

**UZTEL S.A.**  
**OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS**  
243 MIHAI BRAVU St., code 100410, PLOIEȘTI, PRAHOVA-ROMANIA

IN REORGANIZARE JUDICIARA

IN JUDICIAL REORGANISATION

EN REDRESSEMENT

Translation from Romanian

**INDIVIDUAL FINANCIAL STATEMENTS**

**SC UZTEL S.A. PLOIESTI**

**31.12. 2014**

**PREPARED IN ACCORDANCE WITH THE PROVISIONS OF ORDER NO. 881/2012  
AND OF ORDER NO. 1286/2012 OF MINISTRY OF PUBLIC FINANCE**

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**Statement of individual financial position  
for the year ended 31 December 2014**

RON	Note	<u>31-December 2014</u>	<u>31-December 2013</u>
<b>Long-term Assets</b>			
Tangible	10	63.344.970	67.299.416
Real Estate Investments		-	-
Intangible assets	10	52.541	101.649
Financial assets		-	-
<b>Total long-term assets</b>		<b><u>63.397.511</u></b>	<b><u>67.401.065</u></b>
<b>Current assets</b>			
Stocks	11	37.518.872	40.410.024
Trade receivables and other receivables	4	23.802.790	25.642.012
Deferred tax assets	4	-	7.557
Loans granted to related parties		-	-
Recoverable Taxes		-	-
Other assets		-	-
Cash and cash equivalents	4	14.674.514	17.137.959
Assets held for sale		-	-
<b>Total current assets</b>		<b><u>75.996.176</u></b>	<b><u>83.197.552</u></b>
<b>Total Assets</b>		<b><u>139.393.687</u></b>	<b><u>150.598.617</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	5	13.413.648	13.413.648
Adjustments of capital	5	3.453.860	3.453.860
Share premium account		-	-
Reservations	5	71.913.463	71.711.127
Result for the year		2.403.349	1.711.914
Result reported (earnings)	8	7.694.744	5.528.591
<b>Total Capital</b>		<b><u>96.475.715</u></b>	<b><u>94.107.226</u></b>
<b>Long term loans</b>			
Loans	4	4.772.776	7.528.645
Financial leasing and interest bearing liabilities		-	-
Deferred tax liabilities		-	-
Trade payables and other payables	4	21.902.600	27.265.770
Provisions	9	253.538	255.858
Income in advance	4	0	0
<b>Total current liabilities</b>	4	<b><u>26.928.914</u></b>	<b><u>35.050.273</u></b>



Continued individual financial position

**Current liabilities**

Trade payables	4	4.457.126	7.780.071
Loans received from related parties		-	-
Loans	4	2.755.871	3.658.179
Financial leasing and interest bearing liabilities		-	-
Income in advance	4	2.332.919	1.538.019
Other liabilities	4	5.900.324	8.187.902
Current income tax	7	542.818	276.947
<b>Total current liabilities</b>		<b><u>15.989.058</u></b>	<b><u>21.441.118</u></b>
<b>Total liabilities</b>		<b><u>42.917.972</u></b>	<b><u>56.491.391</u></b>
<b>Total equity and liabilities</b>		<b><u>139.393.687</u></b>	<b><u>150.598.617</u></b>

The financial statements were approved by the Judicial Administrator and were authorized to be issued on 29.04.2015

The consortium consists of:  
Judicial Administrator,

By Euro INSOL SPRL and Euroinsol Consulting SPRL  
Coordinator Practitioner Associated Coordinator  
attorney PhD Adrian Remus Borza attorney Alina Mariana Maer

General Manager, Finance Manager, Head of General Acct. Dept. ,  
Eng. Ion Zidaru Ec. Ileana Popescu Ec. Marian Ilie

The accompanying notes are an integral part of these financial statements



**Individual Statement of consolidate income  
for the year ended 31 December 2014**

RON	Note	<u>31-December 2014</u>	<u>31-December 2013</u>
Income	12	73.512.397	63.504.266
Income from investments		-	-
Other income	12	736.774	1.130.082
Other gains / (losses) -net	12	(68.055)	939.528
Changes in inventories of finished goods and production in progress	12	10.194.844	27.061.019
Expenses with Raw materials and consumables	12	(42.905.897)	(54.209.604)
Asset depreciation and amortization expense	12	(7.073.059)	(7.109.867)
Employee benefits expense	12	(17.783.306)	(16.050.534)
Expenditure on insurance contributions and social protection	12	(5.352.673)	(4.758.864)
Expenses with external supply	12	(7.409.627)	(6.838.319)
Other expenses	12	(1.012.756)	(801.431)
Other gains / (losses) -net	12	0	(59.615)
<b>Operating profit</b>	<b>12</b>	<b><u>2.838.643</u></b>	<b><u>2.806.661</u></b>
Financial income	12	2.225.844	2.207.349
Financial expenses	12	1.541.945	2.152.455
Other financial gains / (losses) -net		-	-
<b>Financial costs - net</b>		<b><u>683.899</u></b>	<b><u>54.894</u></b>
<b>Profit / (loss) before tax</b>		<b><u>3.522.542</u></b>	<b><u>2.861.555</u></b>
Current income tax expense	7	1.119.193	1.157.198
Expense / income with deferred income tax	7	-	7.557
<b>Profit / (loss) for the year - net</b>	<b>6</b>	<b><u>2.403.349</u></b>	<b><u>1.711.914</u></b>
Other items of comprehensive income			
Earnings / (loss) from revaluation of tangible assets	10	-	2,443,137
Adjustment of deferred tax related to reserves from revaluation		-	-
<b>Total consolidated income for the year</b>		<b><u>2.403.349</u></b>	<b><u>4.155.051</u></b>
<b>Earnings per Share</b>	<b>6</b>	<b><u>0,45</u></b>	<b><u>0,32</u></b>
<b>Number of shares</b>	<b>6</b>	<b><u>5.365.459</u></b>	<b><u>5.365.459</u></b>

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General Manager, Finance Manager, Head of General Acct. Dept. ,  
Eng. Ion Zidaru Ec. Ileana Popescu Ec. Marian Ilie

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**Individual situation of changes in equity  
for the year ended 31 December 2014**

RON	Note	Equity	Adjustment of equity	Legal reserve	Reserves from reassement	Other reserves	Result reported	Total equity
<b>Balance on 01 January 2013</b>		13.413.648	3.453.860	1.557.038	66.906.902	632.070	3.921.115	89.884.634
Reassessment of tangible assets		-	-	-	-	-	-	-
Distribution of dividends		-	-	-	-	-	-	-
Reserve from Reassement	5	-	-	-	2.497.123	-	-	2.497.123
Reserve Reclassification From Reassement At reported Result	8	-	-	-	-	-	13.556	13.556
Transfer of result Of period To legal reserves	6	-	-	117.994	-	-	-	117.994
Net Profit of period	6	-	-	-	-	-	1.593.920	1.593.920
Removal Of application of IAS 29 On equity elements		-	-	-	-	-	-	-
Transfer between Equity accounts		-	-	-	-	-	-	-
<b>Balance on 31 December 2013</b>		13.413.648	3.453.860	1.675.032	69.404.025	632.070	5.528.591	94.107.226

Continued

Individual situation of changes in equity



RON	Note	Equity	Adjustment of equity	Legal reserve	Reserves from reassessment	Other reserves	Result reported	Total equity
<b>Balance on 01 January 2014</b>		13.413.648	3.453.860	1.675.032	69.404.025	632.070	5.528.591	94.107.226
Reassessment of tangible assets		-	-	-	-	-	-	-
Distribution of dividends		-	-	-	-	-	-	-
Reserve from Reassessment		-	-	-	-	-	-	-
Reserve Reclassification From Reassessment At reported Result	8	-	-	-	-	(937)	(237.196)	(238.131)
Transfer of result of the year to legal reserves	6	-	-	241.609	-	-	-	241.609
Net profit of year	6	-	-	-	-	-	2.403.349	2.403.349
Removal Of application of IAS 29 On equity elements		-	-	-	-	-	-	-
Transfer between accounts	5	-	-	-	(38.337)	-	-	(38.337)
<b>Balance on 31 December 2014</b>		13.413.648	3.453.860	1.916.641	69.365.688	631.133	7.694.744	96.475.715

Continued Individual situation of changes in equity





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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.

In 2014 the company has not revalued assets ranging from land and buildings.

There were not calculated deferred tax adjustments related to revaluation reserve.

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	attorney PhD Adrian Remus Borza		attorney Alina Mariana Maer

General Manager, Finance Manager, Head of General Acct. Dept. ,  
Eng. Ion Zidaru      Ec. Ileana Popescu      Ec. Marian Ilie

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### Individual Statement of Cash Flows for the year ended 31 December 2014

	<u>31-December</u> <u>2014</u> lei	<u>31- December</u> <u>2013</u> lei	<u>31-December</u> <u>2012</u> lei
<b>Net profit for the year</b>	<b>2.403.349,00</b>	<b>1.711.914,00</b>	<b>3.470.934,00</b>
Net profit for the year	1.119.193,00	1.157.198,00	1.272.799,00
Amortization / depreciation of long term assets	7.513.542,00	10.433.155,00	8.310.623,00
Gain / loss on sale of fixed assets	-	-	-
Expenses / income with provisions for clients	(4.169.861,72)	(1.055.263,00)	(140.972,00)
Losses on receivables and sundry debtors	-	-	-
Provisions for stocks	(3.068.950,75)	(3.195.167,00)	(4.090.214,00)
Interest expenses	(361.280,00)	(827.379,00)	(946.363,00)
Interest income	688.688,00	1.109.318,00	1.337.472,00
Dividends income	-	-	-
Gain / loss from exchange rate differences	276.423,09	(197.200,00)	(374.458,00)
<b>Movements in working capital</b>	<b>1.997.753,62</b>	<b>7.424.662,00</b>	<b>5.368.887,00</b>
Increase / (decrease) in trade receivables and other receivables	(1.234.716,00)	(3.441.724,00)	18.081.046,00
Increase / (decrease) in inventories	(2.891.152,00)	(43.106,00)	(3.866.159,00)
Increase / (decrease) in other current assets	(604.506,00)	(155.718,00)	(166.376,00)
Increase / (decrease) intrade payables	(6.078.814,00)	1.575.021,00	849.443,00
Increase / (decrease) in deferred revenue	794.900,00	174.708,00	860.996,00
Increase / (decrease) in other liabilities	12.050.431,43	(8.101.356,00)	(9.502.666,00)
<b>Cash used in operating activities</b>	<b>2.036.143,43</b>	<b>(9.992.175,00)</b>	<b>6.256.284,00</b>
Income tax paid	(576.375,00)	(1.757.321,00)	(569.754,00)
Interest paid	(361.280,00)	(1.078.457,00)	(1.215.609,00)
<b>Cash generated from operating activities</b>	<b>5.499.591,05</b>	<b>(3.691.377,00)</b>	<b>13.310.742,00</b>
<b>Net cash from investing activities</b>	<b>(4.269.428,00)</b>	<b>(699.895,00)</b>	<b>(613.355,00)</b>
Cash payment for acquisition of land and assets	(4.269.428,00)	(699.895,00)	(613.355,00)
<b>Net cash from financing activities</b>	<b>(3.693.608,05)</b>	<b>(3.267.796,00)</b>	<b>(1.463.381,00)</b>
Cash repayments of borrowings	(3.658.177,28)	(3.182.551,00)	(1.463.381,00)
Dividends paid	(35.430,77)	(85.245,00)	0,00
<b>Increase / decrease in net cash and cash equivalents</b>	<b>(2.463.445,00)</b>	<b>(7.659.068,00)</b>	<b>11.234.006,00</b>



**Continued Individual Statement of Cash Flows**

	<u>31-December</u> <u>2014</u> lei	<u>31-December</u> <u>2013</u> lei	<u>31-December</u> <u>2012</u> lei
Cash and cash equivalents at beginning of period	17.137.959,00	24.797.027,00	13.563.021,00
Cash and cash equivalents at end of period	14.674.514,00	17.137.959,00	24.797.027,00
Increase / decrease in net cash and cash equivalents	(2.463.445,00)	(7.659.068,00)	11.234.006,00

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General Manager, Eng. Ion Zidaru	Finance Manager, Ec. Ileana Popescu	Head of General Acct. Dept. , Ec. Marian Ilie
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**FIXED ASSETS - tangible**  
**for the year ended 31 December 2014**

	lands	Bulidings and constructions	Machines and equipments	Other tangible assets	Tangible assets in progress	Total
Cost	Lei	Lei	Lei	Lei	Lei	Lei
Balance at January 1, 2014	17.871.154	31.448.397	29.437.040	86.027	5.375.512	84.218.130
Increases	0	683.796	3.996.026	78.403	3.965.567	8.723.793
Outputs	23.738	0	56.600	0	5.701.619	5.781.957
Balance at December 31, 2014	17.847.416	32.132.193	33.376.466	164.430	3.639.460	87.159.965
<b>Accumulated amortization</b>						
Balance at January 1, 2014	0	0	16.866.551	52.163	0	16.918.714
Amortization of year	0	3.397.468	3.546.770	8.645	0	6.952.883
Amortization of outputs	0	0	56.600	0	0	56.600
Balance at December 31, 2014	0	3.397.468	20.356.721	60.808	0	23.814.997
<b>Adjustments</b>						
Balance at January 1, 2014	0	0	0	0	0	0
Increases	0	0	0	0	0	0
Decreases	0	0	0	0	0	0
Balance at December 31, 2014	0	0	0	0	0	0
<b>Net book value</b>						
Balance at January 1, 2014	17.871.154	31.448.397	12.570.489	33.864	5.375.512	67.299.416
Balance at December 31, 2014	17.847.416	28.734.725	13.019.745	103.622	3.639.460	63.344.970

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**FIXED ASSETS - Intangible  
for the year ended 31 December 2014**

