lei and ESET ENDPOINT antivirus license worth 6.521 lei.

Between 1 January and 30 September 2017, the development expenses recorded a decrease of 20.615 lei by removing by the sale to Expert Petroleum SRL Bucharest of the SH 7 1 / 16x210 / 70bar hydraulic drift preventer equipped with the gasket and key .

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for Accounting Reporting on 30.09.2017****Stocks****În LEI****30 September 2017 01 January 2017**

Raw material	1.482.557	1.662.408
Additional material	686.352	777.531
Fuels	24.225	20.208
Packaging materials	2.291	2.725
Spare parts	3.720.650	4.533.464
Other consumables	206.571	223.587
Other consumables- protocol	142	133
Inventory items	361.839	345.736
Product in progress	7.451.454	6.614.360
Semi- manufactured	1.150.573	1.368.908
Finished product	11.271.095	8.517.014
Difference of price of semi-finished products	573.479	672.183
Difference of price of finished products	7.295.179	12.892.109
Packing	23.182	8.064
Residual products	18.256	68.366
Total	34.267.845	37.706.796
Advances for purchases assets such as stocks	318.625	197.005
Total General Stocks	34.586.470	37.903.801



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**Explanatory Notes to Interim Financial Statements
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Individual Statement of Cash Flows and cash equivalent

	<u>30-September</u> <u>2017</u> <u>lei</u>	<u>31-December</u> <u>2016</u> <u>lei</u>
Cash and cash equivalent	1.161.625	1.245.085
Bank deposit	-	-
Cash and cash equivalent	1.161.625	1.245.085

From the point of view of the Cash Flow Statement, it is considered that:

- Cash is the cash in the cashier and current bank accounts;
- Cash equivalents are fiscal and postage stamps.

The prudent management of liquidity risk implies maintaining sufficient cash in lei and foreign currency in the company's bank accounts.

There are no restrictions on cash accounts in banks.

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Trade receivables and other receivables	<u>30-September</u>	<u>Balance at 01</u>
	<u>2017</u>	<u>January</u>
	<u>lei</u>	<u>2017</u>
		<u>lei</u>
Trade receivables	10.701.861	11.301.205
Domestic Client	3.991.039	4.284.726
External Client	3.217.430	3.509.607
Doubtful client, litigation	3.104.921	3.123.475
Suppliers borrowers	388.471	383.397
Other receivables	3.348.561	4.055.111
Other non-current receivables (Goodwill guarantees OMV Petrom Bucharest)	27.038	314.366
VAT to be recovered	798.516	926.258
Wage advance	9.822	3.300
Borrowers	1.572.083	2.013.089
Receivables on current income tax	17.857	17.857
Deferred tax receivables	7.557	7.557
Other receivables (VAT not due, accrued expenses and settlement systems in operation during clarification)	915.688	772.684
Adjustments for impairment of receivables-clients	(730.576)	(730.576)
Total trade receivables and other receivables	13.319.846	14.625.740
Prepayments	4.984	4.340



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Continued Trade receivables and other receivables

**Adjustments for impairment of receivables-
clients**

	<u>30-September</u> <u>2017</u> <u>lei</u>	<u>Balance at 01 January</u> <u>2017</u> <u>lei</u>
Balance at the beginning of the period	730.576	730.576
Constitutions during the period	-	-
Resumption during the period	-	-
Total	730.576	730.576

The uncertain clients were recorded separately in the accounting records of the company.

The assessment of foreign currency denominated claims was made at the exchange rate announced by the National Bank of Romania for the closing of September 2017.

The favorable or unfavorable exchange rate differences between the foreign exchange rate on which the foreign currency claims and the foreign exchange market rate communicated by the National Bank of Romania for the closing of September 2017 were recorded in the corresponding income or expense accounts of exchange rate differences, as the case .



