



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

**UNAUDITED INTERIM STATEMENTS
AT THE DATE OF
AND FOR THE NINE MONTHS PERIOD
ENDED ON 30 SEPTEMBER 2018**

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



C ONTENT:

I. Interim Statement of the Individual Financial Position

II. Interim statement of comprehensive income

III. Interim Statement of Changes in Equity

IV. Explanatory Notes to Interim Financial Statements



Interim Statement of the Individual Financial Position for Accounting Reporting on 30.09.2018

In LEI	<u>30-September 2018</u>	<u>31-December 2017</u>
Long-term Assets		
Tangible assets	44.383.204	46.995.454
Intangible assets	39.114	73.781
Total long-term assets	<u>44.422.318</u>	<u>47.069.235</u>
Current assets		
Stocks	35.805.027	33.811.683
Trade receivables and other receivables	14.188.126	13.711.102
Cash and cash equivalents	368.088	1.771.478
Total current assets	<u>50.361.241</u>	<u>49.294.263</u>
Total Assets	<u>94.783.559</u>	<u>96.363.498</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	13.413.648	13.413.648
Adjustments of capital	3.453.860	3.453.860
Reserves	38.715.624	40.780.480
Result for the period	349.061	(13.170.728)
Result reported	6.718.694	3.686.242
Total Capital	<u>62.301.826</u>	<u>61.334.230</u>
Long term loans		
Loans	2.809.689	4.214.534
Trade payables and other payables	2.577.775	2.698.672
Provisions for disputes	251.288	253.413
Total long term liabilities	<u>5.638.752</u>	<u>7.166.619</u>
Current liabilities		
Trade payables	16.578.574	17.819.320
Loans	3.213.060	3.284.264
Income in advance	2.182.720	2.749.697
Other liabilities	4.868.627	4.009.368
Total current liabilities	<u>26.842.981</u>	<u>27.862.649</u>
Total debts	<u>32.481.733</u>	<u>35.029.268</u>
Total equity and liabilities	<u>94.783.559</u>	<u>96.363.498</u>



Interim statement of comprehensive income for Accounting Reporting on 30.09.2018

In LEI	<u>30-September 2018</u>	<u>30-September 2017</u>
Income	44.235.694	28.113.930
Other income	147.433	343.694
Other gains / (losses) -net	2.125	1.797
Income cost of inventories of finished goods and Production in progress	13.103.084	1.083.055
Expenses with raw materials and consumables	(30.662.782)	(17.839.587)
Asset depreciation and amortization expense	(2.640.368)	(3.677.651)
Employee benefits expense	(17.399.240)	(15.654.163)
Expenses with external supply	(5.008.955)	(4.068.780)
Other expenses	(1.169.363)	(904.424)
Operation profit	<u>607.628</u>	<u>(12.602.129)</u>
Financial income	790.252	444.509
Financial expenses	1.048.819	663.552
Financial costs - net	<u>(258.567)</u>	<u>(219.043)</u>
Profit / (loss) before tax	<u>349.061</u>	<u>(12.821.172)</u>
Profit / (loss) for the period - net	<u>349.061</u>	<u>(12.821.172)</u>
Total consolidated income for the period	<u>349.061</u>	<u>(12.821.172)</u>
Earnings per Share	<u>0,07</u>	<u>(2,39)</u>
Number of shares	<u>5.365.459</u>	<u>5.365.459</u>



Interim Statement of Changes in Equity for Accounting Reporting on 30.09.2018

In LEI	Equity	Adjustment of equity	Legal reserve	Reserves from reassessment	Other reserves	Result reported	Total equity
balance on 01 January 2018	13.413.648	3.453.860	1.916.641	38.232.706	631.133	3.686.242	61.334.230
Reserve Reclassification From Reassessment At reported Result	-	-	-	(2.064.856)	-	-	(2.064.856)
Net Profit of period	-	-	-	-	-	349.061	349.061
Transfer between Equity accounts	-	-	-	-	-	2.683.390	2.683.390
Balance at 30 September 2018	13.413.648	3.453.860	1.916.641	36.167.850	631.133	6.718.694	62.301.826

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 - 30.09.2018 have been calculated.