	<b>Development expenses</b>	<b>Other intangible assets</b>	<b>Intangible assets in progress</b>	<b>Total</b>
<b>Cost</b>	<b>Lei</b>	<b>Lei</b>	<b>Lei</b>	<b>Lei</b>
Balance at January 1, 2014	99.344	280.838	0	380.182
Inputs	0	71.069	0	71.069
Outputs	0	0	0	0
Balance at December 31, 2014	99.344	351.907	0	451.251
<b>Accumulated amortization</b>				
Balance at January 1, 2014	99.344	179.189	0	278.532
Amortization of year	0	120.177	0	120.177
Amortization of outputs	0	0	0	0
Balance at December 31, 2014	99.344	299.366	0	398.710
<b>Net book value</b>				
Balance at January 1, 2014	0	101.649	0	101.649
Balance at December 31, 2014	0	52.541	0	52.541

Consortiul,  
Administrator Judiciar:

Euro Insol SPRL  
Prin Practician Coordonator  
Av. Dr. Borza Remus Adrian

Euroinsol Consulting SPRL  
Prin Asociat Coordonator  
Av. Maer Alina Mariana

Director General  
Ing. Zidaru Ion

Director Economic  
Ec. Popescu Ileana

Sef Serviciu Ctb. Generala  
Ec. Ilie Marian

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**Stocks**  
**for the year ended 31 December 2014**

<b>STOCKS</b>	<b>31-December</b>	<b>31-December</b>
<b>RON</b>	<b>2014</b>	<b>2013</b>
Raw material	2.217.493	2.513.438
Additional material	976.200	809.336
Fuels	80.708	36.342
Packaging materials	13.969	13.676
Spare parts	6.009.832	5.831.621
Other consumables	579.432	583.761
Inventory items	727.806	602.556
Price difference at raw material and material	0	(4.086)
Product in progress	8.899.903	7.410.017
Semi- manufactured	2.222.735	2.542.087
Finished product	9.528.331	9.778.914
Difference of price of semi-finished products	298.620	1.484.920
Difference of price of finished products	8.953.754	11.975.670
Packing	15.280	10.178
Residual products	63.760	16.760
Adjustment for depreciation of raw material	(346.850)	(354.257)
Adjustment for depreciation of consumables	(1.996.788)	(2.091.447)
Adjustment for depreciation of other material	(246.833)	(257.447)
Adjustment for depreciation of semi-finished product	(290.912)	(298.329)
Adjustment for depreciation of finished product	(187.568)	(193.687)
<b>Total</b>	<b>37.518.872</b>	<b>40.410.024</b>

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**Trade payables and other payables  
for the year ended 31 December 2014**

Debt situation on 31.12.2014				RON
LIABILITIES	Balance at 31.12.2014	maturity		
		less 1 year	1-5 yeari	More than 5 year
0	1 = 2 + 3 + 4	2	3	4
<b>Total, of which:</b>	<b>42.917.972</b>	<b>15.989.058</b>	<b>26.928.914</b>	<b>0</b>
Amounts owed to credit institutions	7.528.647	2.755.871	4.772.776	0
Advances collected for orders	2.332.919	2.332.919	0	0
Trade payables - suppliers	16.521.847	4.457.126	12.064.721	0
Income tax	542.818	542.818	0	0
Other creditors including tax and social security	15.738.203	5.900.324	9.837.879	0
Provisions and deferred income	253.538	0	253.538	0

Total liabilities , of which :	Value - lei	Percent of total value liabilities (%)
Budgetary debts	11.999.887	27,96
Trade payables	16.521.847	38,50
Bank loans	7.528.647	17,54
other payables (various creditors)	2.213.711	5,16
dividends	1.664.406	3,88
Customer creditors	2.332.919	5,44
Salary arrears	403.018	0,94
Provisions and deferred income	253.538	0,59
<b>total liabilities</b>	<b>42.917.972</b>	<b>100,00</b>



Continued Trade payables and other payables

Major Suppliers , depending on the volume of transactions for the year 2014:

<b>Domestic Suppliers</b>	<b>Total Invoices (lei) without VAT</b>	<b>Weight %</b>
Forja Rotec SRL Buzau	5.355.561,31	14,04
Electromagnetica SA Bucuresti	2.796.326,78	7,33
Emsil Techtrans SRL Oradea	2.051.526,90	5,38
Edenred Romania SRL Bucuresti	1.289.735,62	3,38
Forja Neptun SRL Baicoi	1.001.902,92	2,63
Axon SRL Ploiesti	982.675,57	2,58
Arva Metals & Steels SRL Cornetu-Pl.	901.082,54	2,36
GDF Suez Energy Romania SA Bucuresti	873.378,16	2,29
Hany Industry SRL Ploiesti	862.064,94	2,26
Wurmann CO SRL Ploiesti	827.985,83	2,17
<b>TOTAL</b>	<b>16.942.240,57</b>	<b>44,42</b>

<b>External Suppliers</b>	<b>Total Invoices (Eur)</b>	<b>Weight %</b>
GPS Oil Tools Oilfield Equipment & Services GMBH Vechta Germany	81.274,97	35,75
Ompa di Pasquale D'Allevo Torrevicchia Italy	48.645,00	21,40
CF Service SRL Italy	36.017,19	15,84
Hasenjager & Domeyer Dreher Germany	21.150,00	9,30
Keramtech s.r.o. Czech	12.585,60	5,54
Whitford LTD England	7.578,39	3,33
Quality Bearings Online LTD UK	5.330,00	2,34
Bocchi SRL Italy	4.577,60	2,01
Seeif Ceramic a.s. Czech c	2.831,40	1,25
Fast Oilfield Services & Equipments SRL Italy	2.800,00	1,23
<b>TOTAL</b>	<b>222.790,15</b>	<b>97,99</b>



**Continued Trade payables and other payables**

<b>External Suppliers</b>	<b>Total Invoices (USD )</b>	<b>Weight %</b>
Parker Hannifin Corporation PGI USA	102.601,00	30,51
Trelleborg Sealing Silutions Sofia Bulgaria	91.389,02	27,17
Shabum International LTD Tel Aviv Israel	49.048,64	14,58
Vinir Engineering PVT LTD India	42.550,00	12,65
American Petroleum Institut Washington USA	11.309,56	3,36
Freudenberg Oil & Gas LLC Houston USA	11.089,00	3,30
Omni Valve LLC USA	10.364,08	3,08
Westcoast B.O.P. Products INC USA	10.260,00	3,05
American Manufacturing Company USA	3.106,72	0,92
Romtech LLC Houston USA	1.965,50	0,58
<b>TOTAL</b>	<b>333.683,52</b>	<b>99,20</b>

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Coordinator Practitioner Associated Coordinator  
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General Manager, Finance Manager, Head of General Acct. Dept. ,  
Eng. Ion Zidaru Ec. Ileana Popescu Ec. Marian Ilie

The accompanying notes are an integral part of these financial statements



**Trade receivables and other receivables  
for the year ended 31 December 2014**

Receivables on 12.31.2014			RON
RECEIVABLES	Balance at 31.12.2014	Liquidity term	
		less 1 year	Over 1 year
0	1 = 2 + 3	2	3
<b>Total, of which:</b>	<b>23.802.790</b>	<b>19.670.966</b>	<b>4.131.823</b>
Domestic Client	12.367.285	12.367.285	0
External Client	5.138.406	5.138.406	0
Doubtful client, litigation	8.301.685	0	8.301.685
Payroll Deposit	25.125	25.125	0
Suppliers borrowers	1.557.819	1.557.819	0
Borrowers	469.442	469.442	0
Other receivables (VAT not due, accrued expenses and settlement systems in operation during clarification)	112.890	112.890	0
Impairment of receivables-customers	(4.169.862)	0	(4.169.862)
Deferred tax payables	7.557	0	7.557

The main customers, depending on the volume of transactions pa 2014 are:

Domestic Client	Total Invoices (RON) without VAT TVA	weight %
OMV Petrom SA Bucuresti	15.349.994,03	38,15
Arpega Trading SRL Blejoi	2.429.614,06	6,04
Atlantic Prod Impex SRL Ploiesti	1.748.674,00	4,35
Dafora SA Suc. Foraj Medias	1.729.842,70	4,30
Foraj Sonde SA Mures	1.636.507,19	4,07
Drilling Equipment SRL Zalau	1.374.473,42	3,42
Automobile Dacia SA Mioveni	1.319.426,67	3,28
Cameron-Romania SRL Campina	1.198.672,77	2,98
Multy Products Rom SRL Sighisoara Work station Albesti Prahova	1.169.039,75	2,91
Tehnomet SA Buzau	1.005.902,60	2,50
<b>TOTAL</b>	<b>28.962.147,19</b>	<b>71,98</b>



**Continued Trade receivables and other receivables**

<b>External client</b>	<b>Total Invoices (eur)</b>	<b>Weight %</b>
ABB Process Industrie Aix-Les Bains Cedex France	818.680,78	26,77
Eurotech INT Sp. Zoo Wolska Poland	449.222,75	14,69
Liberty Drilling Equipment B.V. Holland	361.073,00	11,81
Peseco Limited Aberdeenshire UK	253.698,40	8,29
Robke Erdol Und Erdgastechnk Gmbh Germany	253.303,60	8,28
Hartmann Valves & Wellheads Germany	207.834,80	6,80
Deep Drill Equipment Holland	185.120,00	6,05
Jaddy Carry Doo Belgrad Serbia	85.980,00	2,81
Guney Yldizi Petrol Uretim , Sondaj , Muth Ve Tic As Turkey	76.120,00	2,49
Independent Oil Tools-Dosco B.V. Holland	73.241,00	2,40
<b>TOTAL</b>	<b>2.764.274,33</b>	<b>90,38</b>

<b>External client</b>	<b>Total Invoices (USD)</b>	<b>Weight %</b>
Omni Valve LLC USA	2.351.777,00	37,41
Wood Group Amesa S.A. Venezuela	1.358.046,00	21,60
Nis s.c. Novi Sad Serbia	502.596,00	7,99
Array Holdings Inc USA	405.544,00	6,45
Ial Engineering Services LTD Trinidad	367.720,00	5,85
PPI Technology Services Middle Least LTD	364.554,00	5,80
Ibemo Kazakhstan LTD Kazakhstan	303.361,00	4,83
Peseco Limited Aberdeenshire UK	205.433,00	3,27
Africa Oil Services Egipt	160.787,00	2,56
PT Epsicon Multidaya Utama Indonesia	108.987,00	1,73
<b>TOTAL</b>	<b>6.128.805,00</b>	<b>97,48</b>

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**UZTEL S.A.** OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS  
243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

**IN REORGANIZARE JUDICIARA      IN JUDICIAL REORGANISATION      EN REDRESSEMENT**

---

General Manager, Finance Manager, Head of General Acct. Dept. ,  
Eng. Ion Zidaru      Ec. Ileana Popescu      Ec. Marian Ilie

The accompanying notes are an integral part of these financial statements



**Income from operations  
for the year ended 31 December 2014**

year 2014	Amount ( RON )	Share on total income %	Share in turnover %
Revenue from the sale of finished products - domestic market	38.138.694,59	44,00	51,88
Revenue from the sale of finished products - abroad	33.620.396,74	38,79	45,73
Revenue from the sale of residual products	51.651,60	0,06	0,07
Revenue from services rendered- Laboratory services	52.425,50	0,06	0,07
Revenue from services rendered - internal transport	0,00	0,00	0,00
Revenue from services rendered - external transport	283.668,08	0,33	0,39
Income from royalties, locations management and rental	44.728,29	0,05	0,06
Income from rental of oilfield equipment	1.070.264,77	1,23	1,46
Income from different activities	27.353,66	0,03	0,04
Income from different activities - Internal	248.066,03	0,29	0,34
Income from different activities - Export	11.307,73	0,01	0,02
Trade discounts - internal	0,00	0,00	0,00
Trade discounts - external	36.160,20	0,04	0,05
<b>Turnover - Total</b>	<b>73.512.396,79</b>	<b>84,82</b>	<b>100,00</b>

Operating segment reporting at December 31, 2014	Amount ( RON )	Share on Total income %
Revenue from the sale of finished products - internal	38.138.694,59	44,00
Revenue from the sale of finished products - external	33.584.236,54	38,75
Income stocks of finished goods	10.194.844,00	11,76
Revenue from services rendered	595.467,34	0,69
Income from royalties, management and rental locations	1.114.993,06	1,29
Revenue from sale of goods	79.005,26	0,09
<b>Total</b>	<b>83.707.240,79</b>	<b>96,58</b>



**Continued Income from operations**

year 2013	Amount ( RON )	Share on total income %	Share in turnover %
Revenue from the sale of finished products - domestic market	38.684.141,66	41,19	60,92
Revenue from the sale of finished products - abroad	23.729.086,94	25,27	37,37
Revenue from the sale of residual products	7.328,50	0,01	0,01
Revenue from services rendered- Laboratory services	30.283,00	0,03	0,05
Revenue from services rendered - internal transport	10.982,33	0,01	0,02
Revenue from services rendered- external transport	189.698,72	0,20	0,30
Income from royalties, locations management and rental	96.555,49	0,10	0,15
Income from rental of oilfield equipment	430.207,11	0,46	0,68
Income from different activities	136.983,07	0,15	0,22
Income from different activities - Internal	248.334,99	0,26	0,39
Income from different activities - Export	988,00	0,00	0,00
Trade discounts - internal	1.733,00	0,00	0,00
Trade discounts - external	58.590,79	0,06	0,09
<b>Turnover - Total</b>	<b>63.504.266,02</b>	<b>67,62</b>	<b>100,00</b>

Operating segment reporting at December 31, 2013	Amount ( RON )	Share on Total income %
Revenue from the sale of finished products - internal	38.682.408,66	41,19
Revenue from the sale of finished products - external	23.670.496,15	25,20
Income stocks of finished goods	27.061.019,00	28,81
Revenue from services rendered	480.287,04	0,51
Income from royalties, management and rental locations	526.762,60	0,56
Revenue from sale of goods	144.311,57	0,15
<b>Total</b>	<b>90.565.285,02</b>	<b>96,43</b>

