



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; web site: www.uztel.ro

**UNAUDITED INTERIM STATEMENTS
AT THE DATE OF
AND FOR THE THREE MONTH PERIOD
ENDED ON 31 MARCH 2019**

**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 31.03.2019**

	<u>March 31-</u> <u>2019</u> <u>lei</u>	<u>December 31</u> <u>2018</u> <u>lei</u>
Assets		
Long-term Assets		
Tangible assets	42.712.483	43.695.215
Intangible assets	59.646	27.175
Total long-term assets	<u>42.772.129</u>	<u>43.722.390</u>
Current assets		
Stocks	39.690.356	36.287.530
Trade receivables and other receivables	15.477.492	13.983.352
Cash and cash equivalents	338.666	1.330.657
Total current assets	<u>50.506.514</u>	<u>51.601.539</u>
Total Assets	<u>98.282.029</u>	<u>95.326.242</u>
Prepayments	<u>3.386</u>	<u>2.313</u>
	55.509.900	51.603.852
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	13.413.648	13.413.648
Adjustments of equity	3.453.860	3.453.860
Reserves from revaluation	35.536.913	36.170.003
Legal reserves	1.955.836	1.955.836
Other reserves	631.133	631.133
Result for the period	113.764	783.882
Result reported	7.859.023	7.112.169
Total Capital	<u>62.850.413</u>	<u>62.736.649</u>
Long term loans		
Loans	3.730.527	2.341.408
Trade payables and other payables	1.294.373	2.031.984
Provisions	248.054	248.054
Total long term liabilities	<u>5.272.954</u>	<u>4.621.446</u>
Current liabilities		
Trade payables	16.745.282	17.497.212
Loans	5.701.175	2.522.940
Income in advance	2.457.355	2.690.077
Other liabilities	5.254.850	5.257.918
Total current liabilities	<u>30.158.662</u>	<u>27.968.147</u>
Total debts	<u>35.431.616</u>	<u>32.589.593</u>
Total equity and liabilities	<u>98.282.029</u>	<u>95.326.242</u>

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for Accounting Reporting on 31.03.2019**

	<u>March 31-</u> <u>2019</u> <u>lei</u>	<u>March 31-</u> <u>2018</u> <u>lei</u>
Income	14.246.237	13.517.674
Other income	855.807	1.417.084
Income cost of inventories of finished goods and Production in progress	4.910.222	4.867.184
Expenses with raw materials and consumables	(10.136.586)	(10.530.746)
Asset depreciation and amortization expense	(864.000)	(936.705)
Employee benefits expense	(6.087.488)	(5.350.646)
Contributions to Social security and insurance of employees	(192.052)	(162.424)
Expenses with external supply	(1.881.517)	(1.627.649)
Other expenses	(627.971)	(485.151)
Operation profit	<u>222.652</u>	<u>708.621</u>
Financial income	189.802	155.168
Financial expenses	298.690	305.282
Financial result - net	<u>(108.888)</u>	<u>(150.114)</u>
Profit / (loss) before tax	<u>113.764</u>	<u>558.507</u>
Profit / (loss) for the period - net	<u>113.764</u>	<u>558.507</u>
Total consolidated income for the period	<u>113.764</u>	<u>558.507</u>
Earnings per Share	<u>0,02</u>	<u>0,10</u>
Number of shares	<u>5.365.459</u>	<u>5.365.459</u>

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for Accounting Reporting on 31.03.2019**

In LEI	Equity	Adjustment of equity	Legal reserve	Reserves from reassessment	Other reserves	Result reported	Total equity
Balance at January 01 2019	13.413.648	3.453.860	1.955.836	36.170.003	631.133	7.112.169	62.376.649
Reserve Reclassification From Reassessment At reported Result	-	-	-	-	-	633.090	633.090
Net Profit for the period	-	-	-	-	-	113.764	113.764
Transfer between Equity accounts	-	-	-	(633.090)	-	-	(633.090)
Balance at March 31 2019	13.413.648	3.453.860	1.955.836	35.536.913	631.133	7.859.023	62.850.413

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 01.01.2019 - 31.09.2019 have been calculated.