Explanatory Notes to Interim Financial Statements for Accounting Reporting on 30.09.2018

FIXED ASSETS - tangible

	land	Buildings and constructions	Machines and equipments	Other tangible assets	Tangible assets in progress	Advances for intangible assets	Total
Cost	Lei	Lei	Lei	Lei	Lei	Lei	Lei
Balance at 01 January 2018	16.602.789	32.003.702	36.430.685	165.777	2.418.897	123.120	87.744.970
Increases	-	-	-	-	15.628	20.821	36.449
Outputs	64.987	-	-	-	-	-	64.987
Balance at 30 September 2018	16.537.802	32.003.702	36.430.685	165.777	2.434.525	143.941	87.716.432

Accumulated amortization

Balance at 01 January 2018	-	14.325.571	26.329.372	94.573	-	-	40.749.516
Amortization of period	-	1.758.913	815.137	9.662	-	-	2.583.712
Amortization of outputs	-	-	-	-	-	-	-
Balance at 30 September 2018	-	16.084.484	27.144.509	104.235	-	-	43.333.228

Adjustments

Balance at 01 January 2018	-	-	-	-	-	-	-
Increases	-	-	-	-	-	-	-
Decreases	-	-	-	-	-	-	-
balance at 30 September 2018	-	-	-	-	-	-	-



Continued **FIXED ASSETS - tangible**

Net book value

balance at 01 January 2018	16.602.789	17.678.131	10.101.313	71.204	2.418.897	123.120	46.995.454
balance at 30 September 2018	16.537.802	15.919.218	9.286.176	61.542	2.434.525	143.941	44.383.204

The tangible assets under construction recorded during the period January 1 - September 30, 2018 an increase of 15,628 lei, representing:

- Modernization of the bridge with radio control, worth 11.408 lei;
- Modernization of the protocol hall, amounting to 4.220 lei.

Between 1 January and 30 September 2018, the "Land" class registered a decrease of 64.987 lei by selling the surface of 720 sqm of land within the city, according to the sale contracts with authentication conclusion no. 1894 / 04.05.2018 and 3138 / 23.07.2018 to individuals.

During the period January 1 - September 30, 2018 "Advances granted for the acquisition of tangible assets" recorded an increase of 20,821 lei, representing an advance for modernization by endowment with radio controls to overhead cranes Qmax - 8 to and Qmax - 5to, worth 14,750 lei and an advance payment for a computer purchase of 6.071 lei..



Explanatory Notes to Interim Financial Statements for Accounting Reporting on 30.09.2018

FIXED ASSETS- intangible

Cost	Development expenses Lei	Other intangible assets Lei	Intangible assets in progress Lei	Total Lei
Balance at 01 January 2018	177.335	561.563	-	738.898
Inputs	1.365	60.239	-	61.604
Outputs	49.788	-	-	49.788
Balance on 30 September 2018	128.912	621.802	-	750.714
Accumulated amortization				
Balance at 01 January 2018	114.930	550.187	-	665.117
Amortization of period	6.522	50.135	-	56.657
Amortization of outputs	10.174	-	-	10.174
Balance at 30 September 2018	111.278	600.322	-	711.600
Net book value				
Balance at 01 January 2018	62.405	11.376	-	73.781
balance at 30 September 2018	17.634	21.480	-	39.114



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

Continued FIXED ASSETS - intangible

Between 1st of January and 30th of September 2018, the development expenditures registered an increase of 1.365 lei, representing expenses for the main body 3 "- SCH40 welded variant and expenses for casting, performed operation I and heat treatment of valve body 2 1 / 16X3 / 5M and valve body 4 1 / 16X5M.

Between January 1st and September 30th, 2018, the development expenses registered a decrease of 49.788 lei, representing the removal of the expenses for prototyping - taps with the sphere PN 10 bar right - CFR and expenses for modification valves.