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**Transactions with affiliated parties - IAS 24  
for the year ended 31 December 2014**

**A) Sales of finished products and services**

<b>Entity name</b>	<b><u>Sales year 2014</u></b> <b><u>lei</u></b>	<b><u>Sales year 2013</u></b> <b><u>lei</u></b>
Aprodem SA Ploiesti	3.359,16	0,00
Axon SRL Ploiesti	3.919,11	29.726,98
Cerber SRL Ploiesti	0,00	0,00
Comis SRL Valeni de Munte	6.383,77	0,00
Ipsar SRL Valeni de Munte	1.590,86	55.579,92
Iulnicomnic SRL Ploiesti	182,28	303,55
Petrototal Trade SRL Bucuresti	0,00	3.450.884,51
Platus Com SRL Campina	7.252,74	5.622,16
Star 2001 Stancu Nastasia SRL Ploiesti	0,00	16.396,35
Titancore SRL Ploiesti	1.054,00	1.066,40
Vaspel SRL Focsani	124,99	0,00

**B) Purchase of goods and services**

<b><u>Entity name</u></b>	<b><u>Aquisitions 2014</u></b> <b><u>RON</u></b>	<b><u>Aquisitions 2013</u></b> <b><u>RON</u></b>
Aprodem SA Ploiesti	51.400,20	96.426,84
Axon SRL Ploiesti	1.218.517,80	1.150.071,18
Comis SRL Valeni de Munte	226.470,24	4.262,49
Electroservice Onel & CO SRL Ploiesti	50.552,16	0,00
Ipromet Focsani	480.457,84	597.827,93
Ipsar SRL Valeni de Munte	462.970,19	380.573,96
Iulnicomnic SRL Ploiesti	89.125,66	238.007,53
Passion SRL Ploiesti	93.125,20	50.527,81
Platus Com SRL Campina	320.655,78	403.218,50
Rinelcob Impex SRL Baicoi	0,00	69.430,84
Romconvert SA Ploiesti	78.597,40	30.924,60
Star 2001 Stancu Nastasia SRL Ploiesti	0,00	13.912,25
Titancore SRL Ploiesti	294.515,12	205.218,35
Vaspel SRL Focsani	264.152,93	145.340,88



Continued Transactions with affiliated parties – IAS 24

<u>Entity name</u>	<u>Aquisitions 2014</u> <u>RON</u>	<u>Aquisitions 2013</u> <u>RON</u>
Shabum International LTD Tel Aviv	49.048,64	57.210,89

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**Income and Expenses**  
for the year ended 31 December 2014

**OPERATING REVENUE**

	<u>31-December</u> <u>2014</u>	<u>31-December</u> <u>2013</u> lei
<b>Total operating income, of which:</b>	<b>84.444.015</b>	<b>91.707.753</b>
Turnover	73.512.397	63.504.266
Income cost of inventories of products	10.194.844	27.061.019
Revenues from production of tangible and intangible assets	313.000	0
Income from revaluation of tangible and intangible assets	0	12.386
Income from production assets	0	0
Other operating income	423.774	1.130.082

**OPERATING EXPENSES**

	<u>31-December</u> <u>2014</u>	<u>31-December</u> <u>2013</u> lei
<b>Total operating expenses, of which:</b>	<b>81.605.372</b>	<b>88.901.092</b>
Raw material and consumables costs	37.833.331	48.789.700
Other material expenses	1.202.474	1.012.032
Other external expenses	3.819.789	4.296.717
The expenditures on goods	51.891	111.187
Trade discounts received	(1.588)	(32)
Staff costs	23.135.979	20.809.398
Value adjustments on tangible, intangible assets, real estate investments and biological assets evaluated at cost	7.073.059	7.109.867
Value adjustments on assets	70.374	(923.952)
Other operating expenses	8.422.383	7.639.750
Expenses from revaluation of tangible and intangible assets	0	59.615
Adjustments for provisions	(2.320)	(3.190)

**FINANCIAL INCOME**

	<u>31- December</u> <u>2014</u>	<u>31-December</u> <u>2013</u> lei
<b>Total financial income, of which:</b>	<b>2.225.844</b>	<b>2.207.349</b>
Income from exchange rate differences	1.416.443	1.097.266
Interest income	688.688	1.109.318
Other financial income	120.713	765



**Continued Income and expenses**

**CHELTUIELI FINANCIARE**

	<u>31-December</u> <u>2014</u>	<u>31-December</u> <u>2013</u>
		<u>lei</u>
<b>Total financial income, of which:</b>	<b>1.541.945</b>	<b>2.152.455</b>
Interest charges	361.280	827.379
Other financial expenses	1.180.665	1.325.076

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Undersigned, Maria Coman, sworn interpreter and translator for the English and French languages under the license no. 5886/2001 of 11 December 2001 issued by the Ministry of Justice of Romania, certify the accuracy of the translation done from Romanian to English language that the text presented has been fully translated, without omissions, and that the translation did not distorted document content and meaning.

The document whose translation is required in full was issued by SC UZTEL SA , Ploiesti city, Romania and presented me completely .

The translation of the document submitted was executed according to a written request filed at no 77/20.03.2015, kept in the archives of the undersigned.

SWORN NTERPRETER AND TRANSLATOR





## **NOTES TO INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED on 31 December 2014**

### **1. REPORTING ENTITY SC UZTEL S.A. (The "Company")**

IAS 1138 (a) - (b) SC UZTEL S.A. Ploiesti (the "Company") is a company in insolvency based in Romania.

IAS 1.51 The financial statements have been prepared under IFRS for the year on 31.12.2014.

The company was organized as a joint stock company under Law no. 15/1990 on the reorganization of state economic units as autonomous holdings and companies and the Government Decision no. 1213/20 November 1990, act published in Official Gazette no. 13bis / January 21, 1991, operating under Law no. 31/1990 of the companies and its own statute.

The company is registered in the Trade Register related to Prahova Tribunal under no. J29 / 48/1991 and holds unique registration code - RO1352846.

The Company's main activity is the "Manufacture of machinery for mining, quarrying and construction" NACE classified code 2892.

As of May 22, 2008 the Company was admitted to trading on BSE category II with UZT symbol. Currently shares of UZT are traded.

In 2004, the company was privatized in PSAL I, by transferring shares held by the Romanian state to private shareholders, namely the Authority for State Assets Recovery sold the shareholding in the Company, equivalent to 76.8745% of the share capital at that time, to the consortium formed by association "UZTEL" and company ARRAY PRODUCTS CO.LLC – SUA.

### **Description of the Company's business.**

SC UZTEL S.A. is a leading manufacturer of equipment for oil extraction and construction. It was founded in 1904 as the Societatea Romano- Americana (Romanian – American Company), which, in 1958, was nationalized and then in 1991 turned into commercial enterprise. The main activity consists in the production and trading of assemblies, parts and oilfield equipment, industrial valves, mud pumps and other spare parts for oil equipment, metal structures and castings and forgings. The production covers processes of foundry and forge sectors, heat treatment, machining, assembly and testing. Quality control is certified in laboratories fitted with specialized equipment. The company has a production integrated with local design skills, high technology applied in accordance with API specifications or EC standards. Quality Assurance and Quality Inspection compartments using modern laboratories and procedures provide compliance with international standards ISO 9001 and API specifications. UZTEL maintains and continually improves a quality management system "QMS" in accordance with international standards of reference ISO 9001: 2008, 14001, 18001 and API Spec. Q1 integrated with environmental management systems and health and safety certified by Germanischer Lloyd, to ensure product quality while protecting the environment and creating a safe and healthy working environment at work.



## 2. BASIS OF PREPARATION OF INDIVIDUAL FINANCIAL STATEMENTS IAS 1.112

### a. Statement of compliance with IFRS

IFRS standards include standards and interpretations approved by the International Accounting Standards Board ("IASB"), including International Accounting Standards ("IAS") and interpretations issued by the Committee on International Financial Reporting Interpretations ("IFRIC").

IAS 1.16 The Company has a complete set of financial statements prepared in accordance with the Order of Ministry of Finance no. 881/2012 and the Order of Ministry of Finance no. 1286/2012 on the application of International Financial Reporting Standards ("IFRS") by companies whose securities are admitted to trading on a regulated market.

These financial statements have been prepared considering the ongoing business principle.

Amounts are expressed in lei in all parts of the financial statements.

The financial statements have been prepared by management using the standards and interpretations issued on 31 December 2014, based on manual of accounting policies in force at that time. As part of the transition to IFRS, the Company prepared the financial statements and required to provide comparative information for the year ended 31 December 2013.

For annual financial statements under IFRS, the Company proceeded to the inventory of assets, liabilities and equity and their evaluation according to the provisions contained in IFRS.

The accompanying financial statements are based on the Company's statutory accounting records adjusted and reclassified in order of fair presentation in accordance with IFRS.

Significant adjustments to the statutory financial statements refer to:

- grouping a number of accounts in positions of comprehensive statement of financial position;
- registration of additional adjustments based on analyzes carried out by the Company at 31 December 2014;
- preparing the notes to the financial statements and other disclosure requirements under IFRS.

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies.

SC UZTEL SA is not part of a group of entities under the control of a parent company and does not apply IAS 27 - Consolidated and Separated Financial Statements since the company was not in a consolidation perimeter.

Company managers take responsibility for preparation of financial statements on 31.12.2014 and confirm that they are in accordance with applicable accounting regulations.

### b. Basis of valuation

IFRS provide financial statements prepared on a historical cost basis be adjusted, taking into account the effect of inflation, if it was significant (IAS1.106) to include the revaluation of tangible and adjusted according to International Accounting Standard IAS 29- Financial Reporting in hyperinflationary economies, until 31 December 2003. From 1 January 2004, the Romanian economy is no longer considered hyperinflationary.

The Company does not apply hyperinflationary environment accounting as of this date.

### c. Continued activity

These financial statements have been prepared under ongoing business principle assumption.

This is confirmed by the reorganization plan prepared by the Company, and the way the company operated in the reference year 2014 and the year before, in 2013.

Under the reorganization plan drawn up by special administrator, approved by the General Meeting of Creditors and accepted by the court, the Company should stop state of insolvency within 3 years from the date of its application, the period in which they will reorganize / restructure the operation and also, will continue production activity.

Approval of Reorganization Plan extension and modification of the schedule of payment of debts



was passed, approved and registered by the Minute no. 38 of 01.16.2014 of the creditors. Bankruptcy judge by Sentence no. 112 of 28/01/2014 confirms the change and extension of the Reorganization Plan UZTEL Ploiesti another year.

To evaluate the applicability of this presumption, the Company management has analyzed the prediction of future operational activity, highlighting, at least for 2015, a volume of inputs from other contracts secured both by existing contract and reasonable certainty of contracting of new works. SC UZTEL S.A. is one of the leading manufacturers of oilfield equipment, and providing repair services in this area, an area that has a positive perspective, especially in present day in Romania, when large companies in Europe and beyond will begin operation of new deposits of oil and natural gas.

In this context, the provisions of the Plan of reorganization and administrative decisions and executive management of the Company have targeted maintain financial balance, both by reducing costs, but also by applying a correct vision of revenue and expenses.

Based on analyzes conducted and measures of reorganization plan, the Company's directors confirm that it will be able to continue operations in the foreseeable future and, therefore, the application of the ongoing business assumption is justified and appropriate for the preparation of financial statements based on this principle.

#### ***d. Functional and presentation currency***

1.51 Under IAS financial statements are presented in Romanian Lei (RON), which is the functional and presentation currency. Except where otherwise stated, the financial information presented in RON has been rounded to the nearest unit.

#### ***e. Use of estimates and judgments***

Preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates are made based on the most reliable information available at the date of the financial statements but actual results may differ from these estimates. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed periodically. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods affected as of IAS 1125.

In accordance with IAS 36, both tangible and intangible assets are reviewed at the balance sheet date to identify whether there are indicators of impairment.

The most significant estimates and decisions that have an impact on the amounts recognized in the financial statements are estimates of the economic life of tangible assets (e.g. equipment), determine the recoverable amount of tangible assets involving a lease, the estimate of provisions for doubtful debts, for depreciation of old stocks and stocks without movement, provisions for risks and charges.

### **3. ACCOUNTING POLICIES**

The accounting policies detailed below have been consistently applied by the Company in accordance with IAS 8 and IAS 1134-135.

The company discloses information that enables users of its financial statements to evaluate the objectives, policies and processes for managing capital Society.

In order to comply with IAS1.134 Society presents:

- Qualitative information about its objectives, policies and processes for managing capital including a description of what it manages as capital, and how it is meeting its objectives for managing capital;
- A summary quantitative data;
- Any changes from the previous period on qualitative and quantitative information.

The Company relies on information provided internally to key management personnel IAS 1135.





In the process of applying the Company's accounting policies, management has not made significant assumptions apart from those involving estimates of reserves for receivables, inventories and litigation that have significant effect on the amounts in the financial statements. The accounting policies have been applied consistently to all periods presented in the financial statements prepared in accordance with IFRS.

In the process of applying the Company's accounting policies, management has made estimates for provisions, impairment of receivables and inventories which have no effect on the estimated values of the individual financial statements.

Distinction assets / fixed or current debt / long-term

Society presents current assets, assets and current and long-term liabilities as distinct classifications in statement of financial position, except when a presentation based on liquidity provides information that is reliable and more relevant in order of liquidity.

**a. Transactions in foreign currencies**

According to IAS 1.51 (d), (e) transactions in foreign currencies are expressed in RON by applying the exchange rate at the transaction date. Monetary assets and liabilities denominated in foreign currencies at year end are in USD at the exchange rate at that date. Gains and losses from exchange rate differences, realized or unrealized, are recorded in the income statement in the year in question, in accordance with IAS 21.

Official exchange rates used to convert foreign currency balances at December 31, 2014 are as follows:

Currency	December 31, 2014
1 EUR	4.4821 lei
1 USD	3.6868 lei

**b. Financial Instruments**

**Non-derivative financial receivables**

Financial assets include primarily cash and cash equivalents, customers and other similar accounts, investments. Recognition and measurement of these items are disclosed in the respective accounting policies.

Financial instruments are classified as receivables from loans, liabilities or equity in accordance with the content of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as expense or income as incurred.

Payments to holders of financial instruments classified as equity are charged directly to equity.

The Company initially recognizes receivables and deposits on the date on which they were initiated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date when the Company becomes party to the contractual terms of the instrument.

The Company recognizes a financial asset when it expires contractual rights on cash flows generated by the assets or when transferred rights to collect the contractual cash flows of the financial asset in a transaction in which the risks and rewards of ownership of the financial asset are transferred significantly. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are compensated and in the statement of financial position is presented net value only when the Company has a legal right to offset the amounts and intends either to settle on a net basis, or to realize the asset and settle the obligation at the same time.

The Company has the following non-derivative financial assets: financial assets at fair value through profit or loss, held to maturity financial assets, receivables and financial assets available for sale.

**Trade receivables**



Customer accounts and similar accounts include invoices and unpaid at the reporting date at face value and estimated claims related to sales, services, which are recognized initially at fair value plus directly attributable transaction costs. Subsequently, customer accounts and similar accounts are stated at amortized cost less impairment losses. Amortized cost approximates the nominal value. Ultimate losses may vary from the current estimates. Due to the inherent lack of information about the financial position of customers, estimates of probable losses is uncertain. However, the company management made the best estimate of losses and believes that this estimate is reasonable in the circumstances.

Losses of value are analyzed on the date of the financial statements to determine whether they are correctly estimated. Depreciation adjustment can be repeated if there has been a change in existing conditions when determining the recoverable amount. Reversing an impairment adjustments can be made so that only the net value of the asset does not exceed its net book value history.

### **Cash and cash equivalents**

Cash and cash equivalents includes petty cash, current accounts and other cash equivalents. Cash and cash equivalents in foreign currencies are revalued at the exchange rate at the end of the period. Bank overdrafts that are payable on demand and form an integral part of the Company's cash management funds and credit lines are included as a component of the available funds in order to present a cash flow statement. Bank overdrafts are shown as borrowings in current liabilities section.

### **Short-term investments**

The company booked under short-term financial investments , bank deposits in lei made within 1 month and up to 3 months deposits that provide the necessary cash payment according to the schedule of payment of quarterly rates of claims of creditors of the company for the Reorganization Plan, plan what was approved by creditors and confirmed by the bankruptcy judge by sentence no. 1282 / 10.9.2012 and was amended and extended by sentence no. 112 of 28/01/2014. Bank deposits were composed of financial liquidity obtained by the company through the collection of outstanding and current trade receivables in lei, to ensure the company's going on business and protect the interests of creditors and shareholders.

#### **c. Non-derivative financial debt**

The Company initially recognizes debt instruments issued and subordinated liabilities on the date it is initiated. All other liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date, when the company becomes party to the contractual terms of the instrument.

The Company derecognizes a financial liability when its contractual obligations are settled, canceled or expires.

Financial assets and liabilities are compensated and the net amount of financial position is presented only when the Company has a legal right to offset the amounts and intends either to settle on a net basis, or to realize the asset and settle the obligation at the same time.

The Company has the following non-derivative financial liabilities: financial liabilities, loans, overdraft, trade payables and other liabilities.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

#### **d. Trade payables**



Payables and other payables are recognized initially at fair value plus directly attributable transaction costs. Subsequently, they are recognized at amortized cost less impairment losses using the effective interest method. Amortized cost approximates the nominal value.

Payables and other liabilities at amortized cost include the invoices issued by the suppliers of goods, works and services rendered.

#### ***e. Interest Bearing Borrowings***

Borrowings are recognized initially at fair value, net of transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortized cost, any difference between cost and redemption value being recognized in the statement of comprehensive income during the loan based on an effective interest rate.

Net financing costs include interest on borrowings calculated using the effective interest rate method, less capitalized costs capitalized in assets, interest receivable on funds invested, dividend income, favorable and unfavorable foreign exchange differences, risk fees and commissions. Interest income is recognized in profit or loss in the year they occur, using the effective interest rate method. Dividend income is recognized in profit or loss on the date the Company's right to receive dividends is recognized.

#### ***f. Equity (Share Capital)***

##### **Ordinary shares**

Ordinary shares are classified as part of equity. Incremental costs directly attributable to issue ordinary shares and share options are recognized as a deduction from equity net of tax effects. Dividends on equity holdings (capital) established in accordance with General assembly of Shareholders (AGA) Decisions are recognized as a liability in the period in which their distribution is approved.

#### ***g. Tangible assets***

Tangible assets, except land and buildings are recognized according to the requirements OMPF 1286/2012 and are highlighted in accounting at cost less accumulated depreciation and impairment losses.

Under IAS 16 property, plant and equipment are initially recorded at acquisition cost. Intangible assets visible through financial statements were included in the revalued amount less accumulated depreciation and adjustments for depreciation or impairment losses.

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Tangible assets include land, buildings, construction, machinery and equipment and other tangible assets and tangible assets in course.

Starting May 1, 2009, statutory reserves from the revaluation of fixed assets, including land, performed after 1 January 2004, which are deducted from taxable income through tax depreciation or expenditure on assets sold and / or scrapped, are subject to tax while tax depreciation deduction, when writing off books of these assets, as appropriate.

Statutory reserves from revaluation of fixed assets, including land, made up to 31 December 2003 plus the portion of the revaluation performed after January 1, 2004 for the period up to April 30, 2009 will not be taxed at the time of transfer to reserves representing surplus revaluation reserve, but when changing their destination.

The statutory reserves are made taxable in the future, when changing of reserves destination in any form, in case of liquidation, merger of the Company, including its use to cover accounting losses, except for transfer, after 1 May 2009, the reserves for assessment after 1 January 2004. When parts of a tangible asset have different useful lives, they are considered separate asset. Tangible assets are retired or sold are removed from the statement of financial position together with the corresponding accumulated depreciation. Gains or losses after retirement or disposal are equal to the net proceeds from the disposal (less disposal costs) minus the net book value of the asset. They are recognized as income or expense in profit or loss.



The fair value of tangible assets has been determined on the basis of continuity.

#### ***h. Depreciation***

Tangible assets are generally amortized using the straight-line method over the estimated useful lives of the month following commissioning and monthly costs include company. The useful life (in years) used (fiscal) for tangible assets are as follows:

	Lifetime (years)
Building, construction and installations	25-60
Machinery and equipment	3-28
Measuring and Control	5-10
Machines	4-10
Other tangible	3-20

Depreciation of an asset ceases at the earlier of the date the asset is classified as held for sale in accordance with IFRS 5 and the date that the asset is derecognized.

Assets in progress and land is not depreciated. Investments in progress are not depreciated until commissioning. Assets' residual values and useful lives are reviewed and adjusted if necessary at each statement of financial position date. If expectations differ from previous estimates, the change must be accounted for as a change in an accounting estimate in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount exceeds the estimated recoverable amount.

#### ***i. Assets acquired under lease***

Under IAS 17 leases in which the Company assumes all the risks and rewards of ownership are classified as finance leases. Tangible assets acquired through finance leases are stated at least between the market value and the present value of future payments, less accumulated amortization and impairments of value. Lease payments are recorded in accordance with accounting policy. Fixed assets acquired in finance leases are depreciated over their lifetime.

#### ***j. Intangible***

Under IAS 38, intangible assets are presented in the statement of financial position at their revalued amount. Depreciation is recognized in profit or loss on a straight line method basis during the estimated useful lives of the intangible asset. Expenditure related to the acquisition of software licenses is capitalized based on the costs of procurement and commissioning of programs. Costs associated with developing or maintaining computer software programs are recognized as expenses when registering.

Intangible assets according to generally accepted regulations cannot be acquired through exchange of assets, which are treated as special deliveries.

#### ***k. Stocks***

According to IAS 2, Inventories consist of raw materials and supplies, goods, spare parts, semi-finished products and packaging, and other materials. These are recorded at their entry as inventory at the acquisition price and acquisition are expensed or capitalized, as appropriate, when consumed. The cost of inventories is determined based on the FIFO method. Inventory accounting method is **perpetual inventory method**, quantity and value management being watched (store sheet and Integrated Informatics Storage Program SIVCO Applications - SVAP 2011). The



value of production in progress and finished products includes direct cost of materials, labor and indirect costs of production that we have built.

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, if any, and expenses of sale.

Inventory items are treated as inventory, passing on costs is performed entirely in putting them into use, tracking them extra accounting.

Heritage assessment at the end of the financial year is influencing stocks, with differences (+ / -) resulting from the annual inventory.

### ***J. Dividends***

Under IAS 10, the Company may pay dividends only by statutory profit-sharing, considering the financial statements prepared in accordance with Romanian accounting principles. Dividends are recognized as a liability in the period in which their distribution is approved.

### ***m. Employee Benefits***

Under IAS 19, the rights of employees in the short term include salaries and social security contributions. Short-term employee rights are recognized as expenses with services by them in the current activity they perform. The Company makes payments to the Romanian State Social Security benefits to its employees. All employees of the Company are included in the Romanian State pension plan. The payments are recognized in profit or loss together with payroll expenses. The Company has no other legal or implicit obligations to pay future benefits to its employees. On termination of employment, the company has no obligation to repay the contributions made by former employees.

### ***n. Provisions***

A provision is recognized when, and only when the following conditions are met: the Company has a present obligation (legal or implicit) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation when a reliable estimate can be made regarding the amount of the obligation. Where the effect of the temporary value of money is material, the amount of a provision is the present value of the expenditures are expected to be required to settle the obligation. Provisions are measured at the present value of cash flows using a discount rate that reflects current market situation and the risks specific to the liability.

Provisions are reviewed at each reporting date and adjusted annual financial statements to reflect the current best estimate of the Company's management in this regard. Where to settle an obligation is no longer probable that an outflow of resources, provision is canceled by resuming revenue.

No provisions are recognized for costs that are incurred for the activity in the future.

### ***o. Income***

Under IAS 18, revenue is recognized when the significant risks and rewards have been transferred to the buyer, obtaining economic benefits is probable and the associated costs can be estimated correctly.

Revenue is recognized at the fair value of the amount received (net amounts of revenue), VAT, returns and discounts. Sales of services are recognized in the period to which it relates, by their nature (operational, financial).

Financial income comprises interest income from dividends. Interest income is recognized as it accrues in profit or loss using the effective interest method. Dividend income is recognized in profit or loss is determined at the time the Company is entitled to receive the amount paid.

Financial expenses comprise interest expense related to loans and impairment losses on financial



assets. Interest on borrowed capital and commissions related to these loans are capitalized in production costs and those that are not directly attributable to the acquisition, construction or production are recognized in profit or loss using the effective interest method. Losses and gains from exchange rate differences are recorded at net value under IAS 21.

#### ***p. Leasing***

In accordance with IAS 17 leases in which the Company assumes substantially the risks and rewards of ownership are classified as finance leases. On initial recognition, the asset that is the subject of the lease is valued at the lower of fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

#### ***r. Income tax***

Income tax is recorded in the income statement except where it relates to items of equity, in which case income tax is recorded in the equity section. Current tax is the expected tax payment that relates to taxable profit of the year, using tax rates set by law at the reporting date, adjusted for corrections of previous years.

Deferred income tax is calculated based on temporary differences. These assets and liabilities are determined as the difference between the carrying amount (VC) and the amount attributed for tax purposes (tax base BF).

Dividend tax is recorded at the same time when debts are recognized on dividend payment.

Income tax rate used to calculate the current and deferred income tax at 31 December 2014 was 16%.

#### ***s. Earnings per share***

In accordance with IAS 33, earnings per share is calculated by dividing profit or loss attributable to owners of the weighted average number of shares subscribed.

The weighted-average shares outstanding during the year represents the number of shares at the beginning of the period, adjusted number of shares issued multiplied by the number of months in which the shares were outstanding during exercise.

Dilution is a reduction in earnings per share or an increase in loss per share resulting from the assumption that convertible instruments are converted, that options or alternatives are exercised, or that ordinary shares are issued upon the satisfaction of specified conditions. Result of diluted earnings per share is consistent with that of basic earnings per share namely, to assess the interest of each ordinary share in the performance of an entity.

#### **t. The implications of the new International Financial Reporting Standards (IFRS)**

##### **Standards and interpretations issued by the IASB without yet applied in these financial statements and without having been adopted in advance.**

A number of new standards, amendments to standards and interpretations became effective from 1 January 2014 have not been applied in preparing these financial statements. None of the new standards, amendments to standards and interpretations which became effective from 1 January 2014 have not been applied, does not affect the Company's financial statements.

IFRS 10 "Consolidated Financial Statements" (effective for annual periods beginning on or after 1 January 2013);

For companies applying IFRS adopted by the EU, the effective date is January 1, 2014 under Art. 2 of Regulation (EU) nr.1254 / 2012. IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements relating to the accounting for consolidated financial statements.



This IFRS establishes a single control model that applies to all entities, including those with special purpose. The Company does not anticipate in advance the application of this IFRS.

IFRS 11 "Joint Arrangements" (effective for annual periods beginning on or after 1 January 2013); For companies applying IFRS adopted by the EU, the effective date is January 1, 2014 under Art. 2 of Regulation (EU) nr.1254 / 2012. IFRS 11 replaces IAS 31 "Interests in Joint Ventures" and SIC -13 Jointly Controlled Entities-Non-monetary Contributions by Ventures. This IFRS removes the option to account for jointly controlled entities using proportionate consolidation and jointly controlled entities (ECC) which meet the requirement of a joint venture will be accounted for under the equity method. The Company does not anticipate in advance the application of this IFRS.

IFRS 12 "Information presented on interests in other entities." (Effective for annual periods beginning on or after 1 January 2013);

For companies applying IFRS adopted by the EU, the effective date is January 1, 2014 under Art. 2 of Regulation (EU) nr.1254 / 2012. IFRS 12 has all the requirements above disclosures contained in IAS 27 with respect to the consolidated financial statements and disclosures requirements previously included in IAS 31 and IAS 28 which refers to an entity's interests in subsidiaries, joint ventures, Associates and structural entities and other new information presented. The Company does not anticipate in advance the application of this IFRS.

IFRS 13 "Fair value measurement" (effective prospectively from 1 January 2013) defines fair value, presents in a single standard a framework for assessing the fair value and the delivery of information about assessments at fair values. Fair value measurement is performed on the assumption that the assets are traded between market participants under normal conditions of sale of the assets that characterize market on the valuation date. The strongest and best use of a non-financial asset account for the use of physically possible, legally permissible and financially feasible from the perspective of market participants, even if the company intends to use the asset otherwise.

IAS 27 (revised in 2011) "Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2013).

For companies applying IFRS adopted by the EU, the effective date is January 1, 2014 under Art. 2 of Regulation (EU) nr.1254 / 2012.

Following the new IFRS 10 and 12, the provisions of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities (ECC) and associates in the separate financial statements. Early application is permitted.

The Company does not anticipate in advance the application of this IFRS.

IAS 28 (revised in 2011) "Investments in Associates and Joint Ventures" (effective for annual periods beginning on or after 1 January 2013).

For companies applying IFRS adopted by the EU, the effective date is January 1, 2014 under Art. 2 of Regulation (EU) nr.1254 / 2012.

Following the new IFRS 11 and 12, IAS 28 "Investments in Associates" was renamed IAS 28 "Investments in Associates and Joint Ventures" and describes the application of the equity method for investments in joint ventures in addition to investments in Associates.

The Company does not anticipate in advance the application of this IFRS.

Amendments to IFRS 7 "Financial Instruments: Presentation" - Offsetting financial assets and liabilities (effective for annual periods beginning on or after 1 January 2013);

Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" - mandatory date of entry into force and detail of transition;



Amendments to IAS 1 "Presentation of Financial Statements" - Presentation of items of comprehensive income (effective for annual periods beginning on or after 1 July 2012);

Amendments to IAS 12 "Income Taxes" - Deferred Tax: Recovery of underlying assets (effective for annual periods beginning on or after 1 January 2012);

Amendments to IAS 19 "Employee Benefits" - improvements to the accounting for post-employment benefits (effective for annual periods beginning on / after 1 January 2012);

Amendments to IAS 32 "Financial Instruments: Presentation" - Offsetting financial assets and liabilities (effective for annual periods beginning on or after 1 January 2014).

Reconciliation between IFRS and accounting policies relating to previous financial years

On 31.12.2012, Uztel SA conducted reconciliation between IFRS and local accounting policies applicable to previous financial years.

The financial statements for the year 2012 are the first financial statements that the company has prepared according to IFRS adopted by the EU, as provided OMPF 1286/2012.

For the year ended 31.12.2010 and 31.12.2011, the company prepared separate financial statements according to OMPF 3055/2009.

The Company has prepared financial statements in accordance with IFRS adopted by the EU, applicable to financial years ended 31.12.2012 and comparative data the closing date of 2011, respectively 31.12.2011. For preparing these financial statements was drafted situation opening statement of financial position at January 1, 2011, the date of transition.

There were not performed reconciliation of comprehensive income under IFRS 1 with the overall outcome determined by OMPF 3055/2009, since no differences were found between the overall result as determined by the local accounting principles applied in previous accounting periods and comprehensive income under IFRS.

Standards approved and not adopted

IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2015); IFRS 9 as issued reflects the first phase of the IASB work on replacing IAS 39 "Financial - Instruments Recognition and Measurement" and applies to classification and valuation of financial assets and financial liabilities as defined in IAS 39. The standard came into force for annual periods beginning on or after 1 January 2013, but changes to IFRS 9 and transition disclosures issued in 2011 have delayed the mandatory date of entry into force of IFRS 9 1 January 2015. In subsequent stages, the IASB will address hedging instruments accounting and impairment of financial assets, but will have no effect on the classification and valuation of financial liabilities. The Company will quantify the effect in correlation with the other phases, when standard issue in final form, including all phases. Early application is permitted. This standard was adopted by the EU. The Company does not anticipate in advance the application of this IFRS.

IFRIC 21 "Tax ", applicable for financial years beginning after 31.12.2014. This the standard approved and not adopted clarifies when an entity should recognize a liability to pay a tax imposed by the government, given that debt comply with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

#### ***u. Determining the fair value***

Certain of the Company's accounting policies and presentation of information requirements, ask for the determination of fair value for both assets and financial and non-financial liabilities. Fair values were determined in order to evaluate and / or presenting information on the basis of the methods





described below. When applicable, further information about the assumptions used in determining fair values are presented in the notes specific to that asset or liability.

**(i) Trade receivables and other resources**

The fair value of trade receivables and other resources is estimated as the present value of future cash flows, discounted using a financing rate specific to market at the financial reporting date. This value is determined for information.

**(ii) Interest bearing loans**

The fair value of these items is estimated as the present value of future cash flows, representing the principal and interest, discounted using a financing rate specific to market at the financial reporting date. This value is determined for information.

**(iii) Property and equipment**

The fair value of these items has been established following the revaluation carried out by a independent evaluator, member ANEVAR using the comparison method capitalization method for land and buildings.

**Comparative Statements**

For each item in the balance sheet, profit and loss account and, where appropriate, the statement of changes in equity and cash flows for comparability is presented corresponding element corresponding value for the previous financial year.

**Correction of accounting errors IAS 8**

If the company becomes aware of errors made in accordance with accounting principles generally accepted previous reconciliations should be made to highlight the correction of those errors in accounting policies. The recording of transactions relating to the correction of accounting errors, the provisions of IAS 8 (pct.134 of OMPF 1286/2012 as amended).

#### **4. RISK MANAGEMENT**

The nature of the activities carried out, the Company is exposed to various risks that include credit risk, interest rate risk, liquidity risk, currency risk, market risk. The management aims to reduce the effects of potential effects of these risk factors on the financial performance of the Company by maintaining an adequate level of capital and outcomes.

For a good risk management and the desire to establish new ways of managing its level proceed continuously updating and improving procedures and rules specific to each department, to the extent that at a time, it is considered that based on existing rules at the time , Company is exposed through the activities performed by that department.

Authorized persons of the Company permanently monitors the effectiveness of policies and procedures for risk assessment, the extent to which the Company and relevant persons complying with the procedures, methods and mechanisms for risk management, and the effectiveness and adequacy of measures taken to address any deficiencies. Risk indicators are checked constantly to ensure their framing limits. Also check the daily management of the company the production and marketing of the company.

***Credit risk***

The Company is subject to credit risk due to its trade receivables and other types of claims.

**Accounting year  
ended**

**accounting year  
ended**



	December 31, 2014 (RON)	December 31, 2013 (RON)
Receivables	23,802,790	25,642,012

For other operations, where the amounts are significant , references to the creditworthiness are normally obtained for all new customers, debt maturity date is carefully monitored and amounts due after exceeding the time limit shall be pursued promptly.

The following balance sheet elements were identified under credit risk and were within the following exposure classes:

- claims on local government: budgetary claims;
- claims on institutions and financial institutions: bank accounts, guarantee funds;
- claim against the company: Payment in advance companies;
- Other items: petty cash, property and equipment.

The value at risk of an asset is the value of its balance sheet and is identified based on documents provided by the Accounting Department.

▪ **Trade receivables and other receivables**

On 31 December 2014, the company's trade receivables situation is as follows:

Receivables on 12.31.2014			RON
RECEIVABLES	Balance at 31.12.2014	Liquidity term	
		less 1 year	Over 1 year
0	1 = 2 + 3	2	3
<b>Total, of which:</b>	<b>23.802.790</b>	<b>19.670.966</b>	<b>4.131.823</b>
Domestic Client	12.367.285	12.367.285	0
External Client	5.138.406	5.138.406	0
Doubtful client, litigation	8.301.685	0	8.301.685
Payroll Deposit	25.125	25.125	0
Suppliers borrowers	1.557.819	1.557.819	0
Borrowers	469.442	469.442	0
Other receivables (VAT not due, accrued expenses and settlement systems in operation during clarification)	112.890	112.890	0
Impairment of receivables-customers	(4.169.862)	0	(4.169.862)
Deferred tax payables	7.557	0	7.557

Amount worth 112,890 lei recorded in other receivables account refers to amounts from account 4412 (Deferred income tax) = 7557.00 lei; Account 4428 (payable VAT) = 92,978.25 lei; account. 471 (Prepayments) = 3315.99 lei and account 473 (settlements pending clarification) = 9039.00 lei.

The main customers, depending on the volume of transactions pa 2014 are:



<b>Domestic Client</b>	<b>Total Invoices (RON) without VAT TVA</b>	<b>weight %</b>
OMV Petrom SA Bucharest	15.349.994,03	38,15
Arpega Trading SRL Blejoi	2.429.614,06	6,04
Atlantic Prod Impex SRL Ploiesti	1.748.674,00	4,35
Dafora SA Suc. Foraj Medias	1.729.842,70	4,30
Foraj Sonde SA Mures	1.636.507,19	4,07
Drilling Equipment SRL Zalau	1.374.473,42	3,42
Automobile Dacia SA Mioveni	1.319.426,67	3,28
Cameron-Romania SRL Campina	1.198.672,77	2,98
Multy Products Rom SRL Sighisoara Work station Albesti Prahova	1.169.039,75	2,91
Tehnomet SA Buzau	1.005.902,60	2,50
<b>TOTAL</b>	<b>28.962.147,19</b>	<b>71,98</b>

<b>External client</b>	<b>Total Invoices (euro)</b>	<b>Weight %</b>
ABB Process Industrie Aix-Les Bains Cedex France	818.680,78	26,77
Eurotech INT Sp. Zoo Wolska Poland	449.222,75	14,69
Liberty Drilling Equipment B.V. Holland	361.073,00	11,81
Peseco Limited Aberdeenshire UK	253.698,40	8,29
Robke Erdol Und Erdgastechnk Gmbh Germany	253.303,60	8,28
Hartmann Valves & Wellheads Germany	207.834,80	6,80
Deep Drill Equipment Holland	185.120,00	6,05
Jaddy Carry Doo Belgrad Serbia	85.980,00	2,81
Guney Yldizi Petrol Uretim , Sondaj , Muth Ve Tic As Turkey	76.120,00	2,49
Independent Oil Tools-Dosco B.V. Holland	73.241,00	2,40
<b>TOTAL</b>	<b>2.764.274,33</b>	<b>90,38</b>

<b>External client</b>	<b>Total Invoices (USD)</b>	<b>Weight %</b>
Omni Valve LLC USA	2.351.777,00	37,41
Wood Group Amesa S.A. Venezuela	1.358.046,00	21,60
Nis s.c. Novi Sad Serbia	502.596,00	7,99
Array Holdings Inc USA	405.544,00	6,45
Ial Engineering Services LTD Trinidad	367.720,00	5,85
PPI Technology Services Middle Least LTD	364.554,00	5,80
Ibemo Kazakhstan LTD Kazakhstan	303.361,00	4,83
Peseco Limited Aberdeenshire UK	205.433,00	3,27
Africa Oil Services Egypt	160.787,00	2,56
PT Epsicon Multidaya Utama Indonesia	108.987,00	1,73
<b>TOTAL</b>	<b>6.128.805,00</b>	<b>97,48</b>

**Accounting year ended December 31, 2014**      **accounting year ended December 31, 2013**



	(RON)	(RON)
Liabilities	40.331.515	54.697.514
Provisions	253.538	255.858
Income in advance	2.332.919	1.538.019
<b>Total liabilities</b>	<b>42.917.972</b>	<b>56.491.391</b>

▪ **Trade payables and other payables**

On December 2014, company's debts are the following:

Debt situation on 31.12.2014				RON
LIABILITIES	Balance at 31.12.2014	maturity		
		less 1 year	1-5 years	More than 5 year
0	1 = 2 + 3 + 4	2	3	4
<b>Total, of which:</b>	<b>42.917.972</b>	<b>15.989.058</b>	<b>26.928.914</b>	<b>0</b>
Amounts owed to credit institutions	7.528.647	2.755.871	4.772.776	0
Advances collected for orders	2.332.919	2.332.919	0	0
Trade payables - suppliers	16.521.847	4.457.126	12.064.721	0
Income tax	542.818	542.818	0	0
Other creditors including tax and social security	15.738.203	5.900.324	9.837.879	0
Provisions and deferred income	253.538	0	253.538	0

Major Suppliers , depending on the volume of transactions for the year 2014:

Domestic Suppliers	Total Invoices (lei) without VAT	Weight %
Forja Rotec SRL Buzau	5.355.561,31	14,04
Electromagnetica SA Bucuresti	2.796.326,78	7,33
Emsil Techtrans SRL Oradea	2.051.526,90	5,38
Edenred Romania SRL Bucharest	1.289.735,62	3,38
Forja Neptun SRL Baicoi	1.001.902,92	2,63
Axon SRL Ploiesti	982.675,57	2,58
Arva Metals & Steels SRL Cornetu-Pl.	901.082,54	2,36
GDF Suez Energy Romania SA Bucharest	873.378,16	2,29
Hany Industry SRL Ploiesti	862.064,94	2,26
Wurmann CO SRL Ploiesti	827.985,83	2,17
<b>TOTAL</b>	<b>16.942.240,57</b>	<b>44,42</b>

External Suppliers	Total Invoices (Eur)	Weight %
GPS Oil Tools Oilfield Equipment & Services GMBH Vechta Germany	81.274,97	35,75



Ompa di Pasquale D'Allevo Torrevecchia Italy	48.645,00	21,40
CF Service SRL Italy	36.017,19	15,84
Hasenjager & Domeyer Dreher Germany	21.150,00	9,30
Keramtech s.r.o. Czech	12.585,60	5,54
Whitford LTD England	7.578,39	3,33
Quality Bearings Online LTD UK	5.330,00	2,34
Bocchi SRL Italy	4.577,60	2,01
Seeif Ceramic a.s. Czech c	2.831,40	1,25
Fast Oilfield Services & Equipments SRL Italy	2.800,00	1,23
<b>TOTAL</b>	<b>222.790,15</b>	<b>97,99</b>

<b>External Suppliers</b>	<b>Total Invoices (USD )</b>	<b>Weight %</b>
Parker Hannifin Corporation PGI USA	102.601,00	30,51
Trelleborg Sealing Solutions Sofia Bulgaria	91.389,02	27,17
Shabum International LTD Tel Aviv Israel	49.048,64	14,58
Vinir Engineering PVT LTD India	42.550,00	12,65
American Petroleum Institut Washington USA	11.309,56	3,36
Freudenberg Oil & Gas LLC Houston USA	11.089,00	3,30
Omni Valve LLC USA	10.364,08	3,08
Westcoast B.O.P. Products INC USA	10.260,00	3,05
American Manufacturing Company USA	3.106,72	0,92
Romtech LLC Houston USA	1.965,50	0,58
<b>TOTAL</b>	<b>333.683,52</b>	<b>99,20</b>

Bank loans are secured by real estate mortgages totaling 29,434,935 lei.

**Interest rate risk**

Operating cash flows of the Company are affected by changes in interest rates. The Company does not use financial instruments to protect against interest rate fluctuations.

	<b>Accounting year ended December 31, 2014 (RON)</b>	<b>accounting year ended December 31, 2013 (RON)</b>
Interest paid	361,280	827,379

**Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and bank deposits in lei short term.

	<b>Accounting year ended December 31, 2014 (RON)</b>	<b>accounting year ended December 31, 2013 (RON)</b>
Cash and availability on demand	1,775,112	1,446,028
Financial investments	12,899,402	15,691,931



Total Cash and cash equivalents 14,674,514 17,137,959

**Currency risk**

Company is subject to exchange rate fluctuations due to foreign currency transactions.

	<b>Accounting year ended December 31, 2014 (RON)</b>	<b>accounting year ended December 31, 2013 (RON)</b>
Result of foreign exchange differences	276,423	(197,200)

**Market risk**

The current global liquidity crisis that began in mid-2007 resulted in, among other things, a low level of capital market funding, lower liquidity levels in the banking sector and occasionally higher interbank lending rates and volatility very high stock exchanges.

The uncertainties in the global financial markets have led to significant and influential market in Romania. They had a double influence on society: a decrease in assets held and volumes of activity. Currently, the full impact of the current financial crisis is impossible to predict and totally preventable.

Management is unable to reliably estimate the effects on the financial position of the Company to further loss of liquidity in financial markets and the increased volatility in the exchange rate of the national currency and market indices.

**5. EQUITY**

**Share Capital**

The share capital of SC UZTEL S.A. is 31 December 2014, amounting to 13,413,648 lei, divided into 5,365,459 shares with a nominal value of 2.50 lei.

According to existing records in SC Central Depository S.A. and the BSE situation of shareholders on 31.12.2014 is as follows:

<b>Shareholder</b>	<b>Nmb. of shares held</b>	<b>Weight in share capital, %</b>
UZTEL Association	4.498.300	83,8381
Legal persons	537.339	10,0148
Natural persons	329.820	6,1471
<b>TOTAL</b>	<b>5.365.459</b>	<b>100,0000</b>

All actions are common, were subscribed and paid in full on 31 December 2014.

All shares have equal voting rights and a nominal value of 2.50 lei.

**Legal reserves**

Legal reserves are established under statutory financial statements and may not be distributed. The company transfers to the legal reserve at least 5% of annual profit until the aggregate balance sheet reaches 20% of the share capital. When this level is reached, the company may make additional allocations of net profits only.



At December 31, 2013 the Company has established legal reserves in the amount of 1,675,032 lei. From accounting profit registered at 31 December 2014 amounted to legal reserve amounting to 241,609.10 lei.

	Accounting year ended December 31, 2014 (RON)	accounting year ended December 31, 2013 (RON)
Legal reserves	1,916,641	1,675,032
<b>Other reserves</b>		
Other reserves (reserves from tax breaks)	631,133	632,070

#### Revaluation reserve

The revaluation reserve is the amount of 69,365,688.66 RON on 31 December 2014 and includes revaluation reserves obtained after revaluation carried out by independent evaluators on:

- construction – revaluation on December 31, 2007 May 31, 2011 and December 31, 2013;
- technological equipment, technical installations, machinery, furniture and office equipment – on 31.12.2007.–

	Accounting year ended December 31, 2014 (RON)	accounting year ended December 31, 2013 (RON)
Revaluation reserve	69,365,689	69,404,025

## 6. RESULT FOR THE YEAR

### Result for the year

At the end of fiscal year 2014 the Company recorded operating profit amounted to RON 2,838,643 (2013: 2,806,661 lei) and financial profit in the amount of 683,899 lei (2013: 54,894 lei), the result is profit in fiscal year amounting to 2,403,349 lei (2013: 1,711,914 lei).

Although market evolution in Romania in terms of the global crisis caused a decrease in activity, the company recorded revenues maintaining a satisfactory level.

Operating expenses were reduced, attempting an economic situation adequacy of their existence. Their level stood at 91.79% over the previous year.

In these circumstances, the company earned profit from operations and from the financial.

	Accounting year ended December 31, 2014 (RON)	accounting year ended December 31, 2013 (RON)
Net income (lei)	2,403,349	1,711,914
Ordinary shares	5,365,459	5,365,459
Earnings per share (lei)	0.44	0.32



## Dividends

In 2014 the Company made quarterly payments in accordance with the payment schedule of the reorganization plan totaling 24,936.79 lei, representing net dividends due to shareholders for the years 2003, 2005 and 2006, as follows:

a) Payments 1 <sup>st</sup> quarter – 2 <sup>nd</sup> year reorganization	22623.80
b) Payments 2 <sup>nd</sup> quarter – 2 <sup>nd</sup> year reorganization	1172.42
c) Payments 3 <sup>rd</sup> quarter – 2 <sup>nd</sup> year reorganization	658.64
d) Payments 4 <sup>th</sup> quarter – 2 <sup>nd</sup> year reorganization	481.93

The amount of 1,664,405.96 lei is written in the final table of the receivables and will be paid in installments according to the payment schedule for the Reorganization Plan confirmed by the bankruptcy judge by Decision 112 of 01/28/2014 to amend and extend it by another year. The company has established and did not paid up dividends for the years 2012, 2013 and 2014.

## 7. TAX PROFIT

	Accounting year ended December 31, 2014 <u>(RON)</u>	accounting year ended December 31, 2013 <u>(RON)</u>
Gross profit	2,946,168	1,988,861
Taxable income	-372,429	-4,270,373
Non-deductible expenses	1,682,068	4,641,393
El. similar income	3,145,831	5,040,598
The legal reserve consists	-241.609	-117.994
<b>Tax Profit / Loss</b>	<b>7,160,028</b>	<b>7,282,485</b>
Income tax payable	1,119,193	1,157,198
<b>Net income</b>	<b>,403,349</b>	<b>1,711,914</b>

The taxation system in Romania is in a phase of consolidation and harmonization with EU legislation. However, there are still different interpretations of tax law.

In some cases, the tax authorities may have different approaches to certain issues, proceeding to the calculation of additional taxes, interest (0.03% / day) and late payment penalties (0.02% / day). In Romania, tax periods remain open for tax for 7 years. The Company's management believes that tax liabilities included in these financial statements are appropriate.

From accounting profit registered on 31.12.2014 legal reserve was established with accounting note no. 12199200 / 31.12.2014 amounting to 241,609.10 lei, recorded in account 1061 (legal reserve).

We propose that the net profit for the amount of 2,161,740.22 lei remained after creating the legal reserve to cover partial accounting loss previously recorded under Art. 26 of the Tax Code, as follows:

$$121 \quad = \quad 1171 .01 \quad 2.161.740,22 \text{ lei}$$

Retained earnings - loss

If you would have used other reserves (other than from net profit) then had to be taxed, because they have been changed destinations.





According to Government Decision no. 150/2011 amending and supplementing rules for the application of Law no. 571/2003, accounting loss recorded in the second periods for 2010, established by the declaration of income tax or remaining difference in the amount of 6,712,123.74 lei to recover the amount of the note presented of 2,161,740.22 lei , the difference is of 4,550,383.52 lei to recover from taxable income derived in the next 3 consecutive years.

## 8. RETAINED EARNINGS

Retained earnings are the cumulative result of the Company. At December 31, 2014 the Company has recorded retained earnings in the amount of 6,712,123.74 lei.

According to Government Decision no. 150/2011 amending and supplementing rules for the application of Law no. 571/2003, accounting loss recorded in late 2010, established by the declaration of income tax or remaining difference in the amount of 6,712,123.74 lei to shall be recovered as of the Note presented in the amount of 2,161,740.22 lei.

The difference of 4,550,383.52 lei to recover from taxable income derived in the next three consecutive years.

	<b>Accounting year ended December 31, 2014 (RON)</b>	<b>accounting year ended December 31, 2013 (RON)</b>
Retained earnings	7,694,744	5,528,591
Retained earnings IFRS application	5,365,459	5,365,459
Earnings per share (lei)	1.43	1.03

## 9. PROVISIONS

Statement of provisions made by the company are as follows:

	<b>Accounting year ended December 31, 2014 (RON)</b>	<b>accounting year ended December 31, 2013 (RON)</b>
Provisions for litigation	253,538	255,858

## 10. FIXED ASSETS

	land	Buildings and constructions	Machines and equipments	Other tangible assets	Tangible assets in progress	Total
Cost	Lei	Lei	Lei	Lei	Lei	Lei
Balance at January 1, 2014	17.871.154	31.448.397	29.437.040	86.027	5.375.512	84.218.130
Increases	0	683.796	3.996.026	78.403	3.965.567	8.723.793
Outputs	23.738	0	56.600	0	5.701.619	5.781.957
Balance at December 31, 2014	17.847.416	32.132.193	33.376.466	164.430	3.639.460	87.159.965
<b>Accumulated amortization</b>						
Balance at January 1, 2014	0	0	16.866.551	52.163	0	16.918.714



**IN REORGANIZARE JUDICIARA      IN JUDICIAL REORGANISATION      EN REDRESSEMENT**

Amortization of year	0	3.397.468	3.546.770	8.645	0	6.952.883
Amortization of outputs	0	0	56.600	0	0	56.600
Balance at December 31, 2014	0	3.397.468	20.356.721	60.808	0	23.814.997
<b>Adjustments</b>						
Balance at January 1, 2014	0	0	0	0	0	0
Increases	0	0	0	0	0	0
Decreases	0	0	0	0	0	0
Balance at December 31, 2014	0	0	0	0	0	0
<b>Net book value</b>						
Balance at January 1, 2014	17.871.154	31.448.397	12.570.489	33.864	5.375.512	67.299.416
Balance at December 31, 2014	17.847.416	28.734.725	13.019.745	103.622	3.639.460	63.344.970

In 2014, class "Land" recorded a decrease in value of 23,738 lei through the sale area 263 sqm. below the villa no. 231 under invoice no. 0031515/95 from 04.07.2014 by Ionut Marin.

In 2014, class "Buildings and constructions" recorded an increase of 683,796 lei, representing:

- Modernization of social space – central locker P1 worth 458,000 lei;–
- Modernization valve assembly building and equipment worth 32,800 lei;–
- Upgrading electrical lighting in halls Processing 1 Processing Probe 2 and Section Assemblages worth 192,996 lei.–

During 2014 the total value increases recorded in the accounting for the "Machinery and Equipment" was 3,996,026 lei, representing:

- Modernization electric furnaces in Foundry worth 283,209 lei;–
- Modernization of heating paint PT1 worth 856,887 lei, which are– found in class "Technological Equipment, Machinery And Work Equipment".

The company also acquired and developed by itself in 2014 and apparatus amounting to 2,936,818 lei, as follows:

- type CNC horizontal machining center BMC EMSIL 130 worth 2,140,943 lei;–
- paint booths worth 478,693 lei;–
- hydraulic pressure tests worth 87 884 lei;–
- transformer 1000kVA-6 / 0,04kV for the heating plant PT4 worth 45,000 lei;–
- 3.2 tf crane swivel worth 34,747 lei;–
- PROPULS 500 MIG MAG welding machine worth 32,206 lei;–
- 10t hutches for transport of parts to the paint booths worth 29,506 lei;–
- equipment for calibration and monitoring of furnaces to heat treatment worth 21,597 lei;–
- portable hardness tester KING worth 21,576 lei;–
- device for measuring magnetic field (Gauss meter) worth 16,341 lei;–
- other equipment and systems of measurement, control and adjustment in the amount of 28,325 lei.–

Class "machinery and equipment" which includes "Technical installations and means of transportation under supply" was transferred the amount of 80,888 lei representing advance for automated welding device for plating.

The total amount of the increases recorded in the accounting in 2014 for the "Furniture, office equipment, systems of human values and materials and other tangible assets" was 78.403 lei, representing: industrial hall doors worth 65,935 lei, equipment GPS with interface amounting to 9.346 lei and projector EPSON EB-965 worth 3.122 lei.

Regarding the reduction recorded in the accounting records, they are in total amount of 56,600 lei, representing various assets rescission class "Technological Equipment" according to



the minutes of scrapping no. 1, 2, 3, 4 / 19.09.2014.

	Development expenses	Other intangible assets	Intangible assets in progress	Total
Cost	Lei	Lei	Lei	Lei
Balance at January 1, 2014	99.344	280.838	0	380.182
Inputs	0	71.069	0	71.069
Outputs	0	0	0	0
Balance at December 31, 2014	99.344	351.907	0	451.251
<b>Accumulated amortization</b>				
Balance at January 1, 2014	99.344	179.189	0	278.532
Amortization of year	0	120.177	0	120.177
Amortization of outputs	0	0	0	0
Balance at December 31, 2014	99.344	299.366	0	398.710
<b>Net book value</b>				
Balance at January 1, 2014	0	101.649	0	101.649
Balance at December 31, 2014	0	52.541	0	52.541

During 2014, the Company purchased intangible assets worth 71,070 lei, representing: support for integrated program SIVCO worth 57,678 lei, license ESET Endpoint worth 6709 lei and license MATHCAD PROFESSIONAL worth 6.683 lei.

## 11. STOCK

By comparison, the stocks are presented as follows:

### Stocks for the year ended 31 December 2014

STOCKS RON	<u>31-December</u> <u>2014</u>	<u>31-December</u> <u>2013</u>
Raw material	2.217.493	2.513.438
Additional material	976.200	809.336
Fuels	80.708	36.342
Packaging materials	13.969	13.676
Spare parts	6.009.832	5.831.621
Other consumables	579.432	583.761
Inventory items	727.806	602.556
Price difference at raw material and material	0	(4.086)
Product in progress	8.899.903	7.410.017
Semi- manufactured	2.222.735	2.542.087
Finished product	9.528.331	9.778.914



Difference of price of semi-finished products	298.620	1.484.920
Difference of price of finished products	8.953.754	11.975.670
Packing	15.280	10.178
Residual products	63.760	16.760
Adjustment for depreciation of raw material	(346.850)	(354.257)
Adjustment for depreciation of consumables	(1.996.788)	(2.091.447)
Adjustment for depreciation of other material	(246.833)	(257.447)
Adjustment for depreciation of semi-finished product	(290.912)	(298.329)
Adjustment for depreciation of finished product	(187.568)	(193.687)
<b>Total</b>	<b>37.518.872</b>	<b>40.410.024</b>

## 12. INCOME FROM THE MAIN COMPANY'S BUSINESS

Turnover in 2014 by business segment is as follows: for trade activity is in the amount of 79,005.26 lei, services segment is the sum of 1,710,460.40 lei, and the production is in the amount of 71,722,931,13 lei.

### OPERATING REVENUE

	<u>31- December</u> <u>2014</u> lei	<u>31- December</u> <u>2013</u> lei
<b>Total operating income, of which :</b>	<b>84.444.015</b>	<b>91.707.753</b>
Turnover	73.512.397	63.504.266
Income for cost of inventories of products	10.194.844	27.061.019
Revenues from production of tangible and intangible assets	313.000	0
Income from revaluation of tangible and intangible assets	0	12.386
Income from production assets	0	0
Other operating income	423.774	1.130.082

### OPERATING EXPENSES

	<u>31- December</u> <u>2014</u> lei	<u>31- December</u> <u>2013</u> lei
<b>Total operating expenses, of which:</b>	<b>81.605.370</b>	<b>88.901.092</b>
Raw material and consumables costs	37.833.330	48.789.700
Other material expenses	1.202.474	1.012.032
Other external expenses	3.819.789	4.296.717
The expenditures on goods	51.891	111.187
Trade discounts received	1.588	32
Staff costs	23.135.979	20.809.398
Value adjustments on intangible assets, tangible assets, real estate investment and biological assets measured at cost	7.073.059	7.109.867
Value adjustments on assets	70.374	(923.952)
Other operating expenses	8.422.381	7.639.750
Expenses from revaluation of tangible and intangible assets	0	59.615



Adjustments for provisions	(2.320)	(3.190)
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**FINANCIAL INCOME**

	<u>31- December</u> <u>2014</u> lei	<u>31- December</u> <u>2013</u> lei
<b>Total financial income, of which:</b>	<b>2.225.844</b>	<b>2.207.349</b>
Income from exchange rate differences	1.416.443	1.097.266
Interest income	688.688	1.109.318
Other financial income	120.713	765

**FINANCIAL EXPENSES**

	<u>31- December</u> <u>2014</u> lei	<u>31- December</u> <u>2013</u> lei
Total financial expenses, of which	<b>1.541.945</b>	<b>2.152.455</b>
Interest charges	361.280	827.379
Other financial expenses	1.180.665	1.325.076

**CASH GENERATED FROM OPERATING ACTIVITIES**

	<u>31-December</u> <u>2014</u> lei	<u>31-December</u> <u>2013</u> lei	<u>31-December</u> <u>2012</u> lei
<b>Net profit for the year</b>	<b>2.403.349</b>	<b>1.711.914</b>	<b>3.470.934</b>
Income tax expenses	1.119.193	1.157.198	1.272.799
Long term asset depreciation /impairment	7.513.542	10.433.155	8.310.623
Gain / loss on sale of fixed assets	-	-	-
Expenses / income provisions for customers	(4.169.862)	(1.055.263)	(140.972)
Losses on receivables and sundry debtors	-	-	-
Provisions for stocks	(3.068.951)	(3.195.167)	(4.090.214)
Interest expense	(361.280)	(827.379)	(946.363)
Interest income	688.688	1.109.318	1.337.472
Dividend income	-	-	-
Gain / loss rate differences	276.423	(197.200)	(374.458)
<b>Movements in working capital</b>	<b>1.997.754</b>	<b>7.424.662</b>	<b>5.368.887</b>
Increase / (decrease) in trade and other receivables	(1.234.716)	(3.441.724)	18.081.046
Increase / (decrease) in inventories	(2.891.152)	(43.106)	(3.866.159)
Increase / (decrease) in other current assets	(604.506)	(155.718)	(166.376)
Increase / (decrease) in trade payables	(6.078.814)	1.575.021	849.443
Increase / (decrease) in deferred revenue	794.900	174.708	860.996
Increase / (decrease) in other liabilities	12.050.431	(8.101.356)	(9.502.666)



<b>Cash used in operating activities</b>	<b>2.036.143</b>	<b>(9.992.175)</b>	<b>6.256.284</b>
Income tax paid	(576.375)	(1.757.321)	(569.754)
Interest paid	(361.280)	(1.078.457)	(1.215.609)
<b>Cash generated from operating activities</b>	<b>5.499.591</b>	<b>(3.691.377)</b>	<b>13.310.742</b>

### 13. SEGMENT INFORMATION

IFRS 8 establishes principles for information reporting on operational segment, referring to information on the economic activity of the entity where from generating income and expenses. Reportable operating segment is determined by the activity of production of products that generate revenue and expenditure such as reported income, including sales to external customers or sales or transfers between segments of the same entity, to represent 10% or more of the combined income of all internal and external operating segments. If total revenue from customers for all segments combined is less than 75% of total revenues entity, additional reportable segments should be identified until reaching the 75% level.

The company is registered in Romania and operates all its activities in headquarters in Ploiesti, str. Mihai Bravu. 243 and does not have subsidiaries, branches or outlets.

Its activity is analyzed in terms of the main object of activity, namely: manufacturing and selling on domestic and external markets, assemblies, oilfield parts and equipment, industrial valves, mud pumps and other spare parts for oilfield equipment.

The company management has established operating segments based on the volume of revenue from the sale of finished products in domestic and foreign markets and the benefits of services.

Segments identified are:

- revenue from the sale of finished products - domestic market ;
- revenue from the sale of finished goods - external market;
- income from stocks of finished products and production in progress;
- income from services rendered;
- income from royalties, management and rental locations;
- revenues from commodities.-

Segment information for the year ended 31 December 2014 are as follows:

Operating Segment reporting at December 31, 2014	Value ( lei )	Share in
		Turnover %
Revenue from the sale of finished products - domestic	38.138.694,59	44,00
Revenue from the sale of finished products - External	33.584.236,54	38,75
Income from stocks of finished products	10.194.844,00	11,76
Income from services rendered	595.467,34	0,69
Income from royalties, management and rental locations	1.114.993,06	1,29
Revenue from sale of goods	79.005,26	0,09



<b>Total</b>	<b>83.707.240,79</b>	<b>96,58</b>
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Segment information for the year ended 31 December 2013 are as follows:

<b>Operating Segment reporting at December 31, 2013</b>	<b>Value ( lei )</b>	<b>Share in Turnover %</b>
Revenue from the sale of finished products - domestic	38.682.408,66	41,19
Revenue from the sale of finished products - External	23.670.496,15	25,20
Income from stocks of finished products	27.061.019,00	28,81
Income from services rendered	480.287,04	0,51
Income from royalties, management and rental locations	526.762,60	0,56
Revenue from sale of goods	144.311,57	0,15
<b>Total</b>	<b>90.565.285,02</b>	<b>96,43</b>

#### 14. TRANSACTIONS WITH AFFILIATED PARTIES

IAS 24 "Transactions with related parties" regulates commercial operations with entities that hold cash funds in their capacity as Associate Members of the Association Uztel Ploiesti (majority shareholder of UZTEL - Ploiesti a total of 4,498,300 shares, representing 83.84 % of share capital of the company).

During fiscal year 2014 have performed the following transactions with related parties" :

##### a). Sales of finished products and services

<b>Entity name</b>	<b><u>Sales year 2014</u> lei</b>	<b><u>Sales year 2013</u> lei</b>
Aprodem SA Ploiesti	3.359,16	0,00
Axon SRL Ploiesti	3.919,11	29.726,98
Cerber SRL Ploiesti	0,00	0,00
Comis SRL Valeni de Munte	6.383,77	0,00
Ipsar SRL Valeni de Munte	1.590,86	55.579,92
Iulnicomnic SRL Ploiesti	182,28	303,55
Petrototal Trade SRL Bucuresti	0,00	3.450.884,51
Platus Com SRL Campina	7.252,74	5.622,16
Star 2001 Stancu Nastasia SRL Ploiesti	0,00	16.396,35
Titancore SRL Ploiesti	1.054,00	1.066,40
Vaspel SRL Focsani	124,99	0,00

##### b).Purchase of goods and services

<b>Entity name</b>	<b><u>Aquisitions 2014</u> RON</b>	<b><u>Aquisitions 2013</u> RON</b>
Aprodem SA Ploiesti	51.400,20	96.426,84



Axon SRL Ploiesti	1.218.517,80	1.150.071,18
Comis SRL Valeni de Munte	226.470,24	4.262,49
Electroservice Onel & CO SRL Ploiesti	50.552,16	0,00
Ipromet Focsani	480.457,84	597.827,93
Ipsar SRL Valeni de Munte	462.970,19	380.573,96
Iulnicomnic SRL Ploiesti	89.125,66	238.007,53
Passion SRL Ploiesti	93.125,20	50.527,81
Platus Com SRL Campina	320.655,78	403.218,50
Rinelcob Impex SRL Baicoi	0,00	69.430,84
Romconvert SA Ploiesti	78.597,40	30.924,60
Star 2001 Stancu Nastasia SRL Ploiesti	0,00	13.912,25
Titancore SRL Ploiesti	294.515,12	205.218,35
Vaspel SRL Focsani	264.152,93	145.340,88

<u>Entity name</u>	<u>Acquisitions 2014</u> <u>USD</u>	<u>Aquisitions 2013</u> <u>USD</u>
Shabum International LTD Tel Aviv	49.048,64	57.210,89

c).Compensations for key management staff :

Key management personnel include executives, senior management of the production units (department heads) and key management personnel of the company's functional services (technical, design, human resources, quality assurance, commercial, economic, administrative).

	<u>2014</u>	<u>2013</u>
Gross wages paid	1.685.064 lei	1.292.983 lei

**15. OTHER INFORMATION**

*(1) Fees paid to auditors*

In 2014 the Company's expenses on fees paid to auditors were worth 113,754.22 lei, with the following composition:

	lei
- ECOTEH Expert SRL Bucharest Romania	31,359.96

**Audits of quality management systems certification and product (license) lei**

- American Petroleum Institut Washington USA	40.003,04
- Constand Certification Center Moscova Russia	2.227,80
- Germanischer Lloyd Industrial Services Romania SRL	28.800,44
- Germanischer Lloyd Romania SRL Constanta	2.233,50
- GR Eurocert SRL Ploiesti Romania	6.597,15
- Thomson Ruters ( Scientific ) LLC New York USA	2.532,33

*(2)Wages for personnel*

<b>Accounting year ended</b>	<b>accounting year ended</b>
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	<u>December 31, 2014</u> <u>(RON)</u>	<u>December 31, 2013</u> <u>(RON)</u>
<i>Wages for personnel</i>	17.783.306	16.050.534

The Company did not grant advances or loans to directors or managers.

(3) *The average number of employees at 31 December is as follows :*

	<u>Accounting year</u> <u>ended</u> <u>December 31, 2014</u> <u>(RON)</u>	<u>accounting year</u> <u>ended</u> <u>December 31, 2013</u> <u>(RON)</u>
Average number of employees	614	582

(4) *Financial guarantees given / received by the company.*

- Financial guarantees granted

UZTEL Ploiesti has established performance guarantees totaling 85,000 lei by issuing letters of guarantee with cash collateral with limited expiry time, namely:

1. Performance bond	RON 5,000	due	12/04/2015
2. Performance bond	RON 30,000	due	30/08/2015
3. Performance bond	RON 50,000	due	28/02/2016

These guarantees are recorded in treasury accounts and have been established at the request of the company's clients in the negotiation of contracts of sale of oilfield assemblies, parts and equipment, industrial valves, mud pumps and other spare parts for oil equipment, metal structures and castings and forgings.

The Company has established performance guarantees totaling 952.476 lei and 221.947 USD by the existence of trade receivables in the accounts of these amounts with limited term (between 12 and 19 months), by contract negotiated with internal and external customers of the company.

- Financial guarantees received

UZTEL Ploiesti has requested and received performance guarantees from suppliers for the investments that the company has negotiated with them.

These are guarantees totaling 70,463.94 lei and are recognized in investment accounts payable (commercial debt) with limited expiry date (12 months) by contract negotiated with domestic suppliers of the company.

(5) *Insurance policies held by the company*

The company has insurance policy OMNIASIG, G Series no. 830109 over a period of 12 months, namely dated 27. 09.2014 till date 26.09.2015 (renew annually) representing the producer's liability insurance with limits of liability under the insurance policy in the amount of EUR 4,000,000 with territoriality: Romania and Europe.

The company has insurance policy OMNIASIG, F Series no. 2296757 for a period of 12 months, namely dated 25.05.2014 till date 24.05.2015 (renew annually) representing fire and other



risks (risks packages) for a declared value of 29,434,935 lei a total of 26 buildings and industrial buildings owned production company.

All insurance policies that the company has signed generated financial costs (cash outflows), operating income by selling complex products and services mainly provided shareholders, company managers and trading partners stability and confidence in the present and future commercial activities and financial of society.

*(6) Evaluation aspects of activity of the company's impact on the environment*

Its activity is carried out based on the following regulatory acts:

- Environmental authorization no. PH-619 from 21.12.2009 to 21.12.2019 valid until (it renews every ten years) for the activity of production of oilfield assemblies, parts and equipment and industrial service, recovery solid waste collection, purification and distribution of water , painting workshop.
- Authorization for water management no. 117 of 06.17.2013 (is renewed every two years) valid until the date of 16.06.2015;
- Certificate of registration in the register of authorized economic operator performing waste recovery operations no. 1180921 / 26.03.2014 issued by the Ministry of Economy - Department of Industrial Policy (renews annually) valid until 31/03/2015.

Environmental factors (water, wastewater, air-emission, air -immission, soil, waste) were monitored as required by law applicable to the activities of SC UZTEL S.A. (monthly, quarterly, semi-annually). Compliance with frequency imposed by environmental permit and not exceeding to maximum limits imposed.

Environmental management program conducted in 2014 to 94%. Proposed actions aimed at waste management, emission and immission, water and wastewater, thus total costs in 2014 amounting to 264,299.11 lei.

Dangerous substances and preparations were purchased, stored, handled and used in compliance with current legislation, according to safety data sheets.

*(7) Aspects of disputes of a legal nature of society*

Society as a creditor took all necessary legal steps to recover the outstanding trade receivables from legal entities and physical personal having in progress during fiscal year 2014, a total of 33 cases in the courts, cases in various stages of judgment and execution.

The Company regularly monitors trade receivables outstanding and apply best estimates in recording and accounting for them.

## **16. COMPANY MANAGEMENT**

### **TAX LEGAL FRAMEWORK**

The legislative and fiscal frame of Romania and its implementation in practice changes frequently and is subject to different interpretations from various control bodies. Tax declarations are subject to revision and correction by tax authorities generally for a period of five years after their completion. Management believes that properly registered tax liabilities in the accompanying financial statements. However, there is a risk that the tax authorities adopt different positions in connection with the interpretation of these issues. Their impact could not be determined at this time.



### *The economic environment*

The adjustment values in risk-held on international financial markets in 2007 and 2008 affected their performance, including financial and banking market in Romania, leading to increased uncertainty about future economic developments.

The current crisis of liquidity and credit that began in mid-2008 led among other things low and difficult access to capital market funds, low levels of liquidity in the Romanian banking sector and higher interbank lending rates. Significant losses experienced in the global financial market could affect the Company's ability to obtain new loans and refinance its existing conditions similar to those applied to earlier transactions.

Trading partners of the company, may also be affected by the liquidity crisis situations that might affect the ability to meet their current liabilities. The deterioration of operating conditions may affect creditors and managing cash flow forecasts and assessment of the impairment of financial assets and financial assets. To the extent that information is available, management has reflected revised estimates of future cash flows in its impairment.

Current concerns that the deteriorating financial conditions contribute in a later stage to a further decrease of confidence led to efforts coordinated by governments and central banks in the adoption of special measures aimed at countering growing aversion to risk and restore normal operation of the market. The Company's management cannot predict events that could have an effect on the banking sector in Romania and then what effect would have on the company's business.

### *Framework of work*

Although part of the European Union on 1 January 2007, Romania's economy still shows characteristics of an emerging market such as high current account deficit, a relatively undeveloped financial market and foreign exchange fluctuations.

Currently, international financial markets are feeling the global financial crisis triggered in 2008, these effects were felt on the Romanian financial market liquidity form of lower prices and capital markets, and by increasing interest rates on financing medium term due to the global liquidity crisis. Significant losses experienced in the global financial market could affect the Company's ability to obtain new loans in conditions similar to those applied to earlier transactions.

The Company's management believes that the application of the ongoing business assumption in preparing the financial statements of financial position description is correct, given the dominant position on the market and oil and natural gas in the national economic system.

## **17. THROUGHOUT THE INSOLVENCY - REORGANIZATION PROCEEDINGS**

In 2010, under Law no. 85/2006 regarding the insolvency procedure, as amended and supplemented, Prahova County Court, Commercial Division and Administrative accepted the request of the debtor SC UZTEL S.A. Ploiesti opening of insolvency proceedings by concluding session of the Chamber pronounced by the Council on 06 September 2010 in 4732/105/2010 file naming trustee EUROINSOL CONSULTING SPRL.

According to the notice published in the Bulletin of insolvency proceedings, other events related to the conduct of insolvency proceedings in File 4732/105/2010 that are considered relevant to the audit engagement are:



- By the Conclusion of a public hearing by the 27.05.2011, the bankruptcy judge notes the designation by the Committee of Creditors of the second trustee EURO INSOL SPRL;
- By sentence no. 1282/1209 October 2012, Dolj County Court, Civil Division II confirmed the reorganization plan proposed by the debtor and orders reorganization of the Company over a 3-year plan that fully engage the payment of claims submitted in the final table of the date of preparation plan;
- Submission of Adjusted Claims Table on 19.02.2013 (BPI no. 3824 / 03.04.2013).
- By Resolution no. 10/10/2013 1 of the Extraordinary General Meeting of Shareholders UZTEL with the quorum and majority required in the provisions of art. 115 of Law no. 31/1990 R and the provisions of chapter. IV, art. 11 of the Constitutive Act of UZTEL revoke the mandate of the Special Administrator Radulescu N Dan PFA and appointment of a new Special Administrator in the person of Mr. Eng. Zidaru Ion - CEO of UZTEL.
- Approval of Reorganization Plan extension and modification of the payment of debts was passed, approved and registered by Minute no. 38 of 16.01.2014 of the creditors. Bankruptcy judge by sentence no. 112 of 28/01/2014 confirm the change and extension of the Reorganization Plan UZTEL Ploiesti another year.
- The application for registration mentions no. 61793 / 23.10.2013, the Extraordinary General Meeting of Shareholders No.1 / 10.10.2013, pursuant to resolution 19127 of 10.25.2013 was registered in the Trade Register on 25.10.2013, disposing registration mentions about authorized persons and publication of the Official Gazette of Romania, Part-IV-a.

In 2014 the company made quarterly payments according to the schedule of payments of Reorganization Plan in the total amount of 11,921,338.70 lei, as follows:

Rates of 1st quarter of 2014 (09.01.2014) in total amount of 4,881,700.08 lei, of which:

		lei
a) Secured claim	3,616,698.88	
b) Budgetary Receivables	685,696.41	
c) Unsecured claims	556,680.99	
d) Subordinated debt	22623.80	

Rate 2<sup>nd</sup> quarter of 2014 (04.09.2014) in total amount of 2,346,948.23 lei, of which:

		lei
a) Secured claim	1,660,079.40	
b) Budgetary Receivables	685,696.41	
c) Subordinated debt	1172.42	

Rate third quarter of 2014 (09.07.2014) in total amount of 2,346,433.05 lei, of which:

		lei
a) Secured claim	1,660,078.00	
b) Budgetary Receivables	685,696.41	
c) Subordinated debt	658.64	

Rate fourth quarter of 2014 (10.09.2014) in total amount of 2,346,257.34 lei, of which:



		lei
a) Secured claim	1,660,079.00	
b) Budgetary Receivables	685,696.41	
c) Subordinated debt	481.93	

In 2014 the Company's management was provided by the consortium of Euro INSOL SPRL, headquartered in Bucharest, Str. Costache Negri no. 1-5 Opera Center building, represented by lawyer PhD Remus Borza and Euroinsol Consulting SPRL, headquartered in Ploiesti, Bd. Republic no. 21, represented by lawyer Alina Mariana Maer.

Resumption of the Company's shares trading symbol UZT

With the opening of the insolvency arrangement, the Company was suspended from trading, according to statements and records during the BSE 09/10/2012 - 01/09/2013. Resumption of trading of the Company's shares being registered on 10.01.2013.

As of 06.09.2010, the date of the opening of insolvency proceedings at the request of the Company, as 4732/105/2010 file and the conclusion of the meeting of 06.09.2010 of Prahova County Court, was appointed trustee company EUROINSOL CONSULTING SPRL represented by Associate Coordinator lawyer Alina Mariana Maer. By the Session Conclusion dated 05.11.2010 on the application of EUROINSOL CONSULTING SPRL, as trustee of the Company, the syndic judge disposes the removal of the administration right.

By concluding pronounced in the meeting of the Council room of 30.06.2011 - file no. 4732/105/2010 Prahova County Court judge upheld the bankruptcy consortium composed of INSOL EURO SPRL Bucharest and EUROINSOL CONSULTING SPRL, Ploiesti, to manage the UZTEL company's insolvency procedure, for this purpose taking act of delimitation of powers between the two administrators recorded in cooperation protocol concluded on 24.06.2011.

For the period 01.01.2014 - 31.12.2014 the total amount of fees paid to Consortium was 2,664,543.63 lei (excluding VAT), recorded as follows:

- Judicial Administrator Company Euroinsol Consulting SPRL – 800.249,80 lei (VAT excluded).
- Judicial Administrator Company Euro Insol SPRL – 1.864.293,83 lei VAT excluded) .

**COMPANY'S EXECUTIVE MANAGEMENT** - in the period 01.01.2014 - 31.12.2014 has not fluctuated in exercising leadership:

PERIOD 01.01.2014 - 31.12.2014			
SURNAME, GIVEN NAME	POSITION	PERIOD	DECISION / DATE OF ISSUE
Zidaru Ion	CEO	01.01.2014-31.12.2014	Decision 44 / 23.04.2013
Gruescu Serban Gheorghe	Technical Director	01.01.2014-31.12.2014	Decision 194 / 28.11.2012
Gheorghiu Mihail Gabriel	Commercial Director	01.01.2014-31.12.2014	CIM 238 / 31.01.2013
Popescu Ileana	Economic Director	01.01.2014-31.12.2014	Decision 592 / 30.11.2010



UZTEL S.A. OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS  
243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

IN REORGANIZARE JUDICIARA IN JUDICIAL REORGANISATION EN REDRESSEMENT

For the period 01.01.2014 - 31.12.2014 total remuneration of the executive management of the Company accounted for a share of 4.52% of the wages fund.

The consortium  
Judicial Administrator,

Euro INSOL SPRL and Euroinsol Consulting SPRL  
By Coordinator Practitioner and Associated Coordinator  
attorney PhD Adrian Remus Borza attorney Alina Mariana Maer

Special Administrator-General Director, Economic Director ,  
Eng. Ion Zidaru Ec. Ileana Popescu  
General Accounting Dept.  
Ec. Marian Ilie

Undersigned, Maria Coman, sworn interpreter and translator for the English and French languages under the license no. 5886/2001 of 11 December 2001 issued by the Ministry of Justice of Romania, certify the accuracy of the translation done from Romanian to English language that the text presented has been fully translated, without omissions, and that the translation did not distorted document content and meaning.

The document whose translation is required in full was issued by SC UZTEL SA , Ploiesti city, Romania and presented me completely .

The translation of the document submitted was executed according to a written request filed at no 77/20.03.2015, kept in the archives of the undersigned.

SWORN NTERPRETER AND TRANSLATOR



**UZTEL S.A.**  
**OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS**  
243 MIHAI BRAVU St., code 100410, PLOIEȘTI, PRAHOVA-ROMANIA

IN REORGANIZARE JUDICIARA

IN JUDICIAL REORGANISATION

EN REDRESSEMENT

Translation from Romanian

**NOTE ON PROPOSAL FOR DISTRIBUTION**

**OF**

**ACCOUNTING PROFIT ON 31.12.2014**

Profit destination	Amount-RON
Net profit is attributable to:	2,403,349.32
- legal reserve	241,609.10
- coverage of accounting loss	2,161,740.22
Retained earnings	0,00

It is proposed to the General Meeting of Shareholders the following distribution of net accounting profit recorded on 31.12.2014 in the amount of 2,403,349.32 lei.

1. From the accounting profit registered at 31.12.2014 legal reserve was established with accounting note no. 12199200 / 31.12.2014 amounting to 241,609.10 lei, recorded in account 1061 (legal reserve)
2. We propose that the accounting profit in the amount of 2,161,740.22 lei remained after creating the legal reserve to cover partially the accounting loss previously recorded under Art. 26 of the Tax Code, as follows:

121 = 1171 .01                      2.161.740,22 lei

Reported result - loss

If would have been used other reserves (other than those from net profit)

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then it had to be taxed, because they have been changed destinations.

According to Government Decision no. 150/2011 amending and supplementing rules for the application of Law no. 571/2003, accounting loss recorded at the end of 2010, established by the declaration of income tax , namely the remaining difference in the amount of 6,712,123.74 lei to be compensated as of the note presented for the amount of 2,161,740.22 lei, following that the remaining difference of 4,550,383.52 lei to be covered from taxable income derived in the next three consecutive years.

The consortium consists of:  
Judicial Administrator,

Euro INSOL SPRL	and	Euroinsol Consulting SPRL
By Coordinator Practitioner		Associated Coordinator
attorney PhD Adrian Remus Borza		attorney Alina Mariana Maer

General Manager,	Finance Manager,	Head of General Acct. Dept.
Eng. Ion Zidaru	Ec. Ileana Popescu	Ec. Marian Ilie

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