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**Explanatory Notes to Interim Financial Statements
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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 January 01 2019	16.537.802	32.061.723	36.504.395	165.777	2.467.747	137.870	87.875.314
Increases	-	-	80.291	11.422	16.127	-	107.840
Outputs	-	-	277.738	-	91.713	-	369.451
Balance on March 31 2019	16.537.802	32.061.723	36.306.948	177.199	2.392.161	137.870	87.613.703
Accumulated amortization							
Balance at January 01 2019	-	16.652.671	27.420.038	107.390	-	-	44.180.099
Amortization of period	-	571.407	267.378	3.274	-	-	842.059
Amortization of outputs	-	-	120.938	-	-	-	120.938
Balance on March 31 2019	-	17.224.078	27.566.478	110.664	-	-	44.901.220
Adjustments							
Balance at January 01 2019	-	-	-	-	-	-	-
Increases	-	-	-	-	-	-	-
Decreases	-	-	-	-	-	-	-
Balance on March 31 2019	-	-	-	-	-	-	-
Net book value							
Balance at January 01 2019	16.537.802	15.409.052	9.084.357	58.387	2.467.747	137.870	43.695.215
Balance on March 31 2019	16.537.802	14.837.645	8.740.470	66.535	2.392.161	137.870	42.712.483



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Continued FIXED ASSETS - tangible

Between 1 January and 31 March 2019, the total value of the increases recorded in the accounting records for the "Machinery and equipment" class was 80.291 lei representing:

- Heating Plant at Petroleum Equipment Unit, worth 53.586 lei;
- Modernization of drilling machines in coordinates, worth 22.000 lei;
- Laptop Lenovo ThinkPad L580, worth 4.705 lei.

Between 1 January and 31 March 2019, the total value of the increases recorded in the accounting records for the "Other tangible assets" class was 11.422 lei, representing the Sample Monitoring System at the Petroleum Equipment Unit.

The tangible assets in progress registered an increase of 16.127 lei between January 1 and March 31, 2019, representing:

- Benchmark monitoring system at Petroleum Equipment Unit, worth 11.422 lei;
- Laptop Lenovo ThinkPad L580, worth 4.705 lei.

Between 1 January and 31 March 2019 the total value of the decreases recorded in the accounting records for the "Machinery and Equipment" class was 277.738 lei representing:

- Disposal of technological equipment, measuring, control and regulation apparatus and equipment and means of transport with an inventory value of 181.938 lei, according to the Cassation Minutes no. 1/01.10.2018, approved in the meeting of the Board of Directors of 05.02.2019;
- Sale of technological equipment (Lathe SC 35), with an inventory value of 95.800 lei, according to Purchase Contract no. 2/28.01.2019.

The tangible assets in progress recorded, in the period January 1 - March 31, 2019, decreases of 91.713 lei, representing:

- Heating Plant at Petroleum Equipment Unit, worth 53.586 lei;
- Sample monitoring system at Oil Facility Section, worth 11.422 lei;
- Modernization of drilling machines in coordinates, worth 22.000 lei;
- Laptop Lenovo ThinkPad L580, worth 4.705 lei.

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	Intangible assets in progress	Intangible assets in progress	Intangible assets in progress	Advances for intangible assets	Total
Cost	Lei	Lei	Lei		Lei
Balance on January 01, 2019	130.375	625.681	-	-	756.056
Increases	-	54.411	-	-	54.411
Outputs	-	-	-	-	-
Balance on March 31 , 2019	130.375	680.092	-	-	810.467
Accumulated amortization					
Balance at 01 January , 2019	112.538	616.343	-	-	728.881
Amortization of period	1.261	20.679	-	-	21.940
Amortization of outputs	-	-	-	-	-
Balance at March 31, 2019	113.799	637.022	-	-	750.821
Net book value					
Balance at 01 January 2019	17.837	9.338	-	-	27.175
Balance at March 31, 2019	16.576	43.070	-	-	59.646

Between 1 January and 31 March 2019, the company acquired intangible assets worth 54.411 lei, representing Technical Support for the SIVICO Integrated Program.



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INVENTORY	<u>March 31-</u> <u>2019</u> <u>lei</u>	<u>March 31-</u> <u>2018</u> <u>lei</u>
Raw material	1.431.827	1.491.541
Additional material	766.093	780.714
Fuels	22.333	36.992
Packaging materials	1.784	1.499
Spare parts	3.334.679	3.680.743
Other consumables	199.418	216.227
Inventory items	370.367	365.018
Product in progress	11.626.206	10.474.827
Semi- manufactured	2.994.309	1.350.932
Finished product	9.216.729	9.403.372
Difference of price of finished products	9.431.570	6.690.053
Packing	4.983	6.809
Residual products	26.033	16.000
Total	39.426.331	34.514.727
Advances for purchases assets such as stocks	264.025	306.211
Total General Stocks	39.690.356	34.820.938



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	<u>March 31-</u> <u>2019</u> <u>lei</u>	<u>March 31-</u> <u>2018</u> <u>lei</u>
Cash and cash equivalent	338.666	400.840
Bank deposit	0	0
Cash and cash equivalent	338.666	400.840