The company acquired from January 1 to September 30, 2018 intangible assets amounting to RON 60.239 representing: Technical support for SIVCO integrated program worth 53.718 lei and antivirus license ESET ENDPOINT amounting to 6.521 lei.



Explanatory Notes to Interim Financial Statements for Accounting Reporting on 30.09.2018

Inventory

In LEI	<u>30 September 2018</u>	<u>31 December 2017</u>
Raw material	1.504.363	1.876.772
Additional material	734.573	829.196
Fuels	21.928	60.335
Packaging materials	1.395	2.729
Spare parts	3.546.714	3.777.611
Other consumables	218.051	207.008
Other consumables- protocol	-	23
Inventory items	357.554	379.477
Product in progress	9.614.546	6.944.754
Semi- manufactured	1.578.876	1.350.955
Finished product	9.404.635	8.944.209
Difference of price of finished products	8.513.522	9.010.016
Packing	6.685	9.260
Residual products	26.936	-
Total	35.529.778	33.392.345
Advances for purchases assets such as stocks	275.249	419.338
Total General Stocks	35.805.027	33.811.683



Explanatory Notes to Interim Financial Statements for Accounting Reporting on 30.09.2018

Individual Statement of Cash Flows and cash equivalent

In LEI	<u>30-September 2018</u>	<u>31-December 2017</u>
Cash and cash equivalent	368.088	1.771.478
Bank deposit	-	-
Cash and cash equivalent	368.088	1.771.478

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.



Explanatory Notes to Interim Financial Statements for Accounting Reporting on 30.09.2018

Trade receivables and other receivables

	<u>30-September</u> <u>2018</u> <u>lei</u>	<u>Balance at 01 January</u> <u>2018</u> <u>lei</u>
Trade receivables	9.507.840	10.816.044
Domestic Client	2.987.870	3.034.429
External Client	2.272.698	3.516.870
Doubtful client, litigation	3.858.163	3.881.245
Suppliers borrowers	389.109	383.500
Other receivables	6.227.052	4.441.824
Other non-current receivables (Goodwill guarantees OMV Petrom Bucharest)	38.939	39.338
VAT to be recovered	1.561.881	815.493
Wage advance	7.610	10.250
Borrowers	3.404.202	2.620.465
Receivables on current income tax	-	17.857
Deferred tax receivables	1.214.419	938.421
Adjustments for impairment of receivables-clients	(1.546.766)	(1.546.766)
Total trade receivables and other receivables	14.188.126	13.711.102



Continued Trade receivables and other receivables

lei

Trade receivables and other receivables	Balance at	Of which overdue		
	30.09.2018	31-90 days	91-120 days	> 120 days
1. Internal clients	2.987.869,07	656.140,65	37.639,65	641.400,54
2. External clients	2.272.698,07	485.382,70	-	500.754,50
3. Doubtful client	3.858.163,00	-	-	3.858.163,00
4. Adjustment for depreciation	(1.546.765,98)	-	-	(1.546.765,98)
5. Suppliers borrowers	389.108,71	-	-	383.396,73
Net receivables	7.961.072,87	1.141.523,35	37.639,65	3.836.948,77

The amount of 1.214.419 RON registered in the account "Other receivables (VAT non-refundable, Expenses recorded in advance and Deposits from operations under clarification)" refers to:

- Account 438 (Other Social Receivables - Medical Leave) = 324.477,20 lei;
- Account 4412 (deferred tax receivables) = 7.557,00 lei;
- Account 4428 (non-refundable VAT) = 878.880,94 lei ;
- Account 471 (advance-factoring expenses) = 3.504,57 lei;

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

The assessment of foreign currency denominated receivables was made at the exchange rate announced by the National Bank of Romania for the closing of September 2018.

The favourable or unfavourable exchange rate differences between the exchange rate on which the foreign currency receivables and the foreign exchange market rate communicated by the National Bank of Romania for the closing of September 2018 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 30.09.2018

Situation of trade receivables and other receivables

	<u>30-September</u> <u>2018</u> <u>lei</u>	<u>Sold la 01 January</u> <u>2018</u> <u>lei</u>
a) Situation of short term debts		
Amounts owed to credit institutions	3.213.060	3.284.264
Advances collected for orders	2.182.720	2.749.697
Trade payables - suppliers	16.578.574	17.819.320
Other debts, including tax debts and social security debts	4.868.627	4.009.368
Total short term debts	26.842.981	27.862.649

	<u>30-September</u> <u>2018</u> <u>lei</u>	<u>Sold la 01 January</u> <u>2018</u> <u>lei</u>
a) Long term debts		
Amounts owed to credit institutions	2.809.689	4.214.534
Trade payables - suppliers	2.577.775	2.302.409
Other debts, including tax and social security contributions	-	396.263
Provisions and earnings recorded in advance	251.288	253.413
Total long term debts	5.638.752	7.166.619

The amount of 4.868.627 lei registered in the account "Other debts, including tax debts and social security debts" refers to:

- amounts from account 462 (various creditors - rescheduling agreements) = 1.508.581,66 lei;
- account 457 dividends = 1.574.886,58 lei, out of which rescheduling agreements
1.007.874,37 lei;
- account 446 (other taxes, taxes and similar charges) = 272.910,00 lei;
- account 473 (settlements to be clarified) = 266,92 lei
- Current budget debts = 816.332,04 lei;
- Current salary debts = 688.442,04 lei;
- non-refundable VAT = 7.207,84 lei



Continued Situation of trade receivables and other receivables

lei

trade receivables and other receivables	Balance at 30.09.2018	Of which overdue		
		31-90 days	91-120 days	> 120 days
1. Internal clients	16.633.575,24	3.503.760,60	1.178.536,23	3.229.147,20
2. External clients	2.522.773,83	211.557,14	-	291.230,03
3. Suppliers borrowers	2.182.719,92	-	-	-
Net debts	21.339.068,99	3.715.317,74	1.178.536,23	3.520.377,23

Bank credits are guaranteed by:

- Mortgages totalling 29.434.935 lei (insurance policy No. 2509660 of 25.05.2018);
- Pledge Stocks of raw materials, inventory items and finished products totalling 24.651.575 lei (insurance policy No. 2493798 of 23.11.2017);
- Pledge on technological equipment totalling 5.852.629 lei (insurance policy No. 2503328 as of 01.03.2018).



Explanatory Notes to Interim Financial Statements for Accounting Reporting on 30.09.2018

Provisions

In LEI	<u>Balance 01</u> <u>January 2018</u>	<u>Increases</u>	<u>Reductions</u>	<u>Balance at 30</u> <u>September 2018</u>
Provisions for litigations	241.112	-	2.125	238.987
Provisions for guarantees to clients	12.301	-	-	12.301
Total	253.413	-	2.125	251.288

Income registered in advance

In LEI	<u>Balance at 01</u> <u>January 2018</u>	<u>Increases</u>	<u>Reductions</u>	<u>Balance at 30</u> <u>September 2018</u>
Income registered in advance	-	-	-	-
Total	-	-	-	-



Explanatory Notes to Interim Financial Statements for Accounting Reporting on 30.09.2018

Share of Operation Revenues

Accounting Report at 30.09.2018	Value (lei)	Share of Total revenue %	Share of turnover %
Revenue from the sale of finished products - domestic market	16.225.916	27,84	36,68
Revenue from the sale of finished products - abroad	27.678.398	47,49	62,58
Revenue from services rendered- Laboratory services	46.023	0,08	0,10
Revenue from services rendered - internal transport	51.763	0,09	0,12
Revenue from services rendered – external transport	76.511	0,13	0,17
Income from rental of oilfield equipment	8.711	0,01	0,02
Income from sale of goods	26.396	0,05	0,06
Income from different activities - Internal	116.525	0,20	0,26
Income from different activities - Export	5.451	0,01	0,01
Turnover- Total	44.235.694	75,90	100,00

