



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

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

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

**NOTE OF SUBSTANTIATION**  
**of the proposal on distribution of accounting profit on**  
**la 31.12.2018**

In the financial year ended December 31, 2018, UZTEL SA Ploiesti recorded net profit of RON 783.882,46.

Under Law 31/1990 on commercial companies: according to art. 183, "*of the company's profit shall be taken at least 5% each year for the formation of the reserve fund, until it reaches at least a fifth of the share capital.*" Thus, at the end of each year, the legal reserve of the company's profit will be created by applying the 5% share, until the reserve reaches 20% of the share capital. As at 31 December 2018, the statutory legal reserve is in the amount of 1.955.836 lei, and the total amount of the constituted reserve is 2.682.729,50 lei.

The company constituted on 31.12.2018 the legal reserve amounting to 39.194,12 lei, according to the provisions of art. 26 par. (1), lit. (a) of Law no. 227/2015 regarding the Fiscal Code, as follows:

129	=	1061
39.194,12 lei		
Profit distribution		Legal reserves

As a result of establishing the legal reserve amounting to 39.142,12 lei, the net book profit will be 744.688,34 lei.

It is proposed to the General Meeting of Shareholders that the net profit of RON 744.688,34 should be recorded in the accounting records of Uztel SA Ploiesti as follows :

<b>121</b>	<b>=</b>	<b>1171.02</b>	<b>744.688,34 lei</b>
<b>Profit</b>		<b>Result reported-</b>	
		<b>loss</b>	



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<b>1171.02</b>	=	<b>1171.01</b>	<b>744.688,34 lei</b>
<b>Reported result - profit</b>		<b>Reported result - loss</b>	

The result carried forward from previous years is an accounting loss amounting to (16.650.910,26) lei, representing:

- loss related to the year 2016, amounting to (3.480.181,87) lei;
- loss related to 2017, amounting to (13.170.728,39) lei.

According to the provisions of art. 31 par. (1), lit. (a) of Law no. 227/2015 regarding the Fiscal Code and art. 19 par. (4) of the Accounting Law no. 82/1991 with subsequent modifications and completions, after the approval of these accounting operations, the company's net loss shall be in the amount of (15.906.221,92) lei.

General Director

Ing. Zidaru Ion

Economic Director

Ec. Popescu Ileana

Head of Gen. Acct.Dept.

Ec Duta Heroiu Maria Carmen