**Explanatory Notes to Interim Financial Statements
for Accounting Reporting on 30.09.2017**

**Situation of trade receivables and other
receivables**

	<u>30-September</u>	<u>Balance at January</u>
	<u>2017</u>	<u>01</u>
	<u>lei</u>	<u>2017</u>
		<u>lei</u>
a) Situation of short term debts		
Amounts owed to credit institutions	2.479.898	2.467.306
Advances collected for orders	3.962.562	536.971
Trade payables - suppliers	15.862.652	11.311.105
Income tax	-	-
	4.338.220	3.647.565
Other creditors including tax and social security	-	-
Provisions and deferred income	-	-
Total short term debts	26.643.332	17.962.947

	<u>30-September</u>	<u>Sold la 01 ianuarie</u>
	<u>2017</u>	<u>2017</u>
	<u>lei</u>	<u>lei</u>
a) Long term debts		
Amounts owed to credit institutions	4.682.815	6.087.660
Advances collected for orders	-	-
Trade payables - suppliers	3.771.352	5.271.246
Curent income tax	-	-
Other creditors including tax and social security	396.263	1.585.053
Prepayments and earnings recorded in advance	244.088	246.213
Total long term debts	9.094.518	13.190.172

Bank credits are guaranteed by:

- Mortgages totaling 29.434.935 lei (insurance policy No. 2487024 of 25.05.2017). The last valuation report was conducted for banking purposes in August 2017 by Neoconsult Valuation SRL Bucharest, an authorized valuer, an accredited member of ANEVAR, the value of the valued property market being of RON 24.728.166.
- Pledge Stocks of raw materials, inventory items and finished products totaling RON 24.651.575 (insurance policy No. 2470188 dated 23.11.2016);
- Pledge on technological equipment with a total value of 5.852.629 lei (insurance policy No. 2470241 as of 01.03.2017).



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Provisions

	<u>Balance on January 01, 2017</u>	<u>Increases</u>	<u>Deductions</u>	<u>Blance on 30 September 2017</u>
	<u>lei</u>	<u>lei</u>	<u>lei</u>	<u>lei</u>
Provisions for litigations	246.213	-	2.125	244.088
Total	246.213	-	2.125	244.088

**Income registered in advance
inregistrate in avans**

	<u>Balance on January 01, 2017</u>	<u>Increases</u>	<u>Deductions</u>	<u>Blance on 30 September 2017</u>
	<u>lei</u>	<u>lei</u>	<u>lei</u>	<u>lei</u>
Income registered in advance	-	-	-	-
Total	-	-	-	-



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Share of Operation Revenues

30 September 2017	amount (lei)	Share of Total revenue %	Share of turnover %
Revenue from the sale of finished products - domestic market	14.043.004	46,83	49,95
Revenue from the sale of finished products - abroad	13.570.349	45,26	48,27
Revenue from services rendered- Laboratory services	61.570	0,21	0,22
Revenue from services rendered - internal transport	3.392	0,01	0,01
Income from rental of oilfield equipment	143.722	0,48	0,51
Income from different activities	220.219	0,73	0,78
Income from different activities - Internal	36.265	0,12	0,13
Income from different activities - Export	35.409	0,12	0,13
Turnover- Total	28.113.930	93,76	100,00

Report on operating segment at 30 September 2017	amount (lei)	Share Of total income %
Revenue from the sale of finished products - internal	14.043.004	46,83
Revenue from the sale of finished products - external	13.570.350	45,26
Income related to the cost of finished product stocks and production in progress	1.083.055	3,61
Revenue from services rendered	136.635	0,46
Income from royalties, management and rental locations	143.722	0,48
Revenue from sale of goods	220.219	0,73
Total	29.196.985	97,37



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

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

Continued Share of Operation Revenues

30 September 2016	amount (lei)	Share of Total revenue %	Share of turnover %
Revenue from the sale of finished products - domestic market	12.850.829	32,62	43,50
Revenue from the sale of finished products - abroad	16.501.708	41,89	55,86
Revenue from services rendered- Laboratory services	58.010	0,15	0,20
Revenue from services rendered - internal transport	5.607	0,01	0,02
Revenue from services rendered- external transport	40.253	0,10	0,14
Income from royalties, locations management and rental	177	-	-
Income from rental of oilfield equipment	36.158	0,09	0,12
Income from different activities	76.933	0,20	0,26
Income from different activities - Internal	23.239	0,06	0,08
Income from different activities - Export	10.722	0,03	0,04
Trade discounts - external	(60.689)	(0,15)	(0,21)
Turnover - Total	29.542.948	75,00	100,00

Report on operating segment at 30 September 2016	amount (lei)	Share of Total revenue %
Revenue from the sale of finished products - internal	12.850.829	32,62
Revenue from the sale of finished products - external	16.441.020	41,74
Income related to the cost of finished product stocks and production in progress	7.295.601	18,52
Revenue from services rendered	137.831	0,35
Income from royalties, management and rental locations	36.336	0,09
Revenue from sale of goods	76.933	0,20
Total	36.838.549	93,52

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FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro**Explanatory Notes to Interim Financial Statements
for Accounting Reporting on 30.09.2017**

	<u>9 months 2017</u>	<u>9 months 2016</u>
Operating revenue	<u>lei</u>	<u>lei</u>
Total operating income, of which:	29.540.679	38.693.527
Turnover	28.113.930	29.542.948
Income related to the cost of finished product stocks and production in progress	1.083.055	7.295.601
Income from the production of intangible and tangible assets	56.767	272.077
Other operating revenues	286.927	1.582.901
Operating expenses	<u>9 months 2017</u>	<u>9 months 2016</u>
	<u>lei</u>	<u>lei</u>
Total operating expenses, of which:	42.142.808	44.517.191
Raw material and consumables costs	15.206.368	18.895.822
Other material expenses	471.913	555.922
Other external expenses (power and water)	2.005.096	2.096.581
The expenditures on goods	156.210	31.216
Trade discounts received	-	17.155
Staff costs	15.654.163	13.346.847
Value adjustments on tangible, intangible assets, real estate investments and biological assets evaluated at cost	3.677.651	4.706.291
Value adjustments on assets	328	-
Other operating expenses	4.973.204	4.903.967
Expenses from revaluation of tangible and intangible assets	(2.125)	(2.300)
Operating result	<u>9 months 2017</u>	<u>9 months 2016</u>
	<u>lei</u>	<u>lei</u>
Total operating result of which:	(12.602.129)	(5.823.664)
Total Operating Revenue	29.540.679	38.693.527
Total Operating Expenditure	42.142.808	44.517.191

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Financial Income	<u>9 months 2017</u>	<u>9 months 2016</u>
	<u>lei</u>	<u>lei</u>
Total financial income, of which	444.509	698.151
Income from exchange rate fluctuations	438.981	627.234
Interest income	4.666	69.514
Other incomes	862	1.403
Financial expenses	<u>9 months 2017</u>	<u>9 months 2016</u>
	<u>lei</u>	<u>lei</u>
Total Financial expenses , of which:	663.552	803.412
Interest charges	167.999	66.597
Other financial expenses	495.553	736.815
Financial Resultat	<u>9 months 2017</u>	<u>9 months 2016</u>
	<u>lei</u>	<u>lei</u>
Total Financial result, of which:	(219.043)	(105.261)
Total Financial Revenue	444.509	698.151
Total Financial Expenses	663.552	803.412



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Explanatory Notes to Interim Financial Statements for Accounting Reporting on 30.09.2017

INCOME TAX

The profit tax for the period 01.01.2017 - 30.09.2017 includes the current tax. Income tax is recognized in the statement of comprehensive income or in other components of comprehensive income, if the tax is attributable to equity.

Current income tax

Current tax is the tax payable on the taxable profit realized between 1 January 2017 and 30 September 2017, determined on the basis of the tax regulations applicable at the reporting date. The applicable corporate tax rate for the financial period from January 1, 2017 to September 30, 2017 was 16% (the same rate applied for the years 2012, 2013, 2014, 2015 and 2016).

30 September 2017

Expenditure on current income tax

0 lei



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Annex 30 B
Economic and Financial Indicators
for Accounting Reporting on 30.09.2017

Economic - Financial Indicators	30.09.2017	30.09.2016
Current Liquidity - Current Assets / Current Liabilities	1,84	2,99
Debt grade - Borrowed capital / Equity * 100	11,61%	11,48%
Speed of rotation debits - clients - Receivables / Turnover * 270 days	128 days	133 days
Turning Speed of Fixed Assets - Fixed Assets / Fixed Assets	0,58	0,57

General Director,
Eng. Purcarea Constantin

Economic Director
Ec. Popescu Ileana

Head of Acct. Dept.
Ec. Ilie Marian