Report on operation segment at 30 September 2018	Value (lei)	Share of total income %
Revenue from the sale of finished products - internal	16.225.916	27,84
Revenue from the sale of finished products - external	27.678.398	47,49
Income related to the cost of finished product stocks and production in progress	13.103.084	22,48
Revenue from services rendered	296.273	0,51
Income from royalties, management and rental locations	8.711	0,01
Revenue from sale of goods	26.396	0,05
Total	57.338.778	98,38



Continued Share of Operation Revenues

Share of Operation Revenues

Accounting Report at 30.09.2017	Value (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 royalties, locations management and rental	143.722	0,48	0,51
Revenue from sale of goods	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 operation segment at 30 September 2017	Value (lei)	Share of Total revenue %
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



Explanatory Notes to Interim Financial Statements for Accounting Reporting on 30.09.2018

OPERATION REVENUE	<u>9 months 2018</u>	<u>9 months 2017</u>
	<u>lei</u>	<u>lei</u>
Total operation income, of which	57.486.211	29.540.679
Turnover	44.235.694	28.113.930
Income related to the cost of finished product stocks and production in progress	13.103.084	1.083.055
Income from the production of intangible and tangible assets	5.586	56.767
Other operation revenues	141.847	286.927

OPERATION EXPENSES	<u>9 months 2018</u>	<u>9 months 2017</u>
	<u>lei</u>	<u>lei</u>
Total operation expenses, of which:	56.878.583	42.142.808
Raw material and consumables costs	27.477.982	15.206.368
Other material expenses	849.712	471.913
Other external expenses (power and water)	2.328.265	2.005.096
The expenditures on goods	6.823	156.210
Expenses with employees	17.399.240	15.654.163
Value adjustments on tangible, intangible assets, real estate investments and biological assets evaluated at cost	2.640.368	3.677.651
Value adjustments on assets	-	328
Other operating expenses	6.178.318	4.973.204
Adjustments for provisions	(2.125)	(2.125)

FINANCIAL INCOME	<u>9 months 2018</u>	<u>9 months 2017</u>
	<u>lei</u>	<u>lei</u>
Total financial income, of which	790.252	444.509
Income from exchange rate fluctuations	786.774	438.981
Interest income	3.353	4.666
Other incomes	125	862

FINANCIAL EXPENSES	<u>9 months 2018</u>	<u>9 months 2017</u>
	<u>lei</u>	<u>lei</u>
Total Financial expenses , of which:	1.048.819	663.552
Interest charges	263.584	167.999
Other financial expenses	785.235	495.553



Explanatory Notes to Interim Financial Statements for Accounting Reporting on 30.09.2018

INCOME TAX

The profit tax for the period 01.01.2018 – 30.09.2018 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 for the period 01.01.2018 – 30.09.2018 , 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, 2018 to September 30, 2018 was 16% .

30 September 2018

Expenditure on current income tax	0 lei
-----------------------------------	-------



Annex No. 13 of ASF Rule nmb. 5 / 2018
Economic and Financial Indicators
for Accounting Reporting on 30.09.2018

Economic - Financial Indicators	30.09.2018	30.09.2017
Current Liquidity (general) - Current Assets / Current Liabilities	1,88	1,84

The general current liquidity - recorded on 30.09.2018 is 1.88 and represents the coverage of current debts by the current assets held by the company.

Debt grade - Borrowed capital / Equity * 100	9,67 %	11,61 %
---	--------	---------

The debt ratio of the company diminished to 9.67% and represents the share held by the borrowed capital - in the capital employed (equity).

Debt Recovery Duration-Receivables - Receivables / Turnover * 270 days	87 days	128 days
Turning speed of clients debts – average balance client /turnover * 270 days	60 days	102 days

Expresses the company's effectiveness in collecting its claims, i.e. the number of days until the debtors pay their debts to the company.

Turning Speed of Fixed Assets - Turnover/Fixed Assets	1,00	0,58
--	------	------

Expresses the effectiveness of asset management by examining the turnover generated by a certain amount of fixed assets

General Director,
Eng. Zidaru Ion

Economic Director,
Ec. Popescu Ileana

Head of Acct. Dept.
Ec. Ilie Marian