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>March 31-</u> <u>2019</u> <u>lei</u>	<u>Balance at 01</u> <u>January</u> <u>2019</u> <u>lei</u>
Trade receivables	11.773.810	10.061.152
Domestic Client	3.937.985	2.730.440
External Client	3.594.741	3.095.597
Doubtful client, litigation	3.855.486	3.855.940
Suppliers borrowers	385.598	379.175
Other receivables	5.250.448	5.468.965
Other non-current receivables (Goodwill guarantees OMV Petrom Bucharest)	17.106	29.391
VAT to be recovered	2.261.478	1.928.709
Wage advance	9.610	7.610
Borrowers	1.643.596	2.241.712
Other receivables (due VAT, prepayments and payments for operations in clearing)	1.318.658	1.261.543
Adjustments for impairment of receivables-clients	(1.546.766)	(1.546.766)
Total trade receivables and other receivables	15.477.492	13.983.352
Prepayments	3.386	2.313
Adjustments for impairment of receivables-clients	<u>March 31</u> <u>2019</u> <u>lei</u>	<u>Balance at 01</u> <u>January</u> <u>2019</u> <u>lei</u>
Balance at the beginning of the period	1.546.766	1.546.766
Constitutions during the period	-	-
Resuming during the period	-	-
Total	1.546.766	1.546.766

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

The assessment of foreign currency denominated claims was made at the foreign exchange market rate communicated by the National Bank of Romania for the closing of March 2019.

The favourable or unfavourable 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 March 2019 were recorded in the corresponding income or expense accounts of exchange rate differences, as the case .

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Situation of trade receivables and other receivables

	<u>March 31-</u> <u>2019</u> <u>lei</u>	<u>Balance at January</u> <u>01</u> <u>2019</u> <u>lei</u>
a) Situation of short term debts		
Amounts owed to credit institutions	5.701.175	2.522.940
Advances collected for orders	2.457.355	2.690.077
Trade payables - suppliers	16.745.282	17.497.212
Other debts, including tax debts and social security debts	5.254.850	5.257.918
Total short term debts	30.158.662	27.968.147

	<u>March 31-</u> <u>2019</u> <u>lei</u>	<u>Balance at January</u> <u>01</u> <u>2019</u> <u>lei</u>
a) Situation of long term debts		
Amounts owed to credit institutions	3.730.527	2.341.408
Trade payables - suppliers	1.294.373	2.031.984
Provisions and earnings recorded in advance	248.054	248.054
Total long term debts	5.024.900	4.373.392

The bank loans are secured by mortgages of a total value of 29.434.935 lei (insurance policy No. 2509660 from 25.05.2018 valid from 25.05.2018 until 24.05.2019). The last valuation report was made for banking purposes in December 2018 by Mirva Revalcon Invest SRL Ploiesti, an authorized valuer, an accredited member of ANEVAR, the value of the valued property market being of ROL 32.633.150.



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**Explanatory Notes to Interim Financial Statements
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Provisions

	<u>Balance at January</u> <u>01 , 2019</u> <u>lei</u>	<u>Increases</u> <u>lei</u>	<u>Reductions</u> <u>lei</u>	<u>Balance at March</u> <u>31, 2019</u> <u>lei</u>
Provisions for litigations	248.054	-	-	248.054
Total	248.054	-	-	248.054

Income recorded in advance

	<u>Balance at January</u> <u>01 , 2019</u> <u>lei</u>	<u>Increases</u> <u>lei</u>	<u>Reductions</u> <u>lei</u>	<u>Balance at March</u> <u>31, 2019</u> <u>lei</u>
Income recorded in advance	-	-	-	-
Total	-	-	-	-



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Share of Operation Revenues

March 31, 2019	Value (lei)	Share of Total revenue %	Share of turnover %
Revenue from the sale of finished products -	6.495.681,39	32,15	45,60
Revenue from the sale of finished products - abroad	7.664.662,84	37,94	53,80
Revenue from services rendered- Laboratory services	18.440,00	0,09	0,14
Revenue from services rendered - internal transport	8.236,13	0,04	0,06
Revenue from services rendered – external transport	28.597,60	0,14	0,20
Income from sale of goods	12.587,85	0,06	0,09
Income from different activities - Internal	261,16	0,00	0,00
Income from different activities - Export	17.769,65	0,09	0,12
Turnover- Total	14.246.236,62	70,52	100,00

Report on operating segment at March 31, 2019	Value (lei)	Share of Total income %
Revenue from the sale of finished products - internal	6.495.681,39	32,15
Revenue from the sale of finished products - external	7.664.662,84	37,94
Income related to the cost of finished product stocks and production in progress	4.910.222,22	24,31
Revenue from services rendered	73.304,54	0,36
Revenue from sale of goods	12.587,85	0,06
Total	19.156.458,84	94,82



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Continued Share of Operation Revenues

