

Translation from Romanian into English

CHAMBER OF THE FINANCIAL AUDITORS IN ROMANIA
Auditor: S.C. PROFESIONAL AUDIT SERV S.R.L.
Authorization: C.A.F.R. 534 / 2004
CUI 16478290, No. RC J/15/462/2004
Registered office: Targoviste
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SC UZTEL S.A. PLOIESTI
REGISTRATION OFFICE
Entry no. 1630
Day 24, Month 04, Year 2012

REPORT OF THE INDEPENDENT AUDITOR
Regarding the audit of the financial situations issued by
SC UZTEL SA
At the end of the financial year 2011

Within the audit mandate, we have proceeded to the audit of the financial situations issued at December 31st 2011 by SC UZTEL SA, with the registered office in Ploiesti, 243 Mihai Bravu Street, Prahova County, registered at the Trade Register under the no. J/29/48/1991, fiscal registration code RO 1352846, company being in insolvency.

The true issuing and presentation of these financial situations is the responsibility of the audited entity management, according to the International Audit Standards and to the provisions of the Order OMFP no. 3055/2009 – Accounting regulations according to the European Directives, with the subsequent modifications and completions. This responsibility included: establishment, implementing and maintenance of a relevant internal control for the establishment and true presentation of the financial situations that contain significant distortions; selection and application of the proper accounting policies; elaboration of reasonable accounting estimations for the given circumstances.

The auditor responsibility is to express an opinion regarding these financial situations, based on the realized audit.

The audit has been made according to the International Audit Standards and to the provisions of the Order OMFP no. 3055/2009 – Accounting regulations according to the European Directives, with the subsequent modifications and completions. These standards request us to observe the ethical requirements and to plan and realize the audit in order to obtain a reasonable assurance that the financial situations do not contain significant distortions.

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An audit involves the execution of the necessary procedures for obtaining the audit evidence regarding the amounts and other information published in the financial situations.

The selected procedures depend on the auditor reasoning, including the evaluation of the risks that the financial situations might present significant distortions. In that risks evaluation, the auditor analyses the internal control system relevant for the issuing and true presentation of the entity financial situations, in order to plan proper audit procedures under the circumstances, but not in order to express an opinion regarding the efficiency of the entity internal control system.

Within an audit, there is evaluated, as well, the adequacy degree of the used accounting policies and the degree in which the elaborated accounting estimations of the management are reasonable, as well as the global presentation of the financial situations.

We consider that the audit evidence we have obtained is sufficient and adequate in order to base our audit opinion on it.

We estimate that the executed audit offers a reasonable basis for expressing an opinion.

In our opinion, the individual financial situations are describing, in a proper way, under all significant aspects, the financial position of the company at December 31st 2011, as well as the result of its operations for the financial year concluded at that date, according to the provisions of the Accountancy Law no. 82/1991, republished and with the provisions of the regulations approved through the Order OMFP no. 3055/2009, with the subsequent modifications.

Financial auditor,
SC PROFESIONAL AUDIT SERV SRL

Targoviste, April 24th 2012

Manager,
Elena Mocanu

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SC PROFESIONAL AUDIT SERV SRL

CUI 16478290

RECOMMENDATION LETTER UZTEL S.A.

After accomplishing the audit mission, according to the concluded services contract, we are transmitting you some relevant aspects:

FIXED ASSETS

	31.12.2010	31.12.2011
Intangible assets	66,380	146,393
Tangible assets	88,392,099	74,636,383
Financial assets	-	-
TOTAL FIXED ASSETS	83,958,479	74,782,776

During the year 2011 were made some modifications upon the fixed assets elements, determined by the reevaluation of the fixed assets (resulting value reductions) and the cassation registration, as well as an increase of the intangible assets, as a consequence of the licenses and technical support for the SIVCO integrated system.

CURRENT ASSETS

	31.12.2010	31.12.2011
Stocks	51,078,090	37,121,790
Receivables	28,879,234	39,060,037
Short term investments	-	3,339,300
Petty cash and bank accounts	358,901	10,223,721
TOTAL CURRENT ASSETS	80,316,225	89,744,848

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EXPENSES IN ADVANCE

	31.12.2010	31.12.2011
Expenses in advance	623,847	618,480
TOTAL EXPENSES IN ADVANCE	623,847	618,480

DEBTS

	31.12.2010	31.12.2011
Debts that must be paid in a period up to one year	68,945,501	9,713,745
Debts that must be paid in a period bigger than one year	6,774,733	67,666,864
TOTAL DEBTS	75,720,234	77,380,609

PROVISIONS

	31.12.2010	31.12.2011
Other provisions	265,428	262,238
TOTAL PROVISIONS	265,428	262,238

INCOMES IN ADVANCE

	31.12.2010	31.12.2011
Amounts to resume in a period up to one year	-	1,305,275
TOTAL INCOMES IN ADVANCE	-	1,305,275

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OWN CAPITALS

	31.12.2010	31.12.2011
Subscribed and paid capital	13,413,648	13,413,648
Reserves from reevaluation	70,604,709	65,618,481
Legal reserves	1,250,922	1,531,411
Reserves representing the excess made from reevaluation reserves	18,755	18,755
Other reserves	1,318,726	632,070
Reported result	19,906,962	-179,211
Profit or loss of the financial year	-17,600,833	5,443,317
Profit distribution	-	280,489
TOTAL OWN CAPITALS	88,912,889	86,197,982

The company has made the patrimony inventory and has valorized the inventory results in the financial situations issued for December 31st 2011.

The auditor mentions the fact that for the dubious clients registered in the verification balance, from December 31st 2011, in amount of 8,322,565 lei, the company has made provisions in amount of 4,358,887 lei. There is recommended to the company to establish provisions for covering the receivables that will not be recovered, observing the IAS 37 „Provisions”. This standard is defining the provisions as being dubious liabilities from the chargeability period point of view, or the value point of view. A provision must be recognized in the accountancy when and only when:

- An entity has a current obligation generated by an event from the past;
- There is probable for a resources outsourcing, affecting the economic benefits, to be necessary in order to fulfill that obligation;
- Can be made a credible estimation of the obligation value. The standard specifies that only in very rare cases is not possible a credible estimation.

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The amount recorded as provision must represent the best estimation of the payments necessary for the fulfillment of the current obligation at the balance sheet date, meaning the amount that the entity would normally pay at the balance sheet date in order to fulfill the obligation, or in order to transfer it to a third part, at that moment.

The provisions must be re-analyzed at each balance sheet and they must be adjusted so that to reflect the best current estimation.

FINANCIAL AUDITOR,
SC PROFESIONAL AUDIT SERV SRL

Elena Mocanu

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The undersigned, Nechita Veronica Felicia, interpreter and sworn translator for English-Spanish, according to the authorization no. 4427, from 19.03.2001, issued by the Ministry of Justice in Romania, hereby certify the accuracy of the translation made by me from Romanian into English, that the text presented to me has been translated integrally, without omissions, and that, through the translation, there has not been modified the content and sense of the document.

The document whose translation is requested integrally has, in its integrity, a number of 6 pages, bears the title / denomination of REPORT OF THE INDEPENDENT AUDITOR and it has been presented to me integrally / in excerpt.

The translation of the present document has a number of 6 pages.

INTERPRETER AND SWORN TRANSLATOR,