March 31, 2018	Value (lei)	Share of Total revenue %	Share of turnover %
Revenue from the sale of finished products -	4.565.311,60	22,88	33,77
Revenue from the sale of finished products -	8.879.987,16	44,50	65,69
Revenue from services rendered- Laboratory	28.690,00	0,14	0,22
Revenue from services rendered - external transport	34.768,18	0,17	0,26
Revenue from sale of goods	3.230,30	0,02	0,02
Income from different activities - Internal	236,22	0,00	0,00
Income from different activities - Export	5.450,59	0,03	0,04
Turnover - Total	13.517.674,05	67,74	100,00

Report on operating segment at March , 2018	Value (lei)	Share of Total income %
Revenue from the sale of finished products - internal	4.565.311,60	22,88
Revenue from the sale of finished products - external	8.879.987,16	44,50
Income related to the cost of finished product stocks and production in progress	4.867.184,00	24,39
Revenue from services rendered	69.144,99	0,35
Revenue from sale of goods	3.230,30	0,02
Total	18.384.858,05	92,12



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Operation revenue	<u>3 months</u> <u>2019</u> <u>lei</u>	<u>3 months</u> <u>2018</u> <u>lei</u>
Total operation income, of which	20.012.266	19.801.942
Turnover	14.246.237	13.517.674
Income related to the cost of finished product stocks and production in progress	4.910.222	4.867.184
Income from the production of intangible and tangible assets	-	1.365
Other operation revenues	855.807	1.415.719
Operation expenses	<u>3 months</u> <u>2019</u> <u>lei</u>	<u>3 months</u> <u>2018</u> <u>lei</u>
Total operation expenses, of which:	19.789.614	19.093.321
Raw material and consumables costs	8.626.368	9.178.170
Other material expenses	351.812	355.367
Other external expenses (power and water)	1.157.635	996.727
The expenditures on goods	771	482
Expenses with employees	6.279.540	5.513.070
Value adjustments on tangible, intangible assets, real estate investments and biological assets evaluated at cost	864.000	936.705
Value adjustments on assets	-	-
Other operating expenses	2.509.488	2.112.800
Operation result	<u>3 months</u> <u>2019</u> <u>lei</u>	<u>3 months</u> <u>2018</u> <u>lei</u>
Total operation result, from what :	222.652	708.621
Total Operation income	20.012.266	19.801.942
Total Operation expenditure	19.789.614	19.093.321

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

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Phone: + 40(0)244 / 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 keys**

Financial income	<u>3 months</u> <u>2019</u> <u>lei</u>	<u>3 months</u> <u>2018</u> <u>lei</u>
Total financial income, from what :	189.802	155.168
Income from exchange rate fluctuations	188.882	153.936
Interest income	920	1.231
Other incomes	-	1
Financial expenses	<u>3 months</u> <u>2019</u> <u>lei</u>	<u>3 months</u> <u>2018</u> <u>lei</u>
Total Financial expenses , of which:	298.690	305.282
Interest charges	141.025	67.562
Other financial expenses	157.665	237.720
Financial result	<u>3 months</u> <u>2019</u> <u>lei</u>	<u>3 months</u> <u>2018</u> <u>lei</u>
Total financial result, oof which :	(108.888)	(150.114)
Total financial income	189.802	155.168
Total financial expenditures	298.690	305.282



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Explanatory Notes to Financial Statements for Accounting Reporting on 31.03.2019

INCOME TAX

The profit tax for the period 01.01.2019 – 31.03.2019 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 01.01.2019 – 31.03.2019, 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, 2019 – March 31, was 16 %.

March 31, 2019

Expenditure on current income tax

0 lei



UZTEL S.A.

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Economic and Financial Indicators
for Accounting Reporting on 31.03.2019
according to Annex no. 13.A of the A.S.F. RULE no. 5/2018

Economic - Financial Indicators	March 31, 2019	March 31, 2018
Current Liquidity (general) - Current Assets / Current Liabilities	1,84	1,87
Debt grade - Borrowed capital / Equity * 100	5,94	10,94
- Borrowed Capital / Employed Capital * 100	5,60	9,86
Turning Speed Flows - Clients – Receivables / Turnover * 90 days	98 zile	105 zile
Turning Speed of Fixed Assets - Turnover/Fixed Assets	0,33	0,29

Current liquidity - provides the guarantee of covering current debts from current assets. The recommended acceptable value is about 2.

Liability degree - Expresses the effectiveness of credit risk management, indicating potential financing and liquidity problems, with influences in meeting the commitments assumed.

The rate of rotation of debts - clients - expresses the effectiveness of the company in collecting its receivables, respectively the number of days until the debtors pay their debts to the company.

Speed of rotation of fixed assets - expresses the effectiveness of fixed asset management by examining turnover.

Board of Directors,
through CEO – Hagiu Neculai

General Director,
Zidaru Ion

Economic Director
Popescu Ileana

Head of Acct. Dept
Duta Heroiu Maria